Employee Engagement through High Commitment HRM Practices: A Social Exchange Perspective

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Introduction

Employee engagement has become a critical human resource management (HRM) concern for contemporary organizations. Defined as "an individual employee's cognitive, emotional, and behavioral state directed toward desired organizational outcomes," employee engagement is a topic that is widely discussed by both academics and practitioners alike because it is said to predict a vast range of positive organizational as well as employee outcomes. Despite the global focus, engagement levels even at the best of times are observed to be generally very low in many countries in addition to a deepening level of disengagement among employees. For instance in a study done across 142 countries covering nearly 230,000 employees, Gallup Inc. in 2013 reports that only 13 percent of employees worldwide are engaged in their jobs, while 63 percent were not engaged, and a significant 24 percent were actively disengaged. Sri Lankan situation too depicts a similar state with an overall engagement percentage of only 14 percent. Considering its high importance and the lack of rigorous research on the subject, higher level academic explorations relating to the status of employee engagement and possible prescriptions for its enhancement are warranted in the Sri Lankan context.

Research Issue

HRM practices are commonly argued to be leading to employee engagement and a number of studies have established that the adoption of sound HRM practices would elicit employee engagement. Similarly, according to job demands-resources (JD-R) theory, job resources which are embedded in and induced by HRM practices are widely suggested to predict work engagement. However, several studies done by scholars have also found contradictory evidence to this HRM - employee engagement linkage. This was further substantiated in the Sri Lankan context, by a preliminary investigation conducted by the researcher where in-depth interviews were carried out among 15 human resources managers in reputed private sector companies in Sri Lanka. This contradiction between the theory and published empirical findings and the reality at times leads to the question as to "Why and under what conditions will the HRM practices adopted by the organization influence employees' engagement at work in Sri Lankan organizations?"

Theoretical Gap

In attempting to provide a theoretical explanation to the above problem, it can be observed that a majority of scholarly attempts explaining employee engagement within the HRM context have focused on social exchange theory (SET). Within SET, "reciprocity" as an interdependent exchange, which is "the expectation that a favorable action of one party would lead to corresponding repayment actions by the other party", is used as a core explanatory concept. Thus, it is argued using SET that employees choose to engage in their work in varying degrees in reciprocation to the economic and socioemotional resources provided by the organization. However, still SET does not provide an insight either as to why the variation in engagement occurs or why it is not consistent among employees within the same organizational context. This shows that the current empirical support for SET in its ability to explain employee engagement is limited. Therefore, it leads to the theoretical gap that SET on its own is still not capable of explaining how the degree "reciprocity" as an interdependent exchange (or a transaction pattern) would vary among individuals in the attempt of accounting for the varying levels of engagement.

Conceptualization

In addressing the theoretical gap highlighted above, based on systematic literature review in the area of HRM and employee engagement, the presentstudy combines other dimensions of 'reciprocity' (e.g. reciprocity as a moral norm) within SET while attempting to expand its scope towards the organizational support theory (OST) and social cognitive theory (SCT). Within the HRM literature the study uncovers three prominent HRM practices; training & development, employee involvement and team working practices which are capable of initiating a positive social exchange process that will create employee engagement in a more consistent manner (Gould - Williams, 2007). These practices can be called as high commitment HRM practices. Further, based on backing from empirical literature in OST, the author argues that the aforementioned high commitment HRM practices are expected to create employee engagement only when those HRM practices are perceived by the employees as organizational support. Moreover,it further contends that when employees do not have self-efficacy beliefs and when they are not oriented towards the norm of reciprocity, one still cannot expect these HRM practices to result in the desired levels of engagement. Based on the above arguments the study advocates six hypotheses which is to be empirically tested. Accordingly, the main objective of the present study would be to understand the high commitment HRM practices and their influences on employee engagement. More specifically, it would attempt to identify the mediating effect of perceived organizational support (POS) within the relationship between high commitment HRM practices and employee engagement and the moderating effects of the norm of reciprocity and self-efficacy between the relationship of POS and employee engagement.

Methodology

The study would adopt a quantitative research design employing a survey strategy while the primary quantitative data will be collected using self-administered questionnaires. Measurement instruments were designed by compiling tested and proven scales for all constructs. The sample population for the study will be the top 100 private sector

organizations in Sri Lanka. Further, a multilevel approach will be adopted in data analysis. Hence, the organizational perspective of HRM practices will be assessed through the HR manager and the employee version related to the dependent, mediator and the two moderator variables will be measured from managers/ executives of the same organization. With an apriori analysis in maintaining a power of 0.8, a minimum of 300 level 01 responses are targeted along with a level 02 target of 60 organizations.

A pilot study with 14 companies was conducted covering different industry sectors. There were 50 valid responses from level 01 respondents and 14 responses from HR managers as level 02 respondents. Overall, the face validity of the questionnaires was satisfactory. The reliability analysis figures ranged at an acceptable level from 0.72 to 0.88. Further, as per the bivariate correlation analysis, employee engagement correlated with all main study variables except with norm of reciprocity (PNR). Similar output prevailed for POS, HRM and MHRM (HRM practices measured from HR managers at organizational level) all of which correlated in varying degrees with each other. However, none of the other five variables showed a significant correlation with PNR where PNR predicted a negative correlation with HRM practices. In addition, a series of simple linear regressions was carried out to assess the relationships relevant to hypotheses 1, 2 and 3 involving HRM, MHRM, POS and employee engagement. The results revealed adequate level of coefficient of determination (R^2) values which indicate an acceptable level of explanation of the variation of the dependent variables predicted by the independent variables in each tested relationship. All relationships were also reported to be statistically significant at 99% level of confidence. The mediating and moderating effects of the model were not tested during the pilot survey.

Expected Contribution

The main contribution of the study would be that it will attempt to expand the boundary conditions of OST by better positioning POS as a mediator. This extends previous research where it had mainly focused as an antecedent of work engagement. Further, it is expected to enhance the explanatory power of SET by highlighting the conditions under which exchange is most likely to result as a positive individual behavior. The scope of SCT is also stretched with the conceptualization of self-efficacy within the organizational support and social exchange domains.

Keywords: Employee Engagement; High Commitment HRM Practices; Norm of Reciprocity; Perceived Organizational Support; Social Exchange.

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