Antecedents of Employee Engagement with the Mediation of Occupational Stress and Moderation of Co-worker's Support in the Banking Sector of Pakistan

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Abstract –

Background: This paper outlines the factors causing employee disengagement in the service sector of Pakistan. Banking sector is the backbone of every economy and is service-oriented. The survey report presented by Gallup has shown that Pakistan has the highest level of actively disengaged employees in the service sector. Thus, employee engagement has become an important issue in Pakistan, due to strange and alarming statistics of Gallup.

Material and Methods: The researcher has chosen front-line staff working in the six large banks of Punjab, Pakistan. The questionnaires were filled out by using the survey method. A total of 263 questionnaires were collected from the respective banks. Proportionate stratified random sampling technique was used for data collection. PLS-SEM was chosen to analyze the data of the current study.

Results: The results of the PLS structural path modeling has showed statistically significant relationship between exogenous and endogenous latent constructs which supported hypotheses H1, H2, H4, H5, H7 and H8, while hypotheses H3 and H6 were rejected.

Conclusion: The social implications of this paper suggest that strategies such as psychological empowerment and employee motivation (pay and promotion), low occupational stress and social support from coworkers can improve employee engagement in the banking sector of Pakistan. The results of this study have contributed to the current literature for further empirical evidence.

Keywords: Employee Engagement, Psychological Empowerment, Motivation, Occupational Stress and Social Support.

I. Introduction

Pakistan is situated in the South Asian region. Recent Gallup research findings have shown that only 5 percent employees in Pakistan are engaged leaving behind 95 percent not engaged and actively disengaged (Iwamoto, 2017). The banking sector is one such industry which is constantly facing the issue of low employee engagement in Pakistan. Due to the lack of research focus and dearth of literature on employee engagement, recently banking sector has received a lot of empirical attention. Because low employee engagement cost for Asian countries is $2.5 billion annually (Shuck, Reio Jr, & Rocco, 2011). In the banking sector of Pakistan, employee engagement is hindered by many factors. For instance, there is a lack of research focus by the government and the organizations. Likewise, due to poor training programs employees are disengaged (Chaudhry, Jariko, Mushatque, Mahesar, & Ghani, 2017) there is no provision of incentives, rewards and promotion (Chaudhry et al., 2017). Similarly, lack of social support from co-worker (Husain, Shujahat, Malik, Iqbal, & Mir, 2018; Raza et al., 2019) and lack of psychological empowerment.

Psychological empowerment and Motivation (pay and promotion) play a pivotal role in increasing employee engagement. Furthermore, the role of negative mechanism, such as occupational stress, as an intervening variable between employee engagement and its antecedents’ (psychological empowerment and motivation) is still neglected and lacking in literature. To the best of the researcher’s knowledge, no empirical research has yet examined
occupational stress as a mediator in the above-mentioned relationships. This study examined occupational stress as a mediator with employee engagement and co-workers support as a moderator underpinned by the social exchange theory which was not studied simultaneously in the previous literature. Thus, these gaps drew our attention towards one of developing countries like Pakistan.

II. Literature Review

Employee Engagement

Employee engagement is an individual approach that results in the fair full environment of the organization for all members to perform best daily. It is like a fuel that enables ordinary people to work together to achieve extraordinary goals of the organization. Such employees are motivated, emotionally committed to their organizational objectives, values and successes, with the increased ambition for their personal well-being. Kahn’s conceptual definition was the first to provide the theoretical development of employee engagement (Kim, Shin, & Swanger, 2009; Shuck & Wollard, 2010). Kahn (1990) defines engagement as “the harnessing of organizational member’s selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances” (p. 694). In the same way, Kahn (1990) described personal disengagement as “the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively and emotionally during role performance” (p. 694).

Kahn (1990) indicated that cognitive engagement is an employee’s evaluation of thinking whether his/her job is safe and meaningful (physically, emotionally and psychologically) and whether he/she has been adequately resourced to complete his/her work. Emotional engagement focuses on, increasing and spending the emotional resources that employees have. Physical engagement is the last focal point of employee engagement processes that is related to behavioral engagement. It is related to what someone must do we can see. Considered as the physical manifestation of the combination of cognitive and emotional engagement, which aims to increase efforts towards organizational goals (Macey & Schneider, 2008; Shuck & Wollard, 2010).

Maslach, Schaufeli, and Leiter (2001) have conceptualized engagement as the opposite or the positive antithesis to the three dimensions of burnout: exhaustion, cynicism, and sense of inefficacy. Each of the three characteristics relates to job engagement: energy, involvement, and efficacy (Maslach et al., 2001). Schaufeli, Salanova, González-Romá, and Bakker (2002) defined engagement as a “positive, fulfilling, work related state of mind that is characterized by vigor, dedication, and absorption” (p. 74). Harter, Schmidt, and Hayes (2002) defined engagement as “an individual’s involvement and satisfaction with, as well as enthusiasm for work” (p.269). Employees who are engaged generally feel involved, loyal, enthusiastic, empowered, and exhibit these feelings in their work behavior (Truss et al., 2006). May, Gilson, and Harter (2004) defined engagement as "how people employ themselves in the performance of their jobs”. He has to do with the active use of emotions and behavior in addition to cognition. In summary, employee engagement is defined operationally as psychological (behavioral, emotional and cognitive) states, which ultimately reflects the intention of action, which involves motivational qualities and is distinct from similar constructs, such as antipodes (burnout) (Schaufeli, Bakker, & Salanova, 2006), organizational commitment and job satisfaction (Rich, Lepine, & Crawford, 2010; Shuck, Ghosh, Zigarmi, & Nimmon, 2013).

In short, different ideas have conceptualized employee engagement in a wide range of techniques. This lack of understanding between scholars and practitioners has provided a strong foundation for employee engagement definitions and has created several gaps in the research. Engaged employees go beyond the call for duty to put extra efforts into their work. As a result, people who show engagement are cognitively focused and vigilant, are physically and emotionally involved in their work and others in the workplace. Such employees are concerned about the organization and other employees. Engaged employees stay for what they are giving, and disengaged employees stay for what they are getting. Engagement is therefore an intangible asset of an employee, which is only fulfilled in case of banks ' resourceful and favorable strategies. Thus, there is a dire need to understand employee engagement in the banking sector of Pakistan.

Relationship Between Psychological Empowerment and Employee Engagement

Psychological empowerment is a source of power and authority for employees. Psychologically empowered employees are dedicated to their work and organization (Bordin, Bartram, & Casimir, 2006). Psychological
empowerment has a positive impact on organizational citizenship behavior, organizational commitment and job satisfaction (Bordin et al., 2006; Wat & Shaffer, 2005). Empowerment guides to reduce workers negative energy and bring positivity in their jobs (Seibert, Wang, & Courtright, 2011). Psychological empowerment has positive effects on employee engagement (Albrecht & Andreetta, 2011; Jose & Mampilly, 2015). Jose and Mampilly (2015) study explored the impact of psychological empowerment and perceived supervisor support on employee engagement. The findings have shown that both psychological empowerment and perceived supervisor support enhances employee engagement positively. Hence, the following hypothesis has been developed.

H1: Psychological empowerment is significantly related with employee engagement.

**Relationship Between Motivation and Employee Engagement**

Employee motivation is a stable, evolving influx, which ultimately influences employees excitement and engagement (Sirota & Klein, 2013). The key aspects of motivation is employee engagement (Kelleher, 2013). Ryan and Deci (2000a) distinguished between intrinsic and extrinsic motivation. They defined intrinsic motivation as an inherent tendency to discover challenges and novelties, to expand and train a person’s capacity, to investigate, and to learn. This research has highlighted the importance and scarcity of rewards (pay and promotion) in the context of Pakistan’s services sector. Study has shown that pay and promotion is directly related to employee engagement (Khan & Iqbal, 2013). Extrinsic motivation is a function of performing a task to achieve separable consequences. Extrinsic rewards are provided by the employees to boost up their engagement and can stimulate organizational performance, thus developing the following hypothesis.

H2: Motivation is significantly related with employee engagement.

**Relationship Between Psychological Empowerment and Occupational Stress**

Psychological empowerment transforms the lives of employees in order to achieve objectives that they consider impossible (i.e., increasing rewards, gain of skills, status, authority, image self-belief and progressing towards the impossible) (Wilson, 1996). According to Bakker and Demerouti (2007) job resources are the facets of work at job that are used to achieve work-related goals, stimulate development, increase personal learning and reduce job demands. It is argued that employees who are given sufficient control over the way in which they perform their duties suffer less stress (Daniels & Guppy, 1994). Studies have established a negative association between psychological empowerment and occupational stress (Garcia, Stoever, Wang, & Yim, 2019; Tripathi & Bharadwaja, 2018). Garcia et al. (2019) investigated psychological empowerment with relaxation method practices (i.e., self-efficacy, agency and self-care) demonstrated low depression and stress. So, the following hypothesis has been developed.

H3: Psychological Empowerment is significantly related with occupational stress.

**Relationship Between Motivation and Occupational Stress**

Bandura (1986) states that individual motivation belongs to an employee’s work. If an imbalance exists between actual and expected rewards, the outcome will be dissatisfaction. Studies have shown that motivational resources and occupational stress are negatively related (Ganster, Kiersch, Marsh, & Bowen, 2011; LePine, LePine, & Jackson, 2004; Luo, 1999). Maslach et al. (2001) have drawn attention that lack of rewards leads to the job burnout of employees. Richardson and Rothstein (2008) study found that rewards were valuable techniques for dealing with occupational stress. Prior studies have determined that extrinsic and intrinsic rewards have an impact on the outcomes of the service sector employees (Gillespie, Noble, & Lam, 2016) such as lower occupational stress (Rehman, Khan, & Afzal, 2010). Accordingly, Gagné and Deci (2005) recommended that implementation of suitable rewards be essential. Rewards aligned with strategic resources, motivate the achievements, actions, and behaviors of the individuals that help to enhance business objectives. The following hypothesis has been developed.

H4: Motivation is significantly related to occupational stress.
Relationship Between Occupational Stress and Employee Engagement

Islam, Mohajan, and Datta (2012) indicated that stress can lead to poor health and even injury if the job requirements differ from the employee's skills, abilities and needs. Job stressor may be either positive (challenge stressor) or negative (hindrance stressor). Challenge stressor facilitates achievement of the goal and encompasses autonomy or job control, such as being able to make use of one's skills and decision-latitude as well as job demands such as task diversity and complexity, a high level of responsibility and learning opportunities. Hindrance stressors thwart the achievement of the goal and involve organizational policy, mistreatment, red tape, interpersonal conflict, organizational constraints, role ambiguity, role conflict and anxieties about workload and job security (Chen, Westman, & Hobfoll, 2015; Karesek & Theorell, 1990). Challenge stressor enables people to show their skills that are rewarding, engaging and enhancing well-being (Chen et al., 2015; Karesek & Theorell, 1990). Hence, the following hypothesis has been developed:

H5: Occupational stress is significantly related to employee engagement.

Occupational Stress Mediates the Relationship Between Psychological Empowerment and Employee Engagement

Psychological empowerment is characterized as the primary interpersonal confidence that workers have in their jobs in the organization (Paramanandam, 2013). Study by Savery and Luks (2001) suggested that the highly efficient way to reduce occupational stress is to increase staff empowerment. Study by Brymer, Perrewe, and Johns (1991), conducted an extensive research on empowerment and occupational stress in the hospitality business. Overall, it involved 440 participants from 22 organizations. Their study recognized, significant stress warnings, such as behavioral, physical and cognitive. In general, their study suggested that reducing occupational stress will increase employee’s empowerment. Occupational stress increases when employees recognize that they are not able to respond sufficiently to the demands applying on them or to intimidation against their well-being (Ilango & Sembulingam, 2015). Therefore, the following hypothesis has been developed:

H6: Occupational stress mediates the relationship between psychological empowerment and employee engagement.

Occupational Stress Mediates the Relationship Between Motivation and Employee Engagement

Motivation has a close association with stress (Gällstedt, 2003; Karatepe & Uludag, 2007; Tsutsumi, Nagami, Morimoto, & Kawakami, 2008) and the performance of individuals at the workplace, (Karatepe & Uludag, 2007; Tsutsumi et al., 2008). Lack of motivational factors may cause additional stress (Gällstedt, 2003). According to Jeremy (2005), basically stress has given rise to several complex changes. The first change is in the emotional and psychological level that causes anxiety and tiredness. Second, cognitive levels that include failure capacity, increased error potential and, in some situations these errors cause accidents. Third, behavioral level that leads towards declining or poor association with coworkers, indecisiveness, irritability, smoking, absenteeism, alcohol consumption and overeating. The last physical changes are the result of increased ill health combined with nausea, general pain and heaviness. Therefore, the following hypothesis has been developed.

H7: Occupational stress mediates the relationship between motivation and employee engagement.

Co-workers Support Moderates the Relationship Between Occupational Stress and Employee Engagement

Coworkers support has been associated with psychological health and well-being of employees at work. Social support preserve directly to minimize the level of occupational stress, increases well-being, and buffer the negative effects of occupational stress (Luszczynska & Cieslak, 2005). Individuals, who receive a higher level of (coworker) social support, feel safe and more protected and may feel less stressful in the surroundings/workplace. Social support from friends or family co-workers can minimize and buffer the harmful effects of occupational stress on employee well-being. Demerouti et al. (2001) have also shown that absence or lack of co-workers’ support leads to disengagement. Hence, the following hypothesis has been developed:

H8: Co-workers support moderates the relationship between occupational stress and employee engagement.
Social Exchange Theory

The following study was supported and generated with the help of social exchange theory. P. M. Blau (1964) and Emerson (1976) have introduced Social Exchange Theory (SET) to explain the indirect link between job resources and employee engagement. SET is a leading hypothetical example used to describe work environments relationship (Blau, 1964; Cropanzano & Mitchell, 2005). Workplace affects the cognitions of empowerment (Thomas & Velthouse, 1990). Employees are likewise to recognize psychological empowerment working with the value-added resources offered by their organizations and leaders, which employees are obliged to reciprocate (Blau, 1964). The study of Shuck and Wollard (2010) documented that Kahn (1990) employee engagement concept was based on the concept of psychological behavior described in Maslow’s hierarchy of needs theory (Maslow, 1954). This is based on the idea that social interaction and human behavior are like reciprocity, based on tangible and intangible rewards and costs (Homans, 1961). Social exchange theory explains how relationships are developed over time and employees are expected to share their commitment to their organizations against benefits and resources (pay and promotion). According to Social exchange theory, the extent of an individual employee engagement depends on the resources they receive from the organization (Saks, 2006).

Social exchange theory affirms that employees who recognize their selves as unbalanced, the exchange relationship will cause stress and stress will lead to the action to restore equity in this relationship (Adams, 1965). If an individual shows certain job demands, he or she will often deal with extra energy (Hockey, 1997). In this condition according to the social exchange theory, social support from coworkers has been established as an effective source to deal with stress and increased well-being (Kaufmann & Beehr, 1986). Such as social support from co-workers is expected to improve the possibility of an employee being successful in the achievement of goals.

H1, H2

H3H8

H4H6, H7

Figure 1: Research Framework

III. Method

Respondents Profile

The researcher has chosen frontline employees working in the banking sector of Pakistan. The questionnaires were filled out through survey method. A total of 263 questionnaires were collected from the respective banks. Among the 263 questionnaires, most of the respondents were male 76.1 percent. 69.3 percent were married. Moreover, most of the participants were highly qualified with a master’s degree with a percentage of 83. Related to different job position, most of the respondents were relationship manager with a percentage of 33.1. Likewise, most of the employee was fresh 61 percent with less than 3 years of job experience.
Study Measurements

**Employee Engagement:** In this study, the employee engagement scale was adopted from Rich et al. (2010) which contains eighteen (18) items and a single global item to check the redundancy analysis of the reflective-formative construct. In this study, employee engagement was treated as a higher order reflective-formative construct with three dimensions (i.e., physical, emotional and cognitive). The Cronbach alpha of the scale was 0.86.

**Psychological Empowerment:** Psychological empowerment scale was adopted from Spreitzer (1995) which contains twelve (12) items and a single global item to check the redundancy analysis of the reflective-formative construct. It was treated as reflective-formative construct. In our study the value of Cronbach alpha was 0.89.

**Motivation:** Motivation (pay and promotion) scale was adopted from Kennedy and Daim (2010) and Teclemichael Tessema and Soeters (2006). The scale contains seven (7) items and a single global item to check the redundancy analysis of the reflective-formative construct. Employee motivation was treated as reflective-formative construct. The Cronbach alpha of the scale was 0.78.

**Occupational Stress:** Stress scale was adopted from Zeytinoglu et al. (2007) which contains fourteen (14) items. The value of Cronbach alpha for this measurement scale was 0.87.

**Co-workers Support:** Co-workers social support scale was adopted from May et al. (2004). Which contains ten (10) items? The Cronbach alpha for this measurement scale was 0.93.

Measurement Model

In our study we assess data by using Smart PLS version 3. The study has applied disjoint two-stage approach by Becker, Klein, and Wetzel (2012). The measurement model assessment involves examining individual item reliability (outer loading), internal consistency reliability, convergent validity (average variance extract) and discriminate validity (Heterotrait-Monotrait ratio of correlations) (Hair, Black, Babin, & Anderson, 2010; Hair Jr, Hult, Ringle, & Sarstedt, 2014, 2016; Henseler, Ringle, & Sinkovics, 2009). These, instructions of measurement (outer) model were preformed and interpreted below.

![Measurement model](image)
Individual Item Reliability

Individual item reliability or indicator reliability is measured by investigating constructs every item outer loading (Duarte & Raposo, 2010; Hair Jr et al., 2016; Hulland, 1999). According to Chan (2003), items loadings less than 0.30 are considered poor, between 0.31 and 0.50 are fair, moderate if it falls between 0.51 to 0.60, while the range between 0.61 to 0.80 is termed as moderately strong and very strong if it falls between 0.81 to 1.00 (Krause, Gathmann, & Gorschewsky, 2008). Out of 43 items 8 items were deleted. The deleted items include EEP_1, EEE_2, EEC_3,OS_6, OS_10, OS_12, OS_14 and SS_8. The remaining 35 items were retained for analysis and PLS algorithm produces outer loadings between 0.604 and 0.899. (See table 1) represents the summary of the indicator's outer loadings after deletion process.

Internal consistency Reliability

Internal consistency is defined as consistency within the individual measures themselves. In this research, the internal consistency of all constructs, ranging from 0.837 to 0.912, which meets the minimum criteria of 0.70 in accordance with the Nunnally and Bernstein (1994) and Bagozzi and Yi (1988). Further details are provided in table 1.

Convergent Validity

According to Hair Jr, Hult, Ringle, and Sarstedt (2017) the convergent validity is referred to as, “the extent to which a measure correlates positively with alternative measures of the same construct”. In this study convergent validity was assessed through AVE value range from 0.505 to 0.775, thus, reaching a satisfactory level of 0.5 (Chin, 1998; Fornell & Larcker, 1981; Hair et al., 2010). (See table 1)

Collinearity Statistics

According to Sarstedt, Hair, Cheah, Becker, and Ringle (2019), in reflective-formative type of constructs, researchers have ignored the assessment of collinearity (VIF) among the lower order indicators. The current study reported VIF of lower order constructs of psychological empowerment, motivation, occupational stress, co-workers support and employee engagement. In sum, the results in table 1 has showed that VIF values range from 1.245 to 2.611 indicated that all of the items are below the marked threshold value of 5.3 or higher (Diamantopoulos & Siguaw, 2006; Hair, Risher, Sarstedt, & Ringle, 2019; Hair Jr et al., 2017).

| Table 1: Loadings, Composite Reliability, Average Variance Extract and VIF |
|-----------------------------|----------------|-------------|-----------|-----------|
| **Construct**              | **Items**     | **Loadings** | **CR**    | **AVE**    | **VIF**    |
| Employee Engagement        |               |             |           |           |            |
| Physical Engagement        | EEP_2         | 0.742       | 0.846     | 0.524     | 1.487      |
|                           | EEP_3         | 0.700       |           |           | 1.404      |
|                           | EEP_4         | 0.711       |           |           | 1.411      |
|                           | EEP_5         | 0.705       |           |           | 1.412      |
|                           | EEP_6         | 0.758       |           |           | 1.521      |
| Emotional Engagement       | EEE_1         | 0.747       | 0.853     | 0.539     | 1.483      |
|                           | EEE_3         | 0.658       |           |           | 1.381      |
|                           | EEE_4         | 0.709       |           |           | 1.429      |
|                           | EEE_5         | 0.755       |           |           | 1.553      |
|                           | EEE_6         | 0.794       |           |           | 1.673      |
| Cognitive Engagement       | EEC_1         | 0.750       | 0.837     | 0.509     | 1.514      |
|                           | EEC_2         | 0.670       |           |           | 1.341      |
|                           | EEC_4         | 0.618       |           |           | 1.245      |
|                           | EEC_5         | 0.709       |           |           | 1.427      |
|                           | EEC_6         | 0.805       |           |           | 1.705      |
| Psychological Empowerment  |               |             |           |           |            |
| Meaning                    | PEM_1         | 0.877       | 0.893     | 0.736     | 1.914      |
|                           | PEM_2         | 0.846       |           |           | 1.772      |
|                           | PEM_3         | 0.852       |           |           | 1.848      |
Discriminant Validity

This study assessed the HTMT criterion for the evaluation of discriminant validity (Henseler, Ringle, & Sarstedt, 2015). The HTMT value should be less than 1 to differentiate between two constructs (Henseler, Hubona, & Ray, 2016). The results of HTMT are shown in table 2.

Table 2: HTMT Criterion

<table>
<thead>
<tr>
<th>Constructs</th>
<th>EEC</th>
<th>EEE</th>
<th>EEP</th>
<th>OS</th>
<th>PEC</th>
<th>PEI</th>
<th>PE M</th>
<th>PES D</th>
<th>Pay</th>
<th>SS</th>
<th>pr o</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEC</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEE</td>
<td></td>
<td>0.756</td>
<td>0.815</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEP</td>
<td>0.482</td>
<td>0.487</td>
<td>0.538</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>OS</td>
<td>0.433</td>
<td>0.495</td>
<td>0.615</td>
<td>0.257</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>PEC</td>
<td>0.439</td>
<td>0.552</td>
<td>0.573</td>
<td>0.289</td>
<td>0.711</td>
<td></td>
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<td>PEI</td>
<td>0.490</td>
<td>0.527</td>
<td>0.582</td>
<td>0.306</td>
<td>0.755</td>
<td>0.678</td>
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<tr>
<td>PEM</td>
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</tbody>
</table>
Assessment of Measurement Model Reflective-Formative Constructs

After the establishment of measures, according to Chin (2010), the next stage involved testing higher-order constructs as indicated in the measurement model. Higher-order constructs commonly incorporate two layers of components (Hair, Ringle, & Sarstedt, 2013). The present study hypothesized to evaluate employee engagement, psychological empowerment and motivation as a higher-order reflective-formative construct. Three steps are involved in assessing reflective-formative measures: (1) test for convergent validity (redundancy analysis) (2) testing collinearity (VIF) and (3) assessment of weights and t-values (Ramayah, Cheah, Chuah, Ting, & Memon, 2018). The redundancy analysis threshold value should be above 0.70 to support the convergent validity of the construct (Hair Jr et al., 2017). The collinearity expected threshold value is 5 or more, 3 and 3.5 or higher (Diamantopoulos & Siguaw, 2006; Hair et al., 2019; Hair Jr et al., 2017). In the last stage, weights and t-values of reflective-formative constructs are assessed. If the t values result more than 1.645 retain the construct indicator, even if the outer weights are none significant keep the indicator in the construct (Hair Jr et al., 2017). In this study all reflective-formative constructs have achieved satisfactory level of convergent validity, collinearity, weights and t-values, which are constantly below the threshold values (See figure 3 and table 3).

Figure 3: Measurement model

Table 3: Assessment of Higher Order Constructs
Table 4: Structural Model Path Coefficients Assessment (Direct Effects)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Convergent Validity</th>
<th>Weights</th>
<th>VIF</th>
<th>t-Values</th>
<th>P-values</th>
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<tbody>
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<td>Employee Engagement</td>
<td>EEP</td>
<td>0.756</td>
<td>0.531</td>
<td>1.936</td>
<td>8.184</td>
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<td>1.625</td>
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<td>0.755</td>
<td>0.208</td>
<td>2.04</td>
<td>1.955</td>
<td>0.026</td>
</tr>
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<td>Empowerment</td>
<td>PEI</td>
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<td>1.80</td>
<td>2.708</td>
<td>0.004</td>
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<td></td>
<td>PEM</td>
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<td>1.884</td>
<td>2.937</td>
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<td></td>
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<td>PESD</td>
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<td>1.78</td>
<td>2.885</td>
<td>0.002</td>
<td></td>
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<td>Motivation</td>
<td>Pay</td>
<td>0.736</td>
<td>0.54</td>
<td>1.799</td>
<td>6.473</td>
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<td></td>
<td>Pro</td>
<td>0.56</td>
<td>1.789</td>
<td>7.001</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

Structural Model

After evaluating the measurement (outer) model, the current study used the standard bootstrapping procedure with 5000 as per the guiding principles of (Hair Jr et al., 2014; Henseler et al., 2009). The calculation of p-value was done at 95 percent confidence level due to its acceptability in the research of social sciences (Bickel, 2007; Cox & Hinkley, 1979). In PLS-SEM path model, the structural model or inner model describes the relationship between the exogenous latent construct and endogenous latent construct. Herein, the next step is to evaluate the structural model quality criteria as provided by the measurement model assessment. Figure 3 represents the structural model of the study.

Table 4: Structural Model Path Coefficients Assessment (Direct Effects)
As far as Hypothesis 1 is concerned, psychological empowerment has a positive and significant relationship with employee engagement, specifically, psychological empowerment is positively associated with employee engagement ($\beta=0.257$, $t=5.061$, $p<0.05$), therefore, supported Hypothesis 1. In addition, the findings indicated that motivation has a positive and significant relationship with employee engagement. Specifically, the motivational factors (pay and promotion) have a significant relationship to employee engagement ($\beta=0.386$, $t=5.930$, $p<0.05$), thus supported hypothesis 2. With respect to Hypothesis 3 psychological empowerment has an insignificant relationship with occupational stress ($\beta=-0.087$, $t=1.343$, $p>0.05$), therefore, rejected hypothesis 3. Likewise, the findings indicated that motivation has a negative and significant relationship with occupational stress ($\beta=-0.420$, $t=6.072$, $p<0.05$) and therefore negatively supported hypothesis 4. In addition, findings indicate that occupational stress has a negative and significant relationship with employee engagement ($\beta=-0.162$, $t=3.782$, $p<0.05$) and therefore supported hypothesis 5.

In addition, the mediation of occupational stress was assessed in the second path model. The results revealed that the mediation of occupational stress between psychological empowerment and employee engagement was not significant ($\beta=-0.014$, $t=1.118$, $p>0.05$). Hypothesis 6 was therefore not supported. The mediation of occupational stress between motivation and employee engagement was also significant ($\beta=-0.086$, $t=3.334$, $p<0.05$). Hypothesis 7 was therefore supported. (See table 5).

**Table 5: Structural Model Path Coefficient Assessment with Mediator**

<table>
<thead>
<tr>
<th>H</th>
<th>Indirect Paths Relationship</th>
<th>Path coefficient ($\beta$)</th>
<th>Std. Error</th>
<th>T Statistics</th>
<th>P value</th>
<th>Decision/Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 6</td>
<td>Psychological Empowerment -&gt; Occupational Stress -&gt; Employee Engagement</td>
<td>-0.014</td>
<td>0.013</td>
<td>1.118</td>
<td>0.132</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H 7</td>
<td>Motivation -&gt; Occupational Stress -&gt; Employee Engagement</td>
<td>-0.086</td>
<td>0.002</td>
<td>3.334</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The last path model in the structural equation modeling of this study examined the moderating effect of coworker’s support in the relationship between occupational stress and employee engagement. The results of Table 6 show that support for coworkers has a positive moderating effect in the relationship between occupational stress and employee engagement as the interaction effect of OS*SS with ($\beta=0.122$, $t=3.489$, $p<0.05$) confirmed that hypothesis 8 was supported.

**Table 6: Structural Model Path Coefficient Assessment with Moderator**
The current study deployed Microsoft excel format suggested by Dawson (2014) to underscore and evaluate the strength of the moderating effect of co-workers’ support on the relationship between occupational stress and employee engagement. From the graph plot, the relationship between occupational stress and employee engagement has been buffered with the presence of co-worker’s support in the banking sector of Pakistan. (See figure 5, Interaction Plot for Moderator)

**Figure: 5**

Assessment of Variance Explained in the Endogenous Latent Variable

The $R^2$ value represents the percentage of variance of how much total variances in endogenous variables is explained by its exogenous variables (Cohen, 2013; Hair Jr et al., 2017). Results indicated that psychological empowerment and motivation (independent variables) along with occupational stress (mediating variable) explained 0.633 percent variances in employee engagement (dependent variable). In addition, psychological empowerment and motivation (independent variables) showed a total variance of 0.222 percent towards occupational stress.

**Assessment of Effect Size ($f^2$)**

Table 7 shows the effect size results among exogenous and endogenous variables. Based on Cohen (2013) study, the effect size threshold values of 0.02, 0.15 and 0.35 are small, medium and substantial. Therefore, our study has achieved satisfactory level of effect size.

**Table 7: Effect Sizes of the Coefficient of Determination**

<table>
<thead>
<tr>
<th>Latent Constructs</th>
<th>Effect Sizes ($f^2$)</th>
<th>Degree of Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In case of Employee Engagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Empowerment</td>
<td>0.14</td>
<td>Medium</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.259</td>
<td>Medium</td>
</tr>
<tr>
<td>Occupational Stress</td>
<td>0.062</td>
<td>Small</td>
</tr>
<tr>
<td><strong>In case of Occupational Stress:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Empowerment</td>
<td>0.007</td>
<td>No</td>
</tr>
<tr>
<td>Motivation</td>
<td>0.166</td>
<td>Medium</td>
</tr>
</tbody>
</table>

**Assessment of Predictive Relevance (Q2)**

After successful assessment of effect size for all the endogenous variables, this study also used the Stone-Geisser's
method to examine the value of predictive relevance ($Q^2$) of the study by using blindfolding (Geisser, 1974; Stone, 1974). Scholars have recommended that when calculating $Q^2$ for endogenous latent variables of a particular model, the predictive relevance value should be greater than zero ($Q^2 > 0$) (Chin, 1998; Hair Jr et al., 2014; Henseler et al., 2009). Without it, the model is devoid of predictive relevance.

### Table 8: Construct Cross-Validated Redundancy

<table>
<thead>
<tr>
<th>Constructs</th>
<th>SSO</th>
<th>SSE</th>
<th>$Q^2 = (1\text{-}\text{SSE/SSO})$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Engagement</td>
<td>891.00</td>
<td>513.00</td>
<td>0.424</td>
</tr>
<tr>
<td>Occupational Stress</td>
<td>2970.00</td>
<td>2673.00</td>
<td>0.102</td>
</tr>
</tbody>
</table>

Table 8 shows that the cross-validation redundancy ($Q^2$) for employee engagement and occupational stress is 0.424 and 0.102 respectively, which were far above then zero, thus, indicating the model’s predictive relevance (Chin, 1998; Henseler et al., 2009).

### IV. Discussion

The results of PLS path modeling have shown a significant positive relationship between psychological empowerment and employee engagement, which confirms the hypothesis 1. Our results were consistent with the previous study (Mahmood, Maroof, Qaim, & Affandi, 2017). This argues that individuals who feel positive about empowerment in the banks are able to foster their work capabilities, thus expressing employee engagement. In other words, employees in the banking sector relied on their skills, competence and autonomy which together helped them to strengthen their psychological relationship with the job, thus enriching their employee engagement. As a result, psychologically empowered employees have a positive influence on themselves, other individuals and their entity outcomes. The finding of hypothesis 2 of this study reveals that the relationship between motivation and employee engagement was significant. Our results were consistent with the previous study (Alvi, Kahn, Ahmed, & Zulfiqar, 2014). This contends that employees receiving motivational resources (pay and promotion) in the banks are able to express employee engagement. In other words, employee compensation and promotion are rewarding that employees receive from the employer for their efforts in the banking sector, thus increasing their engagement level in the banks.

The findings of hypothesis 3 of this study revealed an insignificant relationship between psychological empowerment and occupational stress, thus, rejecting hypothesis 3. Our results were consistent with the previous study by Livne and Rashkovits (2018). The findings underscored that employees do not feel psychological empowerment in their work in Pakistan’s banking sector under high occupational stress. The findings suggested that work being resourceful, or employees having psychological empowerment, may be crucial, but may not be very important for some occupations. Possible reason could be the standard operating principles of senior management in the banking sector of Pakistan. As banks deal with highly sensitive financial matters. The findings of the present research have shown a significant and negative relationship between motivation and occupational stress thus, supporting hypotheses 4. Our results were consistent with the previous study (Ferret, Guay, & Senécal, 2004). This argues that individuals who receive motivational resources, such as desired pay and promotion, are therefore able to control their stress levels, which thus increasing their psychological, physical and emotional levels of work engagement.

The findings of this study have shown a significant and negative relationship between occupational stress and employee engagement thus accepting hypothesis 5. Our results are consistent with the previous study by (Cordioli, Cordioli Junior, Gazetta, Silva, & Lourençao, 2019). This refers to the notion that if employees have high level of emotional, physical and psychological stress, such employees have low level of employee engagement. This is because banking employees are experiencing too much work stress that hinders their level of engagement. The findings of the current study have shown that the relationship between psychological empowerment and employee engagement was not mediated by occupational stress, thus rejecting hypothesis 6. Our results are consistent with the previous study (Taipale, Selander, Anttila, & Nätti, 2011). Although, psychological empowerment is a good predictor of employee engagement, empowerment resources often help employees to deal with stressful events. Alternatively, lack of empowerment resources leads to occupational stress. However, in our study, the addition of occupational stress as a mediating variable does not make any sense in the relationship between psychological empowerment and employee engagement. The findings of the present research have shown that the relationship between motivation and employee engagement was mediated by occupational stress. Thus, accepting hypothesis 7. Our results were consistent with the previous study (Garg, 2015). This refers towards that motivational factors (pay and promotion) are the sources of employees’ positive and negative feelings in the workplace. Motivational
factors in the banking sector of Pakistan seem to mitigate employee’s job stress, which in return increases employee engagement.

The findings of the present study have shown that the relationship between occupational stress and employee engagement is significantly moderated by co-workers support thus, accepting hypothesis 8. Our results are consistent with the previous study (Rai, Ghosh, Chauhan, & Mehta, 2017). Results have shown that co-workers social support can positively buffer the relationship, if banks exert a high level of stress. In this regard, the result suggests that employees with social support from co-workers’ may be more capable to minimize the effects of occupational stress to increase their employee engagement.

Implications

The current literature adds value in this study, which highlights the interesting and inadequate role of psychological empowerment, motivation and employee engagement. Whereas, occupational stress as a mediator between psychological empowerment, motivation and employee engagement and co-workers support as a moderator between occupational stress and employee engagement which have been overlooked in the previous studies. The results of this study contribute to the current literature with further empirical evidence. By concluding positive and significant results between psychological empowerment and motivation with employee engagement and negative and significant results between motivation and occupational stress. Main while, the study resulted insignificant influence of psychological empowerment and occupational stress. The study showed an insignificant influence of occupational stress (as a mediating variable) in the relationship between psychological empowerment and employee engagement, while significant relationship between motivation and employee engagement. The insignificant results have advanced theoretical understanding of organizational scholars by highlighting that job resources, may not necessarily be significant and considered to be important for employees across all occupational settings.

Likewise, the findings have also supported the assertions of social exchange theory, which emphasizes on the reciprocity between resources for shaping behavior and outcomes between employers and employees (P. Blau, 1964). The study responded and confirmed the prominence of psychological empowerment, motivational factors (pay and promotion), co-workers support and occupational stress for nurturing and reducing employee’s behaviors like engagement. The enhanced employee engagement study offers more predictive power, application, and adoptability potential. By covering major lapses particularly in the domain of developing country Pakistan, the inclusion of psychological empowerment, motivation, co-workers support and occupational stress in Pakistan’s banking sector has made the framework more theoretically robust and empirically scalable. The study findings have provided further empirical evidence to the body of knowledge in the field of psychological empowerment, motivation, occupational stress and co-workers support.

Practically, the results of the study focused in the service sector. In relation to the banking sector, the present research offers a framework for assessing the role of various resources like psychological empowerment, motivation, co-workers support in furthering and job demands (occupational stress) in reducing employee engagement across the different job ranks. Furthermore, the current study presents an empirically verified framework for ‘engagement passionate’ top management; outlining roles and job prospects for nurturing employee engagement. Alternatively, it has been proved that the implementation of empowerment practices, motivational factors in the organization makes employees to feel less stressed (physically, mentally and emotionally), which in turn, show better employee engagement at the workplace. Hence top management must implement and promote such resources for their employees to increase their work engagement.

Limitations and Future Research Directions

Despite obtaining several interesting answers, the current study also holds some of the limitations. First, the study findings were only contingent with the banking sector. Moreover, the results of the study may have generalizability issue as this study only focused on the front-line employees working in Pakistan’s banking sector. In addition, future research is encouraged across various occupational settings. Second, the current study adopted survey method along with cross-sectional design of the study. Notably, future studies may investigate longitudinal design of study. Third, self-reporting survey was another limitation of the present study. A self-reporting survey can deflate or inflate the association between exogenous construct and endogenous construct. Consequently, the future scholars, probably can employ alternative strategies; such as qualitative or focus group methods. Fourth, it is relatively complex to generalize the findings of the current study because the data was collected from the six-
large banks of Pakistan. It could therefore be appropriate to include the other banks operating in Pakistan in the study sample for a good generalization of the results. Notably, future scholars may therefore investigate other factors like productivity, employability and compulsory citizenship behavior in the context of Pakistan as an outcome variables and service climate, perceived organizational support, supervisor support as moderating variables.

References

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