

Influence of HR practices on Employee Engagement**B. Raghavendra, M.B.A.****S Md Gouse, M.B.A.****Research Scholars, S.K. Institute of Management,
Sri Krishnadevaraya University, Ananthapuramu, A.P.****Abstract:**

Since liberalisation, Indian financial sector underwent radical change, from privatization of the every industry to adapting latest technology in every facet of the organization. Organizations are adapting human resource practices and various measures to engage employees. Availability of various opportunities and limited studies focused on HR practices as antecedents of employee engagement makes imperative to explore the way banks executing organizational practices to enhance employee engagement. HR practices selective staffing, training and development, performance appraisal, rewards, employee involvement and teamwork used to predict employee engagement. By using 138 duly filled questionnaires, by using correlation and hierarchical regression analyses and this study found performance appraisal and team work affects significantly levels of engagement.

KEY WORDS: employee engagement, HR practices, Social Exchange Theory.

Introduction:

Convergence of technology changing the organizational landscape, dynamic business environment, hiring skilled employee, availability of various options to explore for talented individuals, attrition rate is up, and challenge of retention of talent have posed question to the traditional way of handling individual and organizational outcomes. Entry of foreign organizations and their adaption of time-tested practices to the local culture has been trend of this globalization era. Human resource management practices are very crucial for realization of organization goals, this is emphasized more in service sector. The employee and customers are involved in co-production of the product and service. The direct involvement of employee in customer service highlights the employee management in the services sector. Barney (1991) recognized the employees are important source of competitive advantage for an organization. The organizations implemented management practices with more autonomy, participative management, and information sharing with employees. The changes lead to focus on managing the employees by periodical assessment of employee engagement for organizational performance, and the concept gaining importance in human resource management academic research as well (Baldev and Anupama, 2010).

The economic reforms lead the entry of private sector banks into the market, the new age banks has been at fore front in usage of technology in every sphere of services to customers. They are first to offer technology benefits for banking services, in terms of withdrawals, money deposit, cheque clearance etc. They banks adapted latest human resource management practices for employee management from recruitment to retention of employee. The HR practices are playing active role to enhance employee's performance and to sustain competitive advantage over the others.

HRM includes management decisions of policies and practices that shapes the employee relationship, communicate the organization goals to the employee and they intended to realize organizational goals giving due importance to individual well-being and societal goals. HRM practices focus on acquisition motivate and retention of the employee. Human capital theory states that employee's knowledge, skills and abilities help the employee to perform well and investment on human capital influence productivity and performance of the organization (Youndt et al. 1996). The theory implies with resource-based

theory of the firm and competitive advantage that revolves around human resources, which play vital role in growth of the organization and sustain organization in the competition (Wright et al. 1994). Thus, human resource practices are source of capabilities that allows firms to learn and capitalize upcoming opportunities that determines how firms compete. The organization performance depends to the extent employee display discretionary behaviours of the employees.

The discretionary behaviours of employees are result of the extent of engagement levels of the employee. Engagement defined in terms of the discretionary effort exhibited by the employee, more specifically organizational citizenship behaviours, a valid consequence of having engaged employees in the organization. Employee engagement is result of interaction of individual and organisational factors at work. Kahn (1990) defined, engagement as the simultaneous employment and expression of a individual's preferred self in task behaviours that encourage association tow and others, personal presence (physical, cognitive, and emotional) and active, full performances.

Towers Perrin (2003) identified employer brand, career development opportunities, challenging work, collaborative work environment, autonomy, resources available to do the work, employee well-being, customer orientation, and vision of the top management as drivers of engagement. Development Dimensions International explained employee engagement as the extent to which people enjoy and believe in what they do and feel valued for doing it, and highlighted right employees on right jobs, exceptional leadership and organizational systems and strategies as three main drivers of engagement. Wright et al. (1994) opined human resource practices acts as the means to shape employee attitudes and behaviours are shaped. Thus, human resources practices have a role in increasing employee engagement. There is a need to examine the employee engagement in Indian banks and human resource practices effect on employee engagement. The main aim of this study is to explore the human resource practices and the way employee's opinions affect the levels of employee engagement.

Literature overview:

Employee engagement:

Employee engagement has been research subject for some time expressed as the extent of one's commitment (Lockwood, 2007). Kahn (1990) was first to explain the way individuals personally engaged and disengaged at work and defined engagement as the harnessing of organizational members' to their work roles where individual express themselves cognitively, emotionally and physically during role performances and disengagement depends on social and cognitive withdrawal and reflects incomplete role performance. He said engagement serves to fulfill the human spirit at work and disengagement explained as defending themselves during role performances. Thus, he defined engagement as harnessing of organizational members' selves to their work roles. Maslach and Leiter (1997) explained engagement as energetic state of involvement, take work as challenge and efficacy. Britt (1999) defined engagement where person involves feeling a sense of responsibility and commitment to perform.

Gonzalez Roma et al. (2006) redefined Kahn's (1990) engagement and explained as Activation, having a sense of energy, Identification, a positive association with the work and absorption, where person fully immersed in one's job. Schaufeli & Bakker (2004) explained engagement as a work related state of mind involving vigor, dedication and absorption. Vigor refers to high levels of energy and mental optimism during working, the enthusiasm to invest effort in one's work, and persistence even during difficult times. Dedication described as a sense of significance, willingness, inspiration, pride, and challenge at work. Absorption includes being entirely focused, happy and deeply immersed in one's work whereby time passes quickly and one has feels difficult to detach from work. Saks (2006) defined engagement as

a distinct and unique construct, which includes cognitive, emotional and behavioral elements that are linked to individual role performance. Macey and Schneider (2008) presents four approaches of engagement, first psychological state, second as trait, third as behaviour and fourth combination of psychological, trait and behaviours.

In Indian scenario, Top management should understand employee engagement appropriately and has to implement right management practices for effective management of employees (Lakshmi, 2012). Pati & Kumar (2010) emphasized the importance of conducting employee engagement research study. Organizational practices, structures and systems determine to extent employees satisfaction, commitment and engagement (Joshi and Sodhi, 2011). Geetha & Sebastian (2012) exploratory study focused on investigating the influence of employee's satisfaction with human resource practices on employee engagement at organization level using social exchange perspective.

HR practices and Employee engagement:

Appelbaum (2002) AMO theory of performance states that performance is the purpose of employee ability, motivation and opportunity. The theory states that employees performs well when they have required abilities and skills, have motivation to do the job and higher will be the performance, if they opportunity, like participation in decision making and have access to technology. Organization invests resources and efforts for selecting quality human resources (Pfeffer 1995). The employee with strong identification with organizational values has higher engagement (Biswas and Bhatnagar, 2013). Training enhances individual's skills to meet the immediate and longer-term developmental needs of both individual and organization. Successful application of newly acquired skills and knowledge enhances the reflective encouragement at work and engagement (Gatenby, 2009). Performance appraisal acts as basis for individual work planning, discuss factors that affect the job, provides feedback, and forms basis for salary increase, training, and promotions (Boxall and Purcell, 2003). Performance appraisal process give employees an opportunity to reveal their job and helps to improve, and importantly provides a closer connection to their work. Rewarding employees affects discretionary effort that affect discretionary effort of the employee (Konrad, 2006). Opportunities acts as main driver of engagement and research observed relation between the availability of opportunities and engagement (Truss et al. 2006; Robinson et al. 2004). Marchington and Wilkinson, (2005) identified that involvement leads to positive experiences, and the involved employees felt more emotional attachment to work and social connection to colleagues and managers. Teamwork influence employee attitudes and well-being (Wood and deMenezes, 1998). Teamwork involves rely on fellow employees to complete the job and increased cooperation between leads to discretionary behaviours.

Kahn (1992) stated the way people identify the resources availability their engagement also varies and motivate the levels of work engagement. Buckingham & Coffman (1999) acknowledged employee engagement factors as attract, connection and retention of talented employees. Organizational features of a job that are useful in realizing firm's goals might ease job demands and their related physiological and psychological costs and ultimately inspire personal growth, learning and development. Performance feedback, supervisor support, and Job control part of job resources were predictors of engagement (Demerouti et al. 2001). Schaufeli and Bakker (2004) explained job resources are the antecedents of employee encouragement, and available resources stimulates personal development and drives the employee. Edward Lawler and his team identified commitment to training and skill development, team based work organization, job security and incentive based pay, provides in the form of knowledge, power, information, and rewards that aids to make sure that the organizations effective and that the various practices work together to have a positive effect on employee engagement (Konrad, 2006).

Thus, it the job of human resources practices to create a work environment to attract potential employees and induce engagement (Lockwood, 2007)

The employee benefitted by the organizational practices and resources may commits to react positively in kind and repay in some form to the organization. The reciprocity levels of employee perceptions over practices are by engaging in behaviours directed at the organization. Biswas and Bhatnagar (2013) found that, with in Social Exchange Theory, engaged employees feel an intrinsic obligation to be socio emotionally attached to the source of engagement namely, their work and their employing organization. The engaged employees adds lot of meaning to their affiliation with their organization (Bowen & Ostroff, 2004).

Hypothesis: H₁: The HR practices positively influence the level of employee engagement.

Methodology:

This research study applied quantitative method, used questionnaire surveys to carry out the quantitative study.

Sample profile:

The respondents who participated in survey belongs to employees of private sector banks, namely ICICI, HDFC, and AXIS bank and that have operations in four cities of Ananthapuramu, Chittoor, YSR Kadapa, and Kurnool districts, in together called as Rayalaseema region of Andhra Pradesh. These four districts share rich cultural and historical environment in the Andhra Pradesh state. Convenience-sampling method was used to collect the data. The employee respondents with dully filled questionnaires was 138, consists of Ananthapuramu (26%), Chittoor (23%), YSR Kadapa (26%), Kurnool (25%) and they belongs to ICICI bank (n= 44, 31.9%), HDFC bank (n= 49, 35.5%), AXIS bank (n= 45, 32.6%). Majority of the employees were male (102, 73.9%) and female (36, 26.1%), their age group under 30 (29, 21.1%), 31-40 (78, 56.5%),41-50 (26, 18.8%), 51 and above (5, 3.6%), the education criteria Degree (36, 26.1%), Post Graduate and above (102, 73.9%), and Majority of the respondents at job position, Executive level (94, 68.1%) Managers (44, 31.9%) and Non-managers (0). Present bank tenure less than 3 years (40, 29%), 3.1 to 6 years (45, 32.6%), 6.1 to 10 years (33, 23.9%) and more than 10 years (20, 14.5%) and Present job tenure less than 3 years (48, 34.8%), 3.1 to 6 years (52, 37.6%), 6.1 to 10 years (25, 18.1%) and more than 10 years (13, 9.5%)

Measures:

The study explored secondary data on HR policies, practices using the Internet. Website of the select banks, news reports, articles and dissertations were included. The secondary data results helped in framing statements to collect the primary data from the interested and volunteered employees (Liao et al.2009; Chuang & Liao, 2010). In second stage, a survey was conducted in the branches of select sample banks with the structured questionnaire on HRM practices. Employee engagement was measured using Utrecht Work Engagement Scales developed by Schaufeli et al. (2002) and consists of vigour, dedication and absorption subscales.

Analyses and Interpretation:

The reliability of HR practices and employee engagement scales measured by Cronbach Alpha. For HR practices questions such as selective staffing, training development, performance appraisal, compensation, involvement, and job security were as asked for which Cronbach alpha was 0.763 indicates good internal consistency amongst the questions asked.

In case of employee engagement the scale involves three constructs, such as six statements on Vigour (example: I can continue working for very long periods at a time), five statements on Dedication (example: My job inspires me), and six statements on absorption (example: Times flies when I'm working), were asked. The Cronbach alpha 0.732 indicates good internal consistency. This study used composite score of the UWES as a measure for work engagement.

Means and Standard deviations:

The mean scores of HR practices ranged from 2.91 to 3.46, the average mean score was 3.18 and standard deviations scores ranged from 0.87 to 1.08. The employee engagement mean scores ranged from 3.49 to 3.18, with average score was 3.33 and standard deviations scores ranged from 0.78 to 1.11.

Relationship between HR practices and Employee engagement:

The regression analysis in table 2 shows, in model 1 the HR practices as a bundle and employee engagement association as significant ($\beta = 0.356$, $p < 0.05$). Individually, model 2 revealed HR practices had a significant positive association between employee engagement and performance appraisal ($\beta = 0.356$, $p < 0.05$) and teamwork ($\beta = 0.356$, $p < 0.05$). Hence, the when performance appraisal conducted comprehensively it affects the level of engagement and teamwork elevate the level of engagement. The organizations when designing HR policies and practices, it considers various demographic variables into account. HR practices and employee engagement can be varying due to the employee demographic characteristics. To verify whether demographic variables influence HR practices and employee engagement, in the process to reduce the effects of HR practices on employee engagement, this study changed the demographics to dummy variables for control.

To test the effect of employee demographic variables, they were entered simultaneously in the regression equation. The hierarchical regression analysis model 3 results explained 10% of variance in the effect of HR practices on the level of engagement. Model 4 revealed HR practices as a bundle explained 25% of the variance in the engagement levels and significant at 0.000 level. Analysis revealed present bank tenure and job position were significantly related to the influence of HR practices on employee engagement ($p < 0.05$). Thus, results show that there is a positive association between HR practices and employee engagement. The better the implementation of HR practices, the greater will be the level of employee engagement. Thus, HR practices will significantly affect the employee engagement and hypothesis of the study is supported.

Table 1: Intercorrelations among variables

	1	2	3	4	5	6	7	8
1.EmpEngagement	1							
2.Selective staffing	0.396	1						
3.Training	0.468	0.358						
4.PerfAppraisal	0.483	0.431	0.423					
5.Rewards	0.328	0.357	0.434	0.442				
6.Involvement	0.289	0.340	0.516	0.425	0.500			
7.Teamwork	0.495	0.457	0.407	0.426	0.406	0.437		
8.HR aggregate	0.356	0.324	0.404	0.581	0.473	0.440	0.483	1

Table 2: Regression of HR practices influence on Employee engagement

Variables	Model1	Model2	Model3	Model4
	$\beta(p)$	$\beta(p)$	$\beta(p)$	$\beta(p)$
Gender			0.247(0.49)	0.045(0.29)
Age			0.220(0.10)	-0.019(0.81)
Education			0.114(0.26)	0.057(0.06)
Present bank tenure			0.441(0.18)	0.116(0.00)
Present job tenure			0.032(0.60)	-0.054(0.43)
Job position			0.123(0.02)	0.091(0.04)
Selective staffing		0.113(0.10)		
Training		0.130(0.17)		
Perf. Appraisal		0.278(0.00)		
Rewards		0.099(0.19)		
Involvement		0.055(0.49)		
Team work		0.304(0.00)		
HRprac. (aggregate)	0.356 (0.04)			0.200(0.00)
R ²	0.233	0.247	0.101	0.249
Adjusted R ²	0.231	0.235	0.076	0.236
F – value	87.608	64.027	20.851	55.098

Managerial implications:

This study specifically concentrated on the role HR practices, which influence employee engagement. The relationship between HR practices and employee engagement is positive and significant, based on social exchange theory and the norm of reciprocity. HR practices are designed based on Appelbaum (2002) AMO theory and study results confirmed the HR practices do affect the employee engagement in Indian banks. The results shows the impact of performance appraisal and team work and employee engagement and supports the study of Bowen and Ostroff (2004) that employee perceptions of HR practices have influence on performance. The organizations needs to operationalise the practices based on employee needs as the results shows, they have significant influence on engagement levels.

Studies have revealed the consequence of the employee engagement, in terms of positive attitudes and behaviours. The ultimate aim of any organizational policies and practices meant for retention of employee's and through them realize the organizational goals. The results imply the following HR interventions, Performance appraisal are conducted comprehensively and results used for training and development of the employee, which reinforce the positive behaviours. Performance appraisal affects the individual work planning in a better way, for training, employee rewards and compensations and explains the way how employees are associated to the job (Boxall and Purcell, 2003). Teamwork builds cohesion among the employees and likely influence positive attitudes and well-being of employees (Wood and deMenezes, 1998). Peer pressure affects the work positively, in terms of knowledge transfer, caring emotionally involvement process, and overall development features of employee.

The employee characteristics employee present tenure with the organization had affect on engagement level significantly. In some way, this finding reveals Employees with less tenure with organization are more likely leave the organization, in contrast employee who stay longer. The success of the organization depends on employee retention for sustenance and good employee relationship with organization do affect the organizational performance. The other finding that employee job position significantly affects the level of engagement. Employees in services sector, performs the job amid internal and external environment, at every level. Internally, employees have to cope with quality norms and achieve quantity and externally, meeting the customer's needs and resolve issues. The future designing of HR practices have to consider the findings of the study to keep employees engaged.

Conclusion:

The findings of the study signify the influence of human resource practices on employee engagement. The findings affirm that organizational practices and individual factors affect levels of engagement. Due to technology usage in every facet of the service sector, the employee engagement levels are very crucial for sustenance of the organization. Various organizational factors along with HR practices have influence on engagement levels, so regular assessment of employee opinion is imperative for present day organizations. The limitations of the study, the scales of HR practices and employee engagement were based on non-Indian scenario, and there is need to develop strong scales to suit Indian conditions. The findings may not be generalized, as the sample size is very small, confined one region, and collected at one time. The findings are based on respondent's opinions and can only indicate a possible trend. Further research can explore, considering more sample size and tested in other firms and consequences of employee engagement.

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