

**SATISFACTION WITH HR PRACTICES LEADING TO EMPLOYEE
ENGAGEMENT**

Dr. Susan Abraham,

Professor, SCMS School of Technology and Management,
Muttom, Aluva – 683106, Kerala State

Introduction:

The theme of employee engagement has generated a great deal of attention among many human resource practitioners, business entrepreneurs and academic researchers across the globe. It has emerged as one of the most important topics in the sphere of human resource management (Baldev and Anupama, 2010). Engaged employees play a key role in achieving organizational success and competitive advantage. With increasing relevance of employee engagement, researchers are now focusing on what exactly drives engagement and how it can be enhanced. Wright et al., (1994) viewed human resource practices as the means through which employee perceptions, attitudes, and behaviors are shaped. Hence, the role of human resource practices in enhancing employee engagement cannot be overlooked.

The policies, practices and interventions considered as HRM practices can generally be described as employee management practices. Jiang et al. (2012) argues that by implementing practices such as training and development, selection methods, incentive rewards, empowerment and participation, employees' knowledge and motivation are likely to increase (Becker & Huselid, 1998; Huselid, 1995; Jiang et al., 2012).

Employees' engagement can be driven not only through self-efficacy and belief in mastering tasks (Chaudhary, Rangnekar, & Barua, 2012; Llorens, Schaufeli, Bakker, & Salanova, 2007), but also through organizational inducements such as training and development, performance feedback, social support, and supervisory coaching (Bakker & Demerouti, 2008; Schaufeli & Bakker, 2004).

Employee engagement:

Engagement is most often defined within the academic domain as “[...] a positive, fulfilling, work-related state of mind that is characterized by vigour, dedication, and absorption ” (Schaufeli et al., 2002, p. 74). More broadly, Kahn (1990, 2010) described engagement as the harnessing of people ’s selves to their work, such that they fully invest their physical, cognitive, and emotional resources in their work roles. In essence, work engagement is manifested as energy, involvement and a focused striving towards the achievement of organizational goals (Macey and Schneider, 2008; Schaufeli et al., 2002

HRM practices:

HRM practices intend to enhance the skills and knowledge of employees (Boselie, Dietzz, & Boon, 2005), and empirical studies have shown that HRM practices beneficially affect performance and motivation (Huselid, 1995; Jiang et al., 2012; Wright & Boswell, 2002). This paper uses the framework of Jiang et al. (2012) which clusters various HRM practices into the bundles ability, motivation, and opportunity (AMO).

The AMO theory of performance

The ability, motivation and opportunity (AMO) model, initially proposed by Bailey (1993) and developed by Appelbaum et al (2000), has become a commonly accepted framework to explain how HR policies might work and impact on performance, and is helpful in deciding which HR policies should be developed and implemented. According to Macky and Boxall (2007), most of the studies on high-performance working practices use the AMO framework either explicitly or implicitly (for example, Huselid, 1995; Appelbaum et al, 2000; MacDuffie, 1995; Purcell et al, 2003). The model proposes that HR practices contribute to improved employee performance by developing employees’ abilities (A) and skills to do their job, improving an employee’s motivation (M) for discretionary effort, and providing employees with the opportunity (O) to make full use of their skills and be motivated. Examples of how HR practices can achieve this are:

A (ability) can be influenced by recruitment and selection to ensure that capable employees are recruited in the first instance, and by training, learning and development. Competency frameworks are a useful tool to express and assess abilities and skills.

M (motivation) is influenced by extrinsic (eg financial) and intrinsic rewards (eg interesting work) performance reviews, feedback, career development, employment security, and work– life balance.

O (opportunity) is influenced by involvement initiatives, teamworking, autonomy, communication, job design and job rotation. Many researchers claim that this is the distinctive feature that marks high-performance working practices out from other HR practices (Appelbaum et al, 2000; Wood and Wall, 2007; Boxall and Macky, 2009)

Need for the study:

This study is conducted with a special motive to identify the relationship between the Human resource practices and Employee engagement in a Trading Company located in Kerala state. Every organization will follow some HR practices in order to retain their employees in the organization. So the reason for choosing the topic was to know whether the employees are satisfied with the HR practices and how they engage in the activities of the organization.

Objectives of the study:

1. To study the relationship between Ability –enhancing, Motivation-enhancing and Opportunity-enhancing HR practices with Employee Engagement.
2. To study the impact of Ability –enhancing, Motivation-enhancing and Opportunity-enhancing HR practices on Employee Engagement.

Research Methodology:

The study organisation chosen was a Trading Company in Kerala. The population consisted of all the employees of the organisation who were 150 in number. The means of data collection was

a questionnaire for measuring HRM practices (36 statements) and the Gallup 12 instrument for Employee Engagement. The data was analysed using correlation, regression and mean values.

Review of Literature:

Truss et al. (2013) recently proposed that employee engagement may finally provide the key to understanding how effective HRM practice can lead to higher individual and organizational performance. Nonetheless, the conceptual and empirical links between HRM practices and employee engagement, and between engagement and performance, are not well established (Guest, 2014; Sparrow, 2014; Sparrow and Balain, 2010). To date, there has only been limited research examining how HRM practices influence individual and organizational outcomes through employee engagement (e.g. Alfes et al., 2013a, b; Sparrow, 2014; Truss et al., 2013)

To this date only a handful of empirical studies have investigated HRM practices as antecedents to work engagement (Wollard & Shuck, 2011), and these can, to a large degree, be categorized as single HRM practices examining the effects of a few rather than several HRM practices (Wright & Boswell, 2002)

The focus of the AMO framework is to improve employees' outcomes through prioritizing resources on HRM practices that enhance their motivation and performance (Jiang et al., 2012). The bundles in the AMO framework consist of several HRM practices.

Ability Enhancement

The ability enhancement bundle includes training and development and selection and recruitment practices. Whereas training and development seek to ensure that employees are provided with the appropriate skills and knowledge to perform (Jiang et al., 2012), selection and recruitment practices are used for gathering information about employees and finding candidates with matching skills and competencies to specific job demands (Koch & McGrath, 1996)

Training and development practices have shown to increase employee motivation and to have financial benefits for organizations (Jiang et al., 2012). These HRM initiatives help employees in

coping with job tasks and teaches them how to master futures roles (Jiang et al., 2012). The motivation effect in employees due to training and development initiatives can be seen as related to employee engagement, since engagement is understood as a motivational construct (Wollard & Shuck 2011).

Selection and recruitment procedures are argued as beneficial for employers and employees. Selection tools such as cognitive tests and personality inventories are methods that aim to extract information about the applicant's skills and talent. With this information employers can predict future employees' performance and motivation (Koch & McGrath, 1996). Since jobs vary in tasks and demands, and people vary in skill and talent, not all will be able to perform well and be engaged in doing all types of jobs. Bakker and Demerouti (2008) argue that engaged workers will be more productive due to the ability to mobilize their resources skills and knowledge.

Motivation Enhancement

Motivation enhancing HRM practices consist of reward systems and performance appraisals intended to increase motivation in employees (Jiang et al., 2012). Bakker et al. (2011) argue that when employers provide meaningful work to employees, and practice feedback and reward in this process, employees will experience more engagement and push their abilities to deliver. This notion is supported by several empirical studies that found a significant relationship between performance appraisal and employee engagement (Chaudhary et al., 2012; Llorens, Bakker, Schaufeli, & Salanova, 2006; Schaufeli & Bakker, 2004).

When organizations prioritize resources on HRM practices that involve appropriate reward systems and appraisals, benefits arise. These benefits are not only affecting performance, and increased financial outcomes, but also positive attitudes and motivation in employees. Thus, by practicing performance related pay initiatives and performance appraisal employees' engagement can increase

Opportunity Enhancement

Opportunity enhancement includes employees' participation and teamwork practices. These practices are seen as tools that provide opportunities for employees to make use of their expertise and motivation (Jiang et al., 2012). Participation involves empowering employees and allowing them to take part in decisions on how to achieve goals. Teamwork is a typical arena where such practices fit in, as it often allows decision making for participating members and sharing information and knowledge are necessary goals

A study examining different bundles of HRM practices linked teamwork to positive work relations, innovation and performance (Guest, Conway, & Dewe, 2004). It was also found that teamwork often is placed in the same bundle as participation and job design. This is due to the fact that team members are often dependent on each other's contributions for succeeding with tasks, and therefore share information and participate in order to complete the work. The teamwork process has been argued to affect emergent states in team members' attitudes, motivation and satisfaction (Marks, Mathieu, & Zaccaro, 2001). Empirical studies that support this notion are the ones that specifically link the participation process to employee engagement (Bhatnagar, 2012; Rees, Alfes, & Gatenby, 2013). HRM practices that give employees' the opportunity to participate in decisions are beneficial for their engagement and thriving at work. Participation depends on the management trusting the employees. Relying on teamwork is argued to increase levels of employee engagement. Teamwork gives employees an arena for practicing participation by sharing information, developing knowledge, and gaining positive work relations. Thus, the HRM practices of teamwork and participation are both suggested to affect work engagement.

Employee engagement and selection

Contemporary HRM research and practice recognizes that high caliber job applicants are increasingly looking for job roles that include opportunities for challenge, growth and engagement (Collings and Mellahi, 2009; Harter and Blacksmith, 2010). Therefore to attract and retain high caliber, high achieving, productive, committed and "engaged" employees, organizations need to provide working contexts that provide a good "fit" between the role expectations of prospective employees and their subsequent working environment (Herriot,

2002; Morgeson and Dierdorff, 2011). Kristof (2006) noted in an integrative review of the person-organization fit literature that selection and socialization are often touted as the key to retaining a flexible and committed workforce necessary to meet contemporary competitive challenges. “Fit” has previously been shown to be associated with performance (Verquer et al., 2003) and with engagement (May et al. ,2004; Saks and Gruman, 2011).

Data Analysis and Interpretation:

Table 1: Correlation between Ability –enhancing, Motivation-enhancing and Opportunity-enhancing HR practices with Employee Engagement

Correlations					
		Employee Engagement	Motivation-enhancement HR practices	Opportunity-enhancement HR practices	Ability-enhancement HR practices
Employee Engagement	Pearson Correlation	1	0.162*	0.592**	0.625**
	Sig. (2-tailed)		0.047	0.000	0.000
	N	150	150	150	150
Motivation-enhancement HR practices	Pearson Correlation	0.162*	1	0.154	0.311**
	Sig. (2-tailed)	0.047		0.060	0.000
	N	150	150	150	150
Opportunity-enhancement HR practices	Pearson Correlation	0.592**	0.154	1	0.849**
	Sig. (2-tailed)	0.000	0.060		0.000
	N	150	150	150	150
Ability-enhancement HR practices	Pearson Correlation	0.625**	0.311**	0.849**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	150	150	150	150
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

The above table 1 shows the correlation of Ability –enhancing, Motivation-enhancing and Opportunity-enhancing HR practices with Employee Engagement. Ability-enhancing HR practices is the most important bundle of HR practices that has a relationship with Employee

Engagement (62.5%), followed by Opportunity-enhancing HR practices (59.2%) and Motivation-enhancing HR practices (16.2%).

Table: 2 Regression between Ability-enhancing HR practices, Motivation-enhancing HR practices, Opportunity-enhancing HR practices and Employee Engagement.

Dependent variable: Employee Engagement

Independent variables: Ability-enhancing HR practices, Motivation-enhancing HR practices, Opportunity-enhancing HR practices

$R = 0.636$ $R^2 = 0.405$ $Adj R^2 = 0.392$ $F = 33.065$ $p = 0.000$

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	17.050	3.567		4.779	0.000
Motivation-enhancing HR practices	-0.012	0.082	-0.010	-0.144	0.886
Ability-enhancing HR practices	0.332	0.096	0.447	3.464	0.001
Opportunity-enhancing HR practices	0.207	0.120	0.214	1.727	0.086

Table 2 shows the impact of Ability-enhancing HR practices, Motivation-enhancing HR practices, Opportunity-enhancing HR practices on Employee Engagement.

The correlation value of 0.636 indicates the strength of the relationship between factors of Ability-enhancing HR practices, Motivation-enhancing HR practices, Opportunity-enhancing HR practices and Employee Engagement. The R² value of 0.405 indicates that 40.5% of the changes in Employee Engagement is due to Ability-enhancing HR practices, Motivation-enhancing HR practices, Opportunity-enhancing HR practices.

The impact of Ability-enhancing HR practices, Motivation-enhancing HR practices, Opportunity-enhancing HR practices on Employee Engagement is supported by the t-value (4.779) in the above Table 2.

The regression equation based on the above table is $Y = a + bX$

Employee Engagement = 17.050 + 0.332 Ability-enhancing HR practices _____ (1)

According to the regression equation, Employee Engagement is influenced by Ability-enhancing HR practices upto 33.2%.

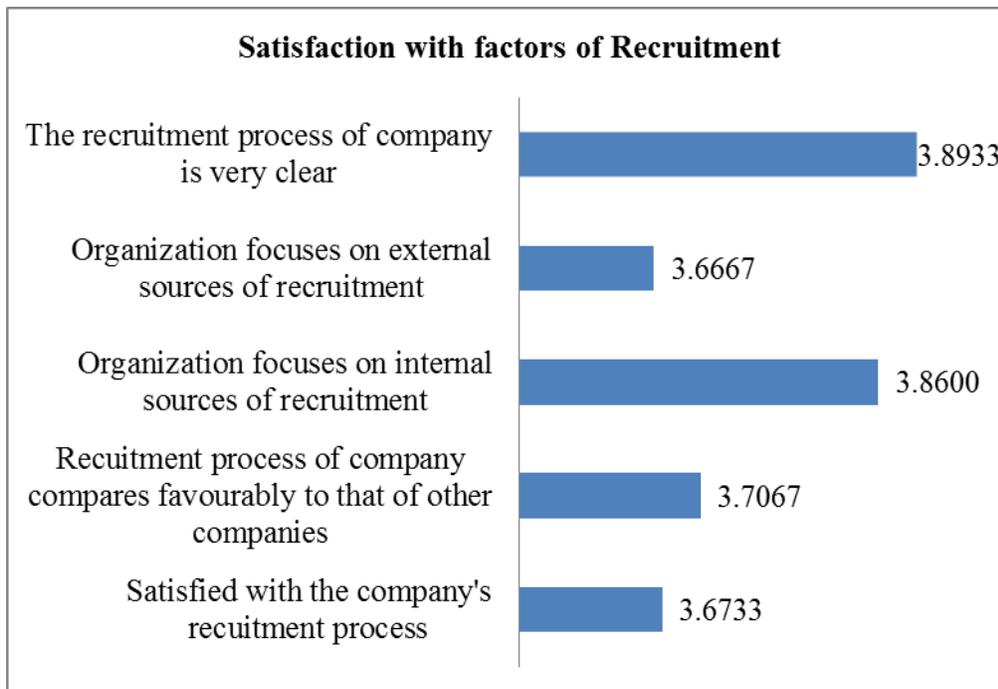
Table3: Correlation between Ability-enhancing HR practices and Employee Engagement.

Correlations					
		Employee Engagement	Training and Development	Recruitment	Selection
Employee Engagement	Pearson Correlation	1	0.301**	0.605**	0.587**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	150	150	150	150
**. Correlation is significant at the 0.01 level (2-tailed).					

The Ability enhancing HR practices are Training and Development, Recruitment and Selection.

The above Table 3 shows the correlation between Ability-enhancing HR practices and Employee Engagement. Recruitment is the most important HR practice that has a relationship with Employee Engagement (60.5%) followed by Selection (58.7%) and Training and Development (30.1%).

Chart 1: Mean values of Satisfaction of respondents with factors of Recruitment



The above Chart 1 shows the Mean values of Satisfaction of respondents with factors of Recruitment. According to the chart the respondents are happy with the transparency of the recruitment process. The management follows internal promotions and transfers for most of the vacancies. For senior level positions, vacancies are filled by external sources of recruitment. The respondents felt that the recruitment process of the organisation is far superior that compared to other companies in the same locality.

Findings and Discussion:

The study was done with the objective of identifying the relationship between Ability – enhancing, Motivation-enhancing and Opportunity-enhancing HR practices with Employee Engagement. The results revealed that all the three AMO bundles have a correlation with Employee engagement. Out of these, Ability-enhancing HR practices had an impact on Employee engagement. Among the HR practices, Recruitment was the most important one that had an impact on employee selection. The employees were happy with the recruitment for most of the vacancies was through internal promotions and transfers and the recruitment system was transparent to all employees. The employees were also satisfied with the selection process of the

organisation. The selection process was identifying the right candidates for the right job. So all the employees were satisfied that they were doing their jobs with their utmost efforts and the same was recognised by the management with appropriate compensation package. Team activities related to their work gave them the satisfaction of recognition in the group. The management of the organisation was also consulting the employees before taking major decisions related to their future growth. Overall the study has proved that HRM practices do play an important role in maintain high levels of Employee Engagement in the organisation.

Conclusion:

The HRM practices of an organisation are meant to encourage the employees to perform effectively on the job. The study proved that the HRM practices has had an impact on Employee Engagement. The employees are not only satisfied but also show high involvement in all the activities of the organisation.

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