

Managing Engagement in an Emerging Economy Service

Abstract

Purpose – This study offers a better understanding of managing engagement in an emerging economy service. It explores the role of organisational climates for initiative and psychological safety as the key drivers of employee engagement (EE). It also examines the effects of EE on customer engagement (CE) and, in turn, on relationship commitment and switching intention.

Methodology – Data were collected through a structured survey of service employees and customers of 69 bank branches in Bangladesh using two survey instruments. Responses were collected from 156 employees and 316 customers. A dyadic data set was created by matching customer data with the corresponding employee data collected from each bank branch. Structural equation modelling (SEM) using AMOS (version 22.0) was employed for data analysis.

Findings – Organisational climates for initiative and psychological safety positively influence employee engagement (EE). In turn, EE significantly influences CE which has a significant impact on customer relationship commitment and switching intention.

Research limitation/implication – Future research could consider actual customer behaviour, such as repeat purchase, as the key outcome variable.

Practical implications – The findings emphasise that investment by service managers in organisational resources to facilitate favourable climates for initiative and psychological safety would engage employees at work, which would ultimately help to attain CE and commitment, and reduce switching intention.

Originality/value – This research extends the existing engagement literature with empirical evidence supporting two new EE drivers and two new CE outcomes. It offers a better understanding of managing engagement in the financial services industry of an emerging economy, focusing on the relationship chain from organisational climate to EE, CE and customer-based outcomes.

Keywords: Employee engagement, Customer engagement, Organisational climate, Relationship commitment, Switching intention.

Paper type: Research paper

Introduction

Engagement has received considerable academic interest from different streams in the literature including marketing (e.g., Kumar, 2013; Kumar *et al.*, 2017) and management (e.g., Catteeuw *et al.*, 2007). The term ‘engagement’ relates to the psychological presence of an individual that is accompanied by personally engaging behaviours and involves channelling personal energies into cognitive and emotional efforts (Chandler and Lusch, 2015; Schaufeli *et al.*, 2002). Kumar and Pansari (2016) defined engagement as the attitude, behaviour and level of connectedness between a firm’s employees and customers, as well as between a firm’s customers, as they interact, co-create and develop solutions in the firm’s favour, thus helping it to achieve competitive advantage. Therefore, the scope of engagement includes both employee engagement (EE) and customer engagement (CE). Engagement has become an important part of a firm’s overall strategy. The reason is that firms with highly engaged employees have been found to enjoy an increase of more than 5% in operating margin and of 3% in net margin, compared to firms with highly disengaged employees (Menguc *et al.*, 2013). Moreover, 72% of highly engaged employees (compared to 27% of disengaged employees) believe they can positively affect customer service (Seijts and Crim, 2006), with this leading to obtaining customer satisfaction, loyalty, and firm profitability (Harter *et al.*, 2002). This study investigates how to manage EE and CE together in an emerging economy service by offering a conceptual framework reflecting drivers of EE, the relationship between EE and CE, and their simultaneous effect on customer-based outcomes. In doing so, the study addresses the following research gaps.

Firstly, the current study emphasises organisational climate as a key driver of employee engagement (EE). In particular, the organisational climates for initiative and psychological safety stimulate employees’ learning behaviour and creative potential (Baer and Frese, 2003), with both helpful for innovation and skill development to solve problems at work. In the current dynamic and competitive business environment, the conventional top-down approach of

specifying employee job descriptions is no longer realistic (Bakker and Demerouti, 2014; Griffin *et al.*, 2007). Instead, employees are required to go beyond their current work roles, accommodating ongoing changes (Morrison and Phelps, 1999) and being able to accomplish their job objectives without following explicit instructions (Frese and Fay, 2001). Therefore, firms need employees who can take responsibility and come forward based on their own initiative (Morrison and Phelps, 1999). Firms also need to ensure a psychologically safe climate; otherwise, the chances of failure may inhibit employees from acting on their own initiative. Such a climate removes fears of taking initiative at work (Kahn, 1990). Therefore, these two elements of organisational climate—a climate for initiative and a climate for psychological safety—are complementary in nature and may influence employee involvement at work (Brock *et al.*, 2005). However, research focusing on the effects of organisational climates for initiative and psychological safety on EE is relatively sparse. In an emerging economy context, these elements of organisational climate could play a vital role in engaging employees at work. The reason is that, unlike their counterparts in developed countries, employees of emerging economy service firms, in performing their duties, rely more on an organisational services climate that emphasises relevant practices, procedures and support behaviours within the organisation (Fung *et al.*, 2017).

Secondly, past research provides evidence that customer service employees experience a decline in work engagement, whereas employees from other areas of firms achieve increased engagement (Gallup, 2013). This decline in EE may result in corresponding adverse effects on CE and customer-based outcomes. However, little is known about the simultaneous effects of EE and CE on customer-based outcomes. The lone study (Kumar and Pansari, 2016) that examined the simultaneous effects of EE and CE on firm performance conceptualised EE and CE based on outcome-focused dimensions, such as satisfaction, loyalty, commitment, performance, purchase, knowledge sharing and referral. This conceptualisation largely ignored the psychological aspects of both EE and CE and disregarded the underlying mechanism that

relates to employee–customer interactions. Employees may differ in their responses to various organisational conditions (Spector, 2003), and employees who are passive towards their work environment are usually considered less desirable by firms (Lazarus, 1995). Having a better understanding of the underlying psychological mechanism relating to employee–customer interactions is therefore essential. This is particularly important in the emerging economy context as service firms in such economies place more emphasis on interpersonal relationships. Hence, the quality of interaction between service employees and customers acts as a key factor in service evaluation and its consequences (Riddle, 1992; Sharma *et al.*, 2012). This underscores the need to better understand the psychological mechanisms of both employees and customers.

Thirdly, existing research highlights that engaged customers buy more than those who are disengaged (Sorenson and Adkins, 2014; Kumar *et al.*, 2017). Engaged customers are thus likely to be more committed to the respective firm and have less switching intention compared to their disengaged counterparts. However, the effects of CE on customer commitment and switching intention are still unexplored. Specifically, no research to date has examined the effect of the EE–CE link on customer switching in banking services even though the average customer switching rate in banks, at 20% is higher than for other services (e.g., internet service providers: 18%, and mobile phone companies: 17%) (LMA, 2018).

Fourthly, the studies reported in the existing literature on EE (e.g., Anaza and Rutherford, 2012; Breevaart *et al.*, 2016) and CE (e.g., Beckers *et al.*, 2018; Boardman *et al.*, 2018) have been predominantly conducted in developed countries, such as the United States (USA), Canada, Europe and Australia. Only a handful of studies have independently explored EE (e.g., Beek *et al.*, 2012) and CE (e.g., Parihar *et al.*, 2019) in emerging economies, such as China and India. However, these studies have not addressed the research gaps identified above in the current work. Kumar and Pansari (2016) recommended more research on engagement, arguing that the relative impact of different aspects of EE and CE on firm performance may

vary, based on the nature of the industry and the country. For example, unlike customers in developed countries, those in emerging economies have a relatively higher power distance and a stronger social hierarchy (Hofstede, 1991, 2001) and expect to be treated with respect by service employees (Sharma *et al.*, 2012). Again, the banking services firms of an emerging economy, compared to those in developed countries, rely less on technology and involve a higher level of human interaction and personal contact between employees and customers (Malhotra *et al.*, 2005).

The current study addresses the above-mentioned research gaps and contributes to the extant literature by offering two new drivers for EE (climates for initiative and psychological safety) and two new consequences of CE (relationship commitment and switching intention). It provides novel insights on the psychological mechanism of the EE–CE link. It also offers a parsimonious model that reflects a chain of relationships stemming from the climates for initiative and psychological safety through to EE, CE and customer outcomes such as relationship commitment and switching intention. The study tests the proposed model in a dyadic data set created by matching employee data with corresponding customer data collected from banking services firms of an emerging economy such as Bangladesh.

Theoretical Background and Hypotheses

Employee Engagement and Its Drivers

Employee engagement (EE) refers to the harnessing of organisation members (i.e., employees) to their work roles in which they deploy and express themselves physically, cognitively and emotionally during work role performances (Kahn, 1990; Simbula and Guglielmi, 2013). The underlying rationale is that when people are psychologically present at work, they stay attentive, connected and focused in their work role performances (Kahn, 1992). Schaufeli *et al.* (2002) mentioned that engaged employees' work-related mindset consists of three key components, namely, vigour, dedication and absorption. Vigour refers to the high levels of

energy and mental resilience experienced by employees while working. It consists of the willingness to invest effort and persistence against difficulty. Dedication is the sense of significance, enthusiasm, inspiration, pride and challenge in the workplace. It reflects the extent of devotion of an employee at work. On the other hand, absorption refers to the employee having full concentration and being deeply engrossed at work, with time passing quickly and the employee feeling that it is difficult to be detached from work (Salanova *et al.*, 2005).

The extant literature highlights that EE is influenced by several factors. For example, Demerouti *et al.* (2001a) mention that high job resources are likely to increase employee engagement. Saks and Gruman (2014) argue that EE is enhanced by a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful valued work. Table A in the Appendix provides a brief account of the drivers for EE, further indicating that no research to date has examined the effects of organisational climates for initiative and psychological safety on employee engagement (EE). Moreover, as shown in Table A, most of the existing EE literature has explored the drivers for EE in different industries, but not in the banking sector. Commercial banks experience high employee turnover and high employee stress (Gupta *et al.*, 2015). The industry demands for employees to be involved in intense cognitive work and interactions with customers (Amiti and Wei, 2009; Kikuchi and Long, 2010). This underscores the need for more focus on employee engagement (EE) (Lockwood, 2007) and on having a favourable environment, in other words, having an organisational climate where employees can work with a proactive and entrepreneurial mindset.

The term ‘organisational climate’ refers to the aggregated psychological climate of an organisation that focuses on employees’ perceptions of the work environment and its cognitive appraisal by individual employees in terms of its meanings to, and significance for, them (James *et al.*, 1988). This term portrays the context within which all employees work and feel responsible for what they do (Frese *et al.*, 2002) and, thus, is related to employees’ perceptions

of the degree to which their companies are organised to deliver the desired service quality (Schneider *et al.*, 2009). Organisational climate is crucial in financial services as it influences employees' thoughts, feelings and behaviours (Brock *et al.*, 2005); employees' adaptability, creativity and proactivity (Eldor and Harpaz, 2016); as well as employee–customer interactions (Clark, 2002). Kahn (1990) identified three psychological conditions of employees, namely, meaningfulness, safety and availability that are linked to their personal engagement at work. May *et al.* (2004) also argued in support of these three psychological conditions, considering them significantly related to employee engagement (EE). Menguc *et al.* (2017) noted that psychological climate is highly influential in the financial services industry. Building on the above arguments, this study considers two key components of the psychological climate of an organisation, namely, the 'climate for initiative' and the 'climate for psychological safety' as key drivers for EE in the financial services industry of an emerging economy. Employees in emerging economies experience job insecurity, as the demand for jobs is higher than job availability. In addition, firms in these economies are less concerned about employees' well-being, thus affecting their confidence and motivation at work (Mulinge and Mueller, 1998). Thus an emerging economy offers an interesting context in which to test the current study's hypotheses relating to the drivers and consequences of employee engagement (EE).

The term 'climate for initiative' refers to 'formal and informal organisational practices and procedures guiding and supporting a proactive, self-starting and persistent approach toward work' (Baer and Frese, 2003, p. 48). These organisational practices relate to facilitating an environment for decision making (Boudrias *et al.*, 2010), leadership and innovation implementation behaviour (Michaelis *et al.*, 2010). A favourable organisational climate for initiative helps in the successful implementation of human resource (HR) strategies, such as employee empowerment (Tremblay and Simard, 2005). Morrison and Phelps (1999) found that employees take initiative at work if they perceive a favourable climate that promotes new initiatives and that has top management support. In a commercial bank, employees are required

to take initiative to interact and build relationships at a personal level. When an employee takes personal initiative, this means that s/he takes the risk of trying new things where s/he has a chance to fail. Hence, the existence of a favourable environment that promotes initiative is essential in order to engage employees in their work dealing with customers. Baer and Frese (2003) supports this view, mentioning that, in an organisational climate for initiative, people exert more discretion which they apply to determine how they will do their work. The use of discretion also creates a feeling within employees that the outcomes achieved depended on their own efforts, initiatives and decisions rather than on the adequacy of instructions from the boss or on a job procedures manual (Hackman and Oldham, 1976).

On the other hand, the concept of the 'climate for psychological safety' can be used at both individual and team levels (Baer and Frese, 2003). At the individual level, this concept refers to the individual feeling that s/he can display and employ his/her true self without fear of negative consequences to his/her self-image, status or career (Kahn, 1990). The individual will also feel safe if the climate within which s/he operates is open (Jourard, 1968) and supportive (Gibb, 1961). In a psychologically safe organisational climate, employees believe that their mistakes will not be held against them (Edmondson, 1996), and that they will not be tainted with unfavourable traits for using their initiative (Kahn, 1990). Psychological safety at the team level refers to 'a shared belief held by a work team that the team is safe for interpersonal risk taking' (Edmondson, 1999, p. 354). Baer and Frese (2003, p. 50) defined psychological safety from the organisational perspective as 'a work environment where employees are safe to speak up without being rejected or punished'. In such a situation, employees are likely to feel psychologically safe to undertake new initiatives, which will lead to their greater engagement at work. In a bank services context, developing new skills to solve work-related problems (e.g., meeting the deposit collection target through personal contact, innovative ways of interacting and convincing customers, etc.) and addressing these issues in

a fearless and psychologically safe environment are crucial. Hence, employees' feeling of psychological safety is of utmost importance.

Employees become engaged at work based on the job resources they receive from their organisation (Saks, 2006). The term 'job resources' refers to those physical, psychological, social or organisational aspects of the job that: (i) reduce job demands and the associated physiological and psychological costs; (ii) are functional in achieving work goals; or (iii) stimulate personal growth, learning and development (Schaufeli and Bakker, 2004). As organisations commit resources by facilitating a favourable 'climate for initiative' and a favourable 'climate for psychological safety', the effects of these two key components of organisational climate on EE are supported by the job demands–resources (JD-R) model (Bakker and Demerouti, 2007; Demerouti *et al.*, 2001b). The JD-R model asserts that internal resources (e.g., the climate for initiative and climate for psychological safety) are what an organisation can provide to its employees in order to accomplish their work. Existing research has provided mixed evidence regarding the effects of job resources on employee engagement (EE). While some studies have shown the positive impact of job resources on EE (e.g., Bakker and Demerouti, 2008; Bakker and Leiter, 2010; Halbesleben, 2010), others have mentioned that job resources may not always lead to work engagement. For example, Saks (2006) found no impact of supervisor support, rewards and recognition on job engagement. Christian *et al.* (2011) also found that autonomy and feedback had no impact on employee work engagement. In the context of financial services, the current study argues that enabling favourable climates for initiative and psychological safety is a precursor for EE as it leads to greater interdependence and interaction between employees and customers (Auh *et al.*, 2007). In the case of financial services in emerging economies, entrepreneurial (Reynoso *et al.*, 2015) and interpersonal (Malhotra *et al.*, 2005; Sharma *et al.*, 2012) initiatives play a vital role in a firm's success. Hence, their employees need to take initiative and go beyond their usual job responsibilities when interacting with customers due to the complex nature of financial services

and the scope for a significant level of customisation (Auh *et al.*, 2007). Hence, job resources such as favourable climates for initiative and psychological safety: (i) are instrumental in the achievement of employee work objectives; (ii) motivate employees to be engaged at work; (iii) are helpful in lessening the strain of the job's demands; and (iv) stimulate the personal growth and development of employees (Demerouti *et al.*, 2001b). Therefore, it is hypothesised that:

H1: The climate for initiative positively affects employee engagement.

H2: The climate for psychological safety positively affects employee engagement.

Customer Engagement

Managing customer engagement (CE) has become a strategic priority for firms in building and sustaining long-term customer–firm relationships (Roy *et al.*, 2018a). Customer engagement (CE) is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g., a brand or firm) in focal service relationships (Brodie *et al.*, 2011). It creates a deeper and meaningful connection between the company and the customer, with this connection enduring over time. In the extant literature, CE has been largely conceptualised as a multidimensional concept. For example, Vivek *et al.* (2014) argued for a three-dimensional conceptualisation of the construct, consisting of conscious attention, enthused participation and social connection. Hollebeek *et al.* (2014) mentioned that CE comprises three dimensions, namely, cognitive processing, affection and activation. Dessart *et al.* (2015) identified three key engagement dimensions, that is, cognition, affect and behaviours, for customer brand engagement in the online context. Similarly, Marino and Presti (2018) considered the three dimensions of CE as being conscious attention, enthused participation and social connection.

In the current study, CE is conceptualised as a psychological state that occurs due to interactive and co-creative customer experiences with a brand or firm through different channels, including online and offline. Based on Hollebeek (2011) and Hollebeek *et al.* (2014),

a holistic view of CE is taken in the current study, which argues that the concept consists of numerous customer–firm interactions. These interactions encompass customers’ entire purchase journey, ranging from their conscious attention toward the brand or firm through to their cognitive engagement, affective engagement and enthused participation with the firm’s offerings, as well as other relevant activities across numerous offline and online channels. Therefore, four dimensions of CE are considered, namely, conscious attention, cognitive engagement, affective engagement and enthused participation. Conscious attention is the degree of interest that the customer has or wishes to have in interacting with the firm and its activities (Vivek *et al.*, 2014). Cognitive engagement captures the participation of the customer both within and outside exchange situations between the firm and that customer (Vivek *et al.*, 2012). The cognitive aspects of customer engagement enable customers to think about the firm and its different activities, thus stimulating the customer’s interest in learning more about the firm. Affective engagement refers to a customer’s degree of positive affect towards the firm or to the brand-related affect in a particular customer–firm interaction (Hollebeek *et al.*, 2014). It incorporates the feelings of potential or current customers towards the firm and its activities across different channels (Vivek *et al.*, 2012). On the other hand, enthused participation is defined as the degree to which the customer is involved in producing or delivering the service (Dabholkar, 1990). It enables an interactive situation for the customer that fulfils the common interest of both the firm and that customer (Vivek *et al.*, 2012).

Existing research focuses on several factors that influence CE (see Appendix, Table B) such as customer involvement (Harrigan *et al.*, 2017); product experience (Harmeling *et al.*, 2017); customer trust and value in use (Roy *et al.*, 2018a); perceived quality; service convenience; and fairness (Roy *et al.*, 2018b). However, as is evident in Table B, research that focuses on the role of EE in CE is relatively sparse. The effects of EE on CE can be explained by emotional contagion theory (Hatfield *et al.*, 1994) which focuses on how emotion is transmitted among individuals in social interaction. This theory suggests that emotions

displayed by an individual (i.e., an employee) produce a corresponding change in the emotional state of the observer (i.e., the customer), and that this transmission of emotion may occur both at subconscious and conscious levels (Barsade, 2002; Hennig-Thurau *et al.*, 2006). Emotional contagion occurs at the subconscious level when individuals automatically mimic and synchronise facial expressions and vocalisations and, consequently, converge emotionally (Hatfield *et al.*, 1994). Conscious emotional contagion theory argues that individuals compare their mood with another person's mood and adopt the sender's emotive level when that appears appropriate (Barsade, 2002). Conscious emotional contagion is determined more by the authenticity with which emotions are displayed (e.g., genuineness of the employee's efforts displayed during interactions with the customer) than by the extent to which the sender displays emotions during an interaction (Hennig-Thurau *et al.*, 2006). With regard to employee–customer interaction, the current study argues that customers experience conscious emotional contagion when they find sincerity in the employee's efforts and emotions in terms of the employee's energy (i.e., vigour), dedication and absorption which is positively reflected in customers' emotion, attracting a favourable response. Thus, EE is expected to influence CE when emotion displayed by employees (derived from their genuine efforts) creates corresponding changes in customers' emotions and responses. The emotion contagion effect does not take place only within a single dyad of employee and customer; instead, it can span across to other employees who work together. As engagement is a psychological concept that can be shared by employees in the workplace (Bakker *et al.*, 2005), employees working in a group are likely to interact with each other and thus have more possibilities of being involved in the psychological contagion process (Salanova *et al.*, 2005). This process therefore involves employees in the workplace and the corresponding customers served by these employees as they interact with each other in an organisational setting.

In the context of financial services, CE with the service provider is more salient due to the nature of the service, which is characterised by high credence qualities, high degrees of

customer contact and customisation, and high interdependence between customers and service providers to create favourable outcomes (Auh *et al.*, 2007; Chan *et al.*, 2010) for both customers and employees. Employees of financial services firms are required to be engaged in their work in order to engender a favourable response when serving customers. Prior research has provided evidence that emotions displayed by retail banking employees positively influence customer affect and customer evaluations of the quality of services received (Pugh, 2001). This is even more applicable in the emerging economy context due to the existence of a high level of interpersonal relationships between service employees and customers (Sharma *et al.*, 2012). When employees are highly engaged with their work and share common perceptions about the quality of the service in their unit, it is expected that they will perform well with customers who will eventually feel engaged with employees and thus will report favourably on employee performance (Salanova *et al.*, 2005). Therefore, in line with emotional contagion theory (Hatfield *et al.*, 1994), the current study hypothesises that emotions displayed by an employee produce a corresponding change in the emotional state of the customer:

H3: Employee engagement positively affects customer engagement.

Consequences of Customer Engagement

As previously mentioned, emotions experienced by customers when interacting with employees influence their engagement which results in a positive impact on their purchase behaviour (Blasco-Arcas *et al.*, 2016). Engagement empowers customers to involve themselves with a firm either positively or negatively in co-creation, social influence and referrals (Hoyer *et al.*, 2010; Libai *et al.*, 2010). Existing research (see Appendix, Table B) has reported various consequences of CE, such as competitive advantage (Kumar and Pansari, 2016); loyalty intention (Dwivedi, 2015); purchase intention (Gopalakrishna *et al.*, 2017); and firm performance, including revenue benefits and cost savings (Harmeling *et al.*, 2017). Customer engagement (CE) researchers have focused on behavioural manifestations (Bijmolt *et al.*, 2010; Van Doorn *et al.*, 2010; Verhoef *et al.*, 2010) and the attitudinal aspect towards the firm or brand without the

customer necessarily purchasing the product or service or planning to purchase it later. Customer engagement (CE) is conceptualised based on interactions relating to a firm's or a brand's events and activities that involve the customer even though these are not directly related to the customer's search, alternative evaluation and decision-making process regarding the firm or brand (Vivek *et al.*, 2012). Based on the above, the current study argues that CE influences customers' psychological state of mind as well as their behavioural intention. As commitment reflects an individual's positive attitude towards an object (Beatty and Kahle, 1988), an outcome of CE can be commitment to the firm or brand. Hence, relationship commitment and switching intention are considered as the two key outcomes of customer engagement (CE).

Commitment is the psychological attachment that a customer has towards a store and/or brand (Evanschitzky *et al.*, 2006). Relationship commitment refers to an enduring desire to maintain a valued relationship with a firm or brand (Moorman *et al.*, 1992; Rabbanee *et al.*, 2012). Some customers are more likely than others to engage in these relationships. This means that the extent of relationship commitment may vary across customers (De Wulf *et al.*, 2001). Hence, this research considers relationship commitment to be customers' belief that an ongoing relationship with their preferred firm or brand is important to them and that maintaining the relationship warrants their maximum efforts (Rabbanee *et al.*, 2012). Customers receive numerous benefits by being engaged with the firm, its employees and its different activities. This affects the relationships that customers have with the firm or brand (Hollebeek, 2012). Positive interactive relationships between employees and customers are thought to increase customer loyalty (Berry and Parasuraman, 1991). An engaged customer's positive experience with the firm or brand is likely to increase his/her perception of the derived benefits (Vargo and Lusch, 2004; Vivek *et al.*, 2014). Considering that relationship commitment is related more to the psychological attachments that customers have to a brand or firm (Thomson *et al.*, 2005; Rabbanee *et al.*, 2012), this commitment is likely to be influenced by customers' perceptions about the firm and its employees. The current study argues that, as commitment reflects an

individual's positive attitude towards an object (Beatty and Kahle, 1988), being committed towards the firm or brand is the first-hand outcome of customer engagement (CE). This is also applicable in a financial services context as the more customers are engaged with the service provider, the better attitude they have towards the firm and the stronger is their commitment.

Therefore, this study hypothesises that:

H4: Customer engagement positively affects customer relationship commitment.

Employee and customer interactions contribute to better perceptions in favour of a firm (Sirianni *et al.*, 2013) which affect CE through repeat customer purchase (Kumar and Pansari, 2016), that is, by reducing the likelihood of switching. A sound employee–customer relationship within a bank reflects a high level of interaction (Chakravarty *et al.*, 2004) which means engagement between the two parties and a lower tendency to switch from one bank to another. This relationship between employees and customers is considered to be the strongest barrier to customers' switching intention (Farah, 2017) in any services firm, including a financial services firm. However, as shown in Appendix, Table B, no research to date has examined the effects of CE on customers' switching intention. One study in a retail bank found that customers perceived a low (high) switching intention when experiencing a high (low) level of service response from bank employees (Levesque and McDougall, 1996). As customers who are more engaged perceive a higher level of importance in staying with their existing services firm (Bloemer and De Ruyter, 1999; Reinartz and Kumar, 2003), they psychologically lock themselves into staying with the firm and have a reduced level of switching intention (Dick and Basu, 1994). Therefore, it is hypothesised that:

H5: Customer engagement negatively affects customer switching intention.

These hypothesised relationships are depicted in the conceptual framework shown in Figure 1.

Insert Figure 1 about here

Method

Research Context

The hypotheses shown in Figure 1 were tested in the context of banking services in Bangladesh. Bangladesh is an emerging economy in South Asia that, in 2015, achieved lower middle-income country status. In 2018, it fulfilled all three eligibility criteria for graduation from the United Nations (UN)'s Least-Developed Countries (LDCs) list (World Bank, 2017). With the move to becoming a middle-income country, Bangladesh is undergoing substantial economic activities in which the role of financial services, and especially the role of commercial banks, is crucial for enabling the channelisation of funds (Uddin and Suzuki, 2014) and sufficient investment resources (Mujeri and Younus, 2009). As of 2016, 57 commercial banks operated in Bangladesh with a total of 9,720 bank branches across the country (Bangladesh Bank, 2017). The deregulation of the banking sector enabled open competition, higher operational efficiency and better customer service than occurred prior to deregulation (Chowdhury and Raihan, 2000). This competitive situation in the banking industry also allows customers to enjoy greater bargaining power and to demand better customer service, as they are offered ample opportunities to switch from one bank to another. The commitment of the bank and the compassion of bank employees towards customers are found at the top of the list of bank selection criteria in Bangladesh (Andaleeb *et al.*, 2016; Iqbal *et al.*, 2018). This shows that, as with the banking services of other emerging economies (Malhotra *et al.*, 2005), the predominant feature of the banking services firms of Bangladesh is a high level of human interaction and personal contact between employees and customers.

Data Collection

The data were collected through self-administered structured surveys conducted in Bangladesh among service employees and customers of 69 branches of 31 commercial banks (at least two bank branches from each bank) using two separate survey instruments—one for employees and the other for customers. The study targeted and approached employees who dealt with

customers for their banking needs, with these employees selected after being approached through a network acquaintance (Colgate *et al.*, 2007). The surveys aimed to select more than two employees and two customers (who had been served by these two employees) from each bank branch. Employees were asked to participate in the survey at a time mutually convenient to the respective employee and one of the authors involved in the data collection process. A total of 171 employees were approached, with 156 employees (about 91% response rate) participating in the study. Customers were approached to participate in the survey after being served by the respective employees. Customer respondents who agreed to participate were then asked to complete the survey questionnaire at a waiting area desk separate to the corresponding employee's desk. A total of 411 customers were approached, with 316 customers (about 77% response rate) completing the survey questionnaire. To ensure the confidentiality and anonymity of their responses, employees and customers were both provided with an envelope in which to insert their completed survey questionnaire, with the envelope then sealed.

Measures

The measures of the constructs were adapted from the existing literature after due contextualisation. The measures of the climate for initiative and the climate for psychological safety were adapted from Frese *et al.* (1997) and Edmondson (1999), respectively, both of which were used by Baer and Frese (2003). As indicated earlier in the literature review section, EE at work was conceptualised as consisting of three key dimensions: vigour, dedication and absorption. These dimensions were measured using scale items adapted from Schaufeli *et al.* (2002), with high scores for vigour, dedication and absorption indicative of high engagement at work. The dimensions of CE, namely, conscious attention, cognitive engagement, affective engagement and enthused participation were measured using scale items adapted from Vivek *et al.* (2014) and Hollebeek *et al.* (2014). The scale items for measuring relationship commitment were adopted from Morgan and Hunt (1994). Switching intention was measured

using three items adopted from Bansal *et al.* (2005). All items were measured using a seven-point Likert scale ranging from 1 ‘strongly disagree’ to 7 ‘strongly agree’.

Data Analysis and Results

A dyadic data set was created by matching customer data with the corresponding employee data collected from each bank branch. Following Salanova *et al.* (2005), the current study aggregated both employee and customer data under the dyadic data set and used structural equation modelling (SEM) (AMOS version 22.0) for analysis. Using both employee and customer data simultaneously in a matched data set to test the study’s hypotheses helped to avoid problems that could arise from the common-variance method. Both exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) were run to test the reliability and validity of the constructs and their dimensions. The EFA results revealed that the items loaded highly on the respective construct. The convergent validity of the constructs was tested by checking the factor loading of all items, with these found to load significantly (at the 0.01 level) onto the expected latent construct (Hair *et al.*, 2010). The descriptive statistics and factor loadings of the scale items corresponding to the constructs are shown in Table 1. The lowest value of construct reliability (CR) was 0.80 for ‘climate for psychological safety’, which suggested adequate internal consistency of the study’s scale items.

The correlation values (see Table 2) between the constructs and their dimensions, that is: ‘climate for initiative’; ‘climate for psychological safety’; dimensions of ‘employee engagement (EE)’ (vigour, dedication and absorption); dimensions of ‘customer engagement (CE)’ (conscious attention, cognitive engagement, affective engagement and enthused participation); ‘relationship commitment’; and ‘switching intention’ were within the acceptable limit, thus supporting the discriminant validity of the constructs (Kline, 2005). The minimum average variance extracted (AVE) was found to be 0.504 for ‘climate for psychological safety’, which matched the minimum cut-off point (Hair *et al.*, 2010), thus supporting the discriminant

validity of the constructs used in the model (Bagozzi and Yi, 1988). The goodness-of-fit measures for the measurement model showed an acceptable fit with the data ($\chi^2 = 752.53$; $df = 216$; $\chi^2/df = 3.48$; RMSEA = 0.08; CFI = 0.92; NFI = 0.90; TLI = 0.90), suggesting that the constructs were different from each other.

Insert Table 1 about here

Insert Table 2 about here

The average age of employees was approximately 28 years. The average duration of being an employee of the bank was 5.28 years. The average age of customers was about 37 years, while the average duration of being a customer of the respective bank branch was 4.66 years. As shown in Figure 1, the path relationships were tested by running the structural model, with the fit indices found to be within the acceptable limit ($\chi^2 = 698.38$; $df = 225$; $\chi^2/df = 3.10$; RMSEA = 0.08; CFI = 0.93; NFI = 0.90; TLI = 0.91). The structural path relationships are shown in Table 3.

Insert Table 3 about here

As shown in Table 3, all the hypothesised relationships were significant. The ‘climate for initiative’ (H1: $\beta = 0.22$; $t = 4.05$) and the ‘climate for psychological safety’ (H2: $\beta = 0.46$; $t = 5.28$) significantly influenced ‘employee engagement (EE)’, explaining 35% of its variance ($r^2 = 0.35$). ‘Employee engagement (EE)’ positively influenced ‘customer engagement (CE)’ (H3: $\beta = 0.84$; $t = 14.34$) and explained 72% of its variance ($r^2 = 0.72$). ‘Customer engagement (CE)’ positively influenced ‘relationship commitment’ (H4: $\beta = 0.85$; $t = 16.96$) and negatively influenced ‘switching intention’ (H5: $\beta = -0.78$; $t = -15.14$), thus explaining 73% and 61% of variance, respectively.

Discussion

The current study focuses on managing the engagement of both internal stakeholders (employees) and external stakeholders (customers) of services firms. It explores: (a) the drivers of EE; (b) the effects of EE on CE; and (c) the consequences of CE in terms of relationship commitment and switching intention in the context of a banking services of an emerging economy, in this case, Bangladesh. Understanding the above relationships in the context of financial services is important as the industry is characterised by high customer switching, low EE, high employee turnover and absenteeism (LMA, 2018). Moreover, disengaged account executives of a financial institution have been found to bring in 28% less revenue than engaged executives (Seijts and Crim, 2006). Drawing on the job demands–resources (JD-R) model (Demerouti *et al.*, 2001b) and emotional contagion theory (Hatfield *et al.*, 1994), this study examines the effects of organisational climates for initiative and psychological safety on EE and through to CE, customer commitment and switching intention. The findings reveal that these organisational climates positively influence employee engagement (EE). These findings are in line with Fung *et al.* (2017) who found that the organisational service climate has a stronger effect on internal service quality delivered by employees with higher levels of interdependence (e.g., employees of emerging economies) compared to those with higher independence (e.g., employees of developed countries). Furthermore, EE significantly influences CE and CE is found to have a positive impact on customers' relationship commitment and a deterring effect on customers' switching intention. Thus, the study's findings not only reinforce the link between job resources and engagement (Qi *et al.*, 2018) but go beyond by linking EE with CE, customer commitment and switching intention. The study's finding that EE significantly influences CE is in line with the finding of Kumar and Pansari (2016), although the current study conceptualised and measured EE and CE from a psychological perspective.

Implications

The theoretical contributions of the study are threefold. Firstly, the study contributes to the existing engagement literature by offering novel insights about the drivers and consequences of engagement. To be specific, the study presents empirical evidence in support of two new drivers of EE, namely, the climate for initiative and the climate for psychological safety. As organisational resources, these drivers emphasise the resource–engagement link. Thus, the study extends the job demands–resources (JD-R) model by presenting evidence that organisational resources, such as the climate for initiative and the climate for psychological safety, influence employee engagement (EE). On the consequence side, the study identifies two new outcome variables for CE, namely, relationship commitment and switching intention. Secondly, the study extends emotional contagion theory by showing its application in explaining the EE–CE relationship, and exploring this relationship from the psychological perspective. It also provides useful insights into the psychological mechanism underlying the EE–CE link by emphasising the conscious transmission of emotion between employees and customers. Thirdly, the study’s findings offer a better understanding of managing engagement in banking services of an emerging economy like Bangladesh, by offering a model that reflects the chain of relationships stemming from organisational climate through to EE, CE and customer-based outcomes. The current study thus addresses the recent call from Kumar and Pansari (2016) for further research on engagement. These researchers tested their model in several US industries including engineering, technology, electronics, furniture manufacturers, consumer products manufacturers, mass media, airlines and retail outlets, and urged that more research on engagement be conducted in different industry and country contexts.

In addition to its theoretical contributions, the study has significant practical implications for service managers. The role of service employees is recognised as critical in achieving customer-oriented goals (Menguc *et al.*, 2017). The current study underscores the need to facilitate a favourable organisational climate, one which emphasises the taking of

personal initiative and feeling psychologically safe at work to ensure employees' work engagement. For this purpose, service managers need to ensure an initiative-enhancing human resource management (HRM) system within the organisation which is likely to positively affect the department-level climate for initiative (Hong *et al.*, 2016). An HRM system that enhances initiative involves selecting employees with dispositional proactivity and capabilities (Schneider *et al.*, 2000), and offering training to improve employee self-efficacy (Axtell and Parker, 2003) and to enhance their current proactivity (Fay and Sonnentag, 2010). Such a system requires top management support (Baer and Frese, 2003) and job autonomy (Parker *et al.*, 2006), and having in place an effective performance appraisal system (Schuler and Jackson, 1987). Job autonomy enhances the control of an employee over the task, thus helping him/her to effectively discharge his/her job responsibilities. Effective performance appraisal, due to the rewards associated with performance, encourages employees to repeat the initiatives they have undertaken. To ensure the climate for psychological safety, employees will feel safe at work if the climate is open (Carmeli *et al.*, 2009), supportive (Edmondson, 2004) and trustworthy (Kahn, 1990). Having an open and supportive environment in a firm depends on the style of management, as managers are responsible for translating the system demands to employees and for reinforcing employee behaviour (Louis, 1986). The perception of a trustworthy environment is fostered when employees experience supervisory support and harmonious co-worker relationships (McAllister, 1995) which help them to develop new skills and ways of solving work-related problems (Deci and Ryan, 1987; May *et al.*, 2004). Therefore, firms should invest in leadership training and select supervisors with an appropriate leadership style before initiating the implementation of innovations, that is, employee initiatives (Michaelis *et al.*, 2010).

Services firms can draw upon the current study's findings to facilitate the desired work environment (i.e., the organisational climate) based on employees' perceptions of their employers' performance in providing job resources. A balance should be established between

employees' perceptions and the services firm's performance in providing job resources, with key factors worth considering including competitors' benchmarks, firm size, number of employees, location of the firm, etc. (Qi *et al.*, 2018). Managers can also invest resources to enhance the level of vigour, dedication and absorption of service employees as part of the EE strategy, as suggested in this study's findings. As engaged employees may also act as a potential switching barrier (Colgate *et al.*, 2007), if managers ignore EE, this may lead to missing an effective way of differentiating their offerings in addition to their core product or service.

The study's findings also emphasise that managers must pay attention to employees' psychological motivation to ensure the quality and competitiveness of their firms' services. As employees share collective feelings in the workplace (Salanova *et al.*, 2005), managers need to adopt appropriate steps to proactively engage each employee to avoid the contagion effect of one disengaged employee affecting others. This is of particular importance in an emerging economy like Bangladesh where the contagion effect of a disengaged employee could cause severe cumulative damage due to the collective nature of the employees and customers. Further, the bank managers of such economies face other challenges, such as deciding appropriate strategies for employee motivation and rewarding, acquiring new customers, and ensuring proper customer understanding of the banking products (e.g., deposits, investments, loan amortisation, etc.). Enabling the climates for initiative and psychological safety can help the bank managers address these challenges and thus engage employees at work. Moreover, in line with this study's finding that CE influences customers' commitment and switching intention, managers should ensure that customers are adequately engaged with their brand, products and services in order to retain customers and obtain their commitment.

Limitations

The current study has a few limitations. Firstly, the model proposed in this study considers two components of organisational climate (the climate for initiative and the climate for

psychological safety) as the key EE antecedents. Future research may consider focusing on other relevant factors, such as innovative culture (Menon and Varadarajan, 1992; Ramaseshan *et al.*, 2013), or supervisory support and feedback (Menguc *et al.*, 2013) that may influence employee engagement (EE). Secondly, the current study has presented empirical evidence in support of the effect of EE on CE, customer commitment and switching intention. Future research may consider actual customer behaviour, such as repeat purchase, as the key outcome variable in the model. Thirdly, the study's proposed model does not include any feedback loop from customer attitude and intention to organisational resources. Hence, future research is warranted to examine these continuous path relationships including the feedback loop from the customer-based outcome variable to drivers of employee engagement (EE). Fourthly, this study is based on a cross-sectional survey design; hence, the reciprocal relationships between employees and customers cannot be fully interpreted causally, which is something that future researchers may consider exploring. Finally, this study focuses on the banking services sector of an emerging economy. The model could be replicated in a different industry context as well as in a developed country context.

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Appendices

Table A: Literature summary on the drivers and consequences of EE

Author(s) (Study type)	Industry; Country	Drivers of EE	Consequences of EE
Anaza and Rutherford, 2012 (<i>Empirical</i>)	Cooperative extension service; USA	Organisational identification, employee-customer identification, customer orientation	N/A
Auh <i>et al.</i> , 2016 (<i>Empirical</i>)	Banking service; Taiwan	Burnout due to supervisor	Customer service performance
Bailey <i>et al.</i> , 2017 (<i>Narrative synthesis</i>)	--- ; ---	Psychological states, job design; leadership, organizational and team factors, and organizational interventions	Performance, morale
Barrick <i>et al.</i> , 2015 (<i>Empirical</i>)	Credit unions; USA	Motivating work designs, HRM practices, leadership behaviors	Firm performance
Beek <i>et al.</i> , 2012 (<i>Empirical</i>)	Healthcare; China	Introjected regulation, identified regulation, intrinsic motivation, and job resources	N/A
Breevaart <i>et al.</i> , 2016 (<i>Empirical</i>)	Healthcare; Netherlands	Transformational leadership, and employee self-leadership	Leader-rated job performance
Crawford <i>et al.</i> , 2010 (<i>Meta-analysis</i>)	--- ; ---	Challenge demands, hindrance demands, job resources	N/A
Demerouti <i>et al.</i> , 2001a (<i>Empirical</i>)	Insurance service; Germany	Job demand, job control	N/A
Demerouti <i>et al.</i> , 2001b (<i>Empirical</i>)	Education, healthcare, manufacturing, and transport; Germany	Job resources (feedback, reward, participation, job control, job security, supervisor support)	N/A
Dollard and Bakker, 2010 (<i>Empirical</i>)	Education service; Australia	Job resources (job control)	N/A
Eldor and Harpaz, 2016 (<i>Empirical</i>)	Technology, Financial, and Service	Perceived learning climate	Extra-role performance (Proactivity, knowledge sharing, creativity, adaptivity)

Ghosh <i>et al.</i> , 2014 (<i>Empirical</i>)	Banking service; India	Distributive justice, procedural justice, Interactional justice	N/A
Gruman and Saks, 2011 (<i>Conceptual</i>)	--- ; ---	Engagement facilitation, performance agreement, appraisal and feedback	Improved performance
Harter <i>et al.</i> , 2002 (<i>Meta-analysis</i>)	--- ; ---	Employee satisfaction	Customer satisfaction, productivity, profitability, and employee retention.
He <i>et al.</i> , 2019 (<i>Empirical</i>)	Luxury brand; China	Admiration	N/A
Karatepe <i>et al.</i> , 2018 (<i>Empirical</i>)	Hotels' service; Cyprus	Management commitment to service quality, stress, personal resource (customer orientation)	Job outcomes (In-role and extra-role job performance, turnover intentions)
Kumar and Pansari, 2016 (<i>Empirical</i>)	B2B service; USA	N/A	Customer engagement, firm performance
Kwon <i>et al.</i> , 2016 (<i>Conceptual</i>)	--- ; ---	Perceived employee voice, employee experience, (Supervisor-subordinate relationship)	N/A
Lee and Ok, 2015 (<i>Empirical</i>)	Hotel service; USA	Core self-evaluations, psychological climate (Customer orientation, internal service, managerial support, information & communication)	N/A
Liu <i>et al.</i> , 2017 (<i>Empirical</i>)	Restaurants' service; USA	Perceived organisational support	Intent to leave
Lyu <i>et al.</i> , 2016 (<i>Empirical</i>)	Hotel service; China	Abusive supervision	Customer-oriented organizational citizenship behavior (OCB)
Menguc <i>et al.</i> , 2013 (<i>Empirical</i>)	Clothing, footwear and accessories; Canada	Supervisory support, supervisory feedback	Service employee performance
Menguc <i>et al.</i> , 2017 (<i>Empirical</i>)	Health care service; Turkey	Personal resource (self- efficacy), Job resource (job autonomy)	Customer service performance
Miracle <i>et al.</i> , 2018 (<i>Empirical</i>)	Different service industries; USA	Staffing, standardization, work variety, empowerment	N/A
Rich <i>et al.</i> , 2010 (<i>Empirical</i>)	Fire service; USA	Value congruence, perceived organizational support, core self- evaluations	Task performance, organizational citizenship behavior
Rupp <i>et al.</i> , 2018 (<i>Empirical</i>)	General business; Canada, China, France, Hong	Employee CSR perceptions	N/A

	Kong, and Singapore		
Salanove <i>et al.</i> , 2005 (<i>Empirical</i>)	Hotels and restaurants; ---	Organizational resources (Training, autonomy, technology)	Service climate
Zhong <i>et al.</i> , 2016 (<i>Empirical</i>)	130 companies; China	High-performance HR practices, perceived organizational support	In-role performance, organizational citizenship behavior (OCB), intent to quit
The current study (<i>Empirical</i>)	Retail banking; Bangladesh	Climate for initiative, climate for psychological safety	Customer engagement

Table B: Literature summary on the drivers and consequences of CE

Author(s) (Study type)	Industry; Country	Drivers of CE	Consequences of CE
Beckers <i>et al.</i> , 2018 (<i>Empirical</i>)	--- ; USA, Europe and Asia	N/A	Abnormal stock return (shareholder value)
Boardman <i>et al.</i> , 2018 (<i>Empirical</i>)	University education services; Australia	Envy reflex, consumer perceived positional value	N/A
Brodie <i>et al.</i> , 2011 (<i>Conceptual</i>)	--- ; ---	Involvement, participation, satisfaction	Satisfaction, self-brand connection, brand attachment, brand loyalty
Dwivedi, 2015 (<i>Empirical</i>)	Mobile phone; India	N/A	Loyalty intentions
Gopalakrishna <i>et al.</i> , 2017 (<i>Empirical</i>)	B2B tradeshows; USA	Tradeshaw design, tradeshaw promotions	Satisfaction, behavioural outcomes (purchase intention and intention to return)
Gupta <i>et al.</i> , 2018 (<i>Empirical</i>)	Consumer packaged goods, financial services, telecommunications, hospitality, high technology, and airlines; US, UK, Germany, Netherlands, Italy, France, Slovenia, China, India, Japan, Turkey, and Australia	Emotions, satisfaction	Tangible (firm performance), intangible (opt-in, privacy sharing, relevant marketing);
Harmeling <i>et al.</i> , 2017 (<i>Empirical</i>)	Community events; USA	Product experience (performance, brand associations), psychological ownership, self-transformation	Firm performance (revenue benefits, cost savings)
Harrigan <i>et al.</i> , 2017 (<i>Empirical</i>)	Tourism; USA	Consumer involvement	Behavioural intention of loyalty
Harrigan <i>et al.</i> , 2018 (<i>Empirical</i>)	Tourism; USA	Consumer involvement	Self-brand connection, brand usage intent
Heinonen, 2018 (<i>Empirical</i>)	Family-related magazines	Behavior (community changes, ease of use, routines, etc.), emotions (irritation, inspiration, entertainment, etc.), cognition (subjectivity, brand familiarity, relevance, etc.)	N/A

Hollebeek <i>et al.</i> , 2014 (<i>Empirical</i>)	Social networking sites (Facebook, Twitter and LinkedIn); ---	Consumer involvement	Self-brand connection, brand usage intent
Hollebeek <i>et al.</i> , 2019 (<i>Conceptual</i>)	--- ; ---	Customer resource integration, customer knowledge sharing and learning	Customer co-creation, Customer individual and interpersonal operant resource development
Jaakkola and Alexander, 2014 (<i>Empirical</i>)	Rail service; Scotland	Focal firm-related access, ceding control, focal customer-related ownership, need for improvements, relationship and communication, other stakeholder-related support	Positive recognition, improved experiences, and community regeneration
Kumar and Pansari, 2016 (<i>Empirical</i>)	B2B services; USA	Employee engagement	Firm performance
Marino and Presti, 2018 (<i>Empirical</i>)	Fashion, food, tourism, e-commerce; Italy	N/A	Customer satisfaction, behavior-based CRM performance
Maslowka <i>et al.</i> , 2016 (<i>Conceptual</i>)	--- ; ---	Brand actions; other actions (customers' actions, customers' inquiries, customers' feedback, customers' events)	Satisfaction, loyalty, customer lifetime value
Pansari and Kumar, 2017 (<i>Conceptual</i>)	--- ; ---	Satisfaction; emotions	Firm performance, Intangible benefits such as opt-in and privacy sharing.
Parihar <i>et al.</i> , 2019 (<i>Empirical</i>)	Online retail; India	Involvement (risk importance, risk probability, sign, interest, pleasure)	Loyalty
Prentice and Loureiro, 2018 (<i>Empirical</i>)	Luxury fashion brand; Portugal	Desire, social value	Subjective well-being
Roy <i>et al.</i> , 2018a (<i>Empirical</i>)	Luxury hotel; Australia, USA, India and China	Cognitive trust, affective trust, value in use	N/A
Roy <i>et al.</i> , 2018b (<i>Empirical</i>)	Mobile telecommunication and retail banking; India	Perceived quality, service convenience, perceived fairness	N/A
Sim and Plewa, 2017 (<i>Empirical</i>)	Universities; Australia	C2C engagement platforms	N/A
So <i>et al.</i> , 2014 (<i>Empirical</i>)	Hotel and airline; Australia	Involvement, interactivity, rapport,	Behavioural intention of loyalty

		customer satisfaction, commitment, trust, brand attachment, and brand performance perceptions	
Van Doorn <i>et al.</i> , 2010 (<i>Conceptual</i>)	--- ; ---	Customer-based (e.g. trust, identity, etc.), firm-based (e.g. reputation, size, etc.), context-based (e.g. competition)	Customer-based (e.g., identity), firm-based (e.g., financial), others (e.g., social surplus)
Verhoef <i>et al.</i> , 2010 (<i>Conceptual</i>)	--- ; ---	Customer characteristics, firm initiatives, environment (competitive and economic climate)	Customer retention, customer equity, new product performance, firm value
Youssef <i>et al.</i> , 2018 (<i>Conceptual</i>)	--- ; ---	Satisfaction, commitment, trust, involvement	Customer equity: value equity, brand equity, relationship equity
The current study (<i>Empirical</i>)	Retail banking; Bangladesh	Employee engagement	Relationship commitment, and switching intention

Figure 1: Conceptual framework

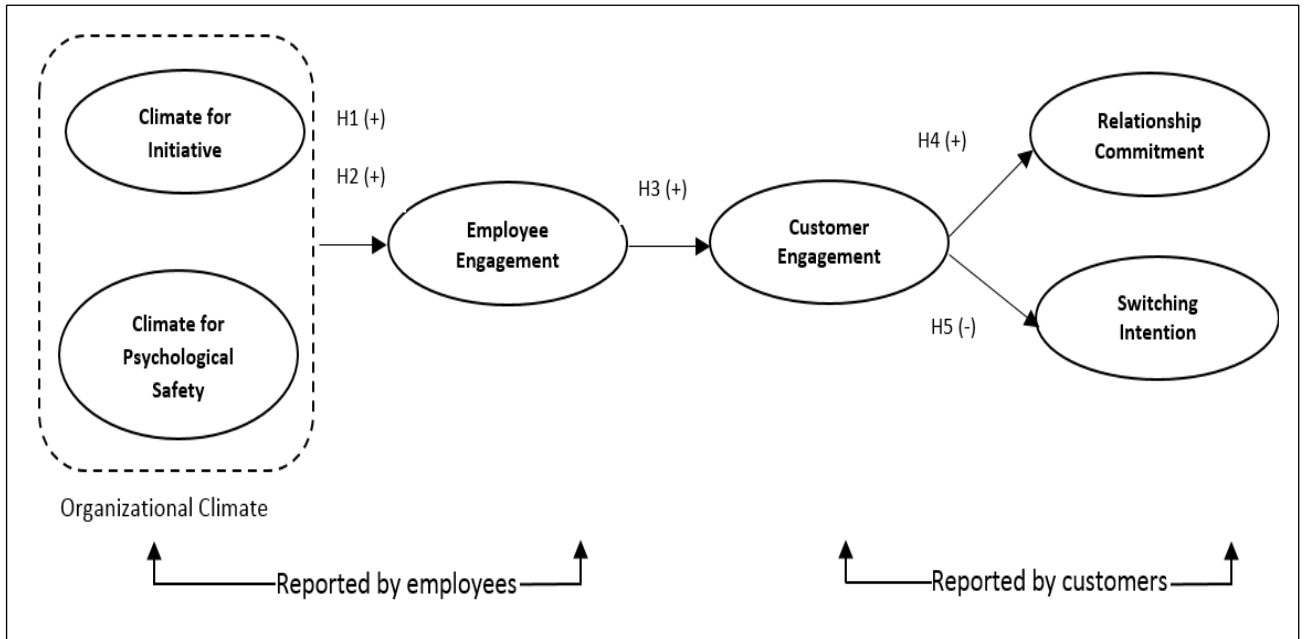


Table 1: Descriptive statistics of the constructs

Constructs	Loading	Mean	SD
Climate for Initiative: [$\alpha = 0.85$]			
Employees in this bank actively deal problems, if any.	0.66	5.69	1.04
Whenever something goes wrong, employees in this bank search for a solution immediately.	0.68	5.81	0.84
Whenever there is a chance to get actively involved, employees of this bank take it.	0.82	5.63	0.92
Employees in this bank take initiative immediately – more often than in other banks.	0.69	5.54	0.80
Employees in this bank use opportunities quickly in order to attain goals.	0.79	5.76	0.82
Climate for Psychological Safety: [$\alpha = 0.72$]			
When someone in our bank makes a mistake, it is often held against them. (r)	0.61	3.70	1.28
It is difficult to ask others for help in our bank.(r)	0.59	5.20	0.77
Employees of this bank value others' skill and talents.	0.69	5.11	0.95
As an employee of this bank, we are able raise problems and tough issues.	0.59	4.91	0.99
Employee Engagement:			
<i>Vigour</i> [$\alpha = 0.83$]			
At work, I feel full of energy.	0.53	5.43	0.70
In my job, I feel strong and vigorous.	0.52	5.51	0.73
When I get up in the morning, I feel like going to work.	0.55	5.11	0.88
I can continue working for very long periods at a time.	0.50	5.12	0.80
In my job, I am mentally very resilient.	0.84	5.58	0.93
At work, I always persevere, even when things do not go well.	0.84	5.59	0.92
<i>Dedication</i> [$\alpha = 0.89$]			
I find the work that I do full of meaning and purpose.	0.67	5.86	0.68
I am enthusiastic about my job.	0.95	5.60	1.23
My job inspires me.	0.84	5.18	1.05
I am proud of the work I do.	0.74	5.41	1.00
<i>Absorption</i> [$\alpha = 0.91$]			
Time flies when I'm working.	0.81	5.44	1.32
When I am working, I forget everything else around me.	0.65	4.99	1.62
I feel happy when I am working intensely.	0.88	5.47	1.21
I am immersed in my work.	0.83	5.40	1.10
I get carried away when I'm working.	0.71	4.94	1.03
It is difficult to detach myself from my job.	0.78		
Customer Engagement:			
<i>Conscious Attention</i> [$\alpha = 0.86$]			
Anything related to this bank grabs my attention.	0.87	5.56	1.09

I pay a lot of attention to anything about this bank.	0.75	5.63	1.03
I get involved to learn more about this bank.	0.87	5.66	1.04
Cognitive Engagement [$\alpha = 0.95$]			
While using banking products and services I think about this bank.	0.93	5.42	1.33
I think about this bank a lot when I use its products and services.	0.94	5.41	1.39
Using this bank's products and services stimulates my interest to learn more about the bank.	0.91	5.44	1.28
Affective Engagement [$\alpha = 0.94$]			
I feel very positive when I use this bank's products and services.	0.91	5.55	1.25
Using products and services from this bank makes me happy.	0.94	5.59	1.13
I feel good when I use products and services of this bank.	0.91	5.56	1.14
I feel proud to use products and services of this bank.	0.85	5.51	1.16
Enthusied Participation [$\alpha = 0.85$]			
I spend a lot of time in this bank compared to other similar banks.	0.83	5.68	1.15
Whenever I need any banking products and service, I usually buy from this bank.	0.88	5.56	1.23
I enjoy buying banking products and services from this bank.	0.71	5.69	0.97
Relationship Commitment: [$\alpha = 0.94$]			
The relationship that I have with this bank is something I am very committed to.	0.87	5.57	1.25
The relationship that I have with this bank is something very important to me.	0.91	5.64	1.18
The relationship that I have with this bank is something I intend to maintain indefinitely.	0.87	5.54	1.21
The relationship that I have with this bank is something that I really care about.	0.89	5.70	1.06
The relationship that I have with this bank deserves my maximum effort to maintain.	0.84	5.73	1.03
Switching Intention: [$\alpha = 0.92$]			
Please rate the probability that you would switch from this bank within next 12 months:			
i) Unlikely Likely	0.88	2.51	1.92
ii) Impossible Possible	0.94	2.99	1.84
iii) No chance Certain	0.88	3.00	1.80

Note: α = Cronbach's alpha; SD = Standard Deviation;

Table 2 – Psychometric properties of the constructs

	CI	CP	VR	DN	AN	CA	CE	AE	EP	RC	SW
Climate for Initiative (CI)	1										
Climate for Psy. Safety (CP)	0.37**	1									
Vigor (VR)	0.41**	0.60**	1								
Dedication (DN)	0.41**	0.52**	0.76**	1							
Absorption (AN)	0.25**	-0.01	0.46**	0.60**	1						
Conscious Attention (CA)	0.28**	0.06	0.41**	0.61**	0.63**	1					
Cognitive Engagement (CE)	0.26**	0.22**	0.54**	0.74**	0.70**	0.76**	1				
Affective Engagement (AE)	0.25**	0.19**	0.50**	0.71**	0.65**	0.73**	0.84**	1			
Enthusied Participation (EP)	0.27**	0.24**	0.49**	0.69**	0.60**	0.75**	0.78**	0.77**	1		
R. Commitment (RC)	0.29**	0.09	0.45**	0.62**	0.66**	0.73**	0.74**	0.71**	0.67**	1	
Switching intention (SW)	-0.30**	-0.12*	-0.43**	-0.62**	-0.63**	-0.60**	-0.67**	-0.64**	-0.58**	-0.66**	1
CR	0.90	0.80	0.86	0.93	0.94	0.92	0.97	0.97	0.91	0.97	0.96
AVE	0.66	0.50	0.53	0.76	0.65	0.80	0.92	0.89	0.77	0.86	0.89

*Note: ** => p < 0.01; * => p < 0.05; AVE = Average variance extracted; CR = composite reliability*

Table 3: Standardized coefficients, t-value, and t-value of the structural model

Particulars	β - value	t - value	Decision
H1: Climate for initiative => Employee engagement	0.22	4.05	Supported
H2: Climate for psychological safety => Employee engagement	0.46	5.28	Supported
H3: Employee engagement => Customer engagement	0.84	14.34	Supported
H4: Customer engagement => Relationship commitment	0.85	16.96	Supported
H5: Customer engagement => Switching intention	-0.78	-15.14	Supported