

The Effect of Perceived High performance Work Practices on Employee Engagement -An Empirical Study on IT Firms in India

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ABSTRACT

*Purpose-*The rationale of the study was to explore the effect of perceived high performance work practices (HPWPs) on employee engagement on selected IT Firms in India. To find the various HPWPs factors like selective recruitment, training and development, empowerment and performance based pay leads to employee engagement.

Design/methodology- A self-administered questionnaire based on review of literature was developed using standard measures and distributed to employees working in IT firms at Bangalore, having employee strength of above thousand employees in an unit. The questionnaire was distributed to 150 employees who were selected based on purposive sampling technique, finally 110(77.3%) usable response was used for further analysis. The hypothesized relationships were used using SPSS 20 through regression analysis.

Findings- The study showed that high performance work practices like selective recruitment, training and development, empowerment had significant impact on employee engagement in IT sector employees, whereas performance based pay did not show significant impact.

Research limitations – The study had certain limitation like some of the employees were reluctant to fill the survey and number of survey questions were confined to limited number due to company polices. However, the researcher's assume that the result of the study will add value to the selected IT firms to fomulate policies for employees

*Originality-*The study on HPWPs antecedents and its impact on employee engagement. It states few of the factors that could be considered by the organizations to engage its employees and fomulate polices based on this

Keywords: High Performance Work Practices, Employee Engagement, IT Firms.

1. INTRODUCTION

Employee Engagement is tremendously treasured word in today's trembling economic environment as it is seen as an antecedent to various outcomes like profitability, productivity, retention and so on. In spite of corporate incurring huge expenditure for the enhancement of employee engagement, the effect of this is seldomly determined. A study by (Gallup 2016) was conducted to examine the level of employee engagement across the globe and was found that 63% of the employees were disengaged, 24% being actively disengaged and only 13% of the employees were engaged to their jobs at the organization. Now to raise the engagement levels, the organizations requires to adopt the HPWPs to clinch the regular management practices in a more agile manner and simplify employees jobs to have more authority in work schedules and allow them to make decisions on the job. There is valuable research done by scholars on HPWPs and Employee Engagement, but less in the Indian Context. Current research was aimed to investigating the link between HPWPs and employee engagement in IT Firms.

2. CONCEPT IN DISSECTION

a. Employee Engagement:

The outset of employee engagement is still under its transitional period and research is still on-going in this field and further assessment is taking place with this topic. Nevertheless various researchers and practitioners have given different view on the term of employee engagement. (Kahn W.A, 1992) pioneer to use the term

employee engagement, says the members of organization harnessing to their work roles, where employees make use of their abilities and express themselves physically, cognitively and emotionally, while performing their roles. (Schaufeli et al, 2002, 2004) views engagement as a positive, pleasing, job-related state of mind which is characterized by vigor, dedication and absorption. (Robinson et al., 2004), views, engagement as a positive approach of the employees towards their firms and their values. (Harter et al., 2002), The Gallup workplace audit determined on variables such as clarity, control and so on. (Saks 2006) extended the concept of employee engagement that consisted of two important aspects namely, job engagement and organization engagement. (Cook, 2012) stand on engagement is the positive perception about their organization and its relational business outcome for overall its stakeholders, which in turn would lead to employee engagement and profitability of the firm.

b. High Performance Work Practices:

There are a number of hypothetical frameworks that help explain how human resource practices can result in competitive advantage to the firms. High-performance work practices are perceived to improve the efficiency of the firm by reducing the cost, yielding high productivity and creating value for its employees. Corporate get benefit from creating the human resource practices that increases the value of its stakeholders. There is no one set of definition of HPWPs, nonetheless few of the definitions are, according to (Kroon, Voorde, & Timmers, 2013) some of the HPWPs include continuous education, employee participation in organizational strategy, self managed teams and team performance based pay, higher salaries and so on. (Demirbag, et, al 2014), the authors focused on various antecedents of HPWPs like, empowerment, communication, fair pay, performance linked pay, job security and so on. Current human resource management research and practice recognizes that knowledge workers are not looking for routine HR practices, but look for growth, challenges and engagement. (Collings and Mellahi, 2009; Harter and Blacksmith, 2010). Consequently, to attract and retain knowledge workers to be more productive engaged and committed, the organizations need to provide role that employees fit in along with collaborative environment to foster (Morgeson and Dierdorff, 2011). Does HPWPs provides an platform for an employee to be a part of decision making, increased motivation, enhancement of already possessed knowledge and skills, which leads to improved performance of the firm.

c. Employee Engagement and High Performance Work Practices:

Worldwide varying business dynamics are forcing the firms to implement contemporary business strategies to endure in this competitive world. Organizations are provoked to approve HPWPs to support the new trends in the market for competitive advantage. Employee attitude is alternatively taken as employee engagement and the researcher found substantial evidence that HPWPs are based on the ability and the opportunity to make a employee go any extra mile by making them, perform, motivate and to discretionary effort in the organizations. So employees walk an extra mile of what is expected typically when employees perceive HPWPs are adopted for them, (Appelbaum et al. 2000). This study includes four measures like selective recruitment, training and development, empowerment and performance based pay and whether it has any impact on employee engagement.

d. Research Gap:

Many scholars have conducted many studies based on theoretical and empirical aspects of HPWPs on Employee engaged and its outcome like productivity, profitability, retention and so on. But there is less research conducted on employee's perception on HPWPs and its impact on employee engagement is less. An attempt to understand few of the factors influencing employee engagement in selected IT firms.

3. OBJECTIVES OF THE STUDY

Specifically, the study was undertaken to answer the following research question:

RQ1. To what extent is the level of employee engagement in some of the IT firms in India?

RQ2. What are the HPWPs factors associated with the employee engagement?

a. Hypotheses of the Research

On the basis of literature review and research questions, the following hypotheses tested:

H1: Selective Recruitment has a positive influence on employee engagement.

H2: Training & Development has a positive influence on employee engagement.

H3: Empowerment has a positive influence on employee engagement.

H4: Performance based pay has a positive influence on employee engagement.

H5: HPWPs has a positive influence on employee engagement.

4. RESEARCH METHOD

The methodology used in this study consisted of collecting primary data through self administered printed questionnaire. The research design used in this study was descriptive method.

a. Procedure and Sample Size:

Bangalore is a hub of IT Sector firms, companies having a turnover of 500 crores and over 1,000 plus employees working in an single unit were chosen as population by the researcher. Purposive sampling was used in choosing for the companies and simple random sampling for choosing the respondents. 150 questionnaires were circulated among the employees and 110 were the usable response.

b. Survey Instrument Development

A questionnaire with 24 -items related to HPWPs, which included selective recruitment, training and development, empowerment and performance based pay and also employee engagement measure were used based on literature review.

c. Data Analysis Techniques

The analysis was done on 110 usable response (73%) received. The present study has been used a sophisticated method of statistics, SPSS software, version 20.

5. ANALYSIS OF RESULT

The primary data was collected through self administered questionnaire then it was coded and summarized. Various statistical techniques like percentage analysis, table for tabulating were used. The questionnaire contained direct and the projective enquires and the same was interpreted as per set of characteristics in the concept of each table.

a. Demographic Characteristics:

Data was collected from 110 employees working in IT firms that had a turnover of 500 crores and over 1000 plus employees working in a single unit. The sample consists of 65.5% male and 34.5% female respondents. The age of respondents was between 20-30 (57.3%), 31-40 (39.1%) and 41-50 (3.6%) from the total characteristic of age. Likewise graduates were highest number of respondents at 68.2%, followed by post graduates at 27.3% and diploma holders at 4.5%. Based on designation Software engineers were 24.5%, Analyst 23.6%, trainees 22.7%, team lead 17.3% and project managers at 11.8%. Respondents with work experience for 1-10years were among highest contribution of survey 73.6%, followed by 11-20 years (24.5%), 21-30 & 31-40 were(9%) each.

Table-1: The Demographic Profile of Respondents (N=110)

Demographic	Frequency	Valid Percentage
Gender:		
Male	72	65.5
Female	38	34.5
Age		
20-30	63	57.3
31-40	43	39.1
41-50	4	3.6
Educational Qualification :		
Diploma	5	4.5
Graduate	75	68.2

Post Graduate	30	27.3
Designation:		
Trainee	25	22.7
Software Engineer	27	24.5
Analyst	26	23.6
Team Leader	19	17.3
Project Manager	13	11.8
Total Years of Experience:		
1-10	81	73.6
11-20	27	24.5
21-30	1	.9
31-40	1	.9

b. Reliability of Scales and Validity of Data:

A reliability test shows the consistency of the related items in measuring the variables in the study. It shed's the light on the individual differences in relation to the amount of agreement or disagreement of the variables in the studies. Cronbach's alpha is the most widely used technique to measure the reliability of the scale. (Cooper & Schinder, 2001; Malhotra, 2002).The value of Cronbach's alpha ranges from 0 to 1, but satisfactory range to be reliable should be more than 0.60 (Malhotra, 2002; Cronbach, 1951). Thus, the data were tested for using Cronbach's alpha to assess reliability. The summary reliability results in Table 1 shows that the overall Cronbach Alpha values are above 0.6 for all measures indicating acceptable internal consistency and reliability (Nunnally, 1978).

Table-2: Variables in HPWPs and Employee Engagement Measurement Scale

Type of Variable	Variable Name	N	Number of Items	Cronbach's Alpha
Independent Variable	Selective Recruitment	110	4	.795
	Training and Development	110	4	.705
	Empowerment	110	4	.710
	Performance Based Pay	110	3	.781
Dependent Variable	Employee Engagement	110	9	.849

In the present study, to measure the dependent variable(Employee Engagement) and independent variables (Selective Recruitment, Training and Development, Empowerment, Performance Based Pay) 24 items were used. From the reliability test, it was found that Cronbach's alpha value for all variable range from 0.705 to 0.795, which means that all the variables have an internal consistency of 71% to 79.5% among each other which is satisfactory. Employee engagement scale was found to be Cronbach's alpha 0.849

c. Level of Employee Engagement:

The level of employee engagement was classified as low, where the engagement score was 50 or below 50%. The employee engagement score was considered moderate where the score lied between 51-75% and high where it ranged above 75%.

Table-3: Classification of Respondents on the basis of Level of Engagement

Level of Employee Engagement	Category	Respondents	
		Number	Percent
Low	≤ 50 % Score	31	28.2%
Moderate	51-75 % Score	48	43.6%
High	> 75 % Score	31	28.2%
Total		110	100%

The level of engagement among the employees was found to be at moderate level at 43.6%, moderately engaged, whereas low and high levels of engagement shared the same percentage of 28.2%.

d. Regression Analysis

The value of R Square (0.179) and R (0.423) shows association between the set of independent variables and the dependent variable. (Table 4)

Table-4: Model Summary

Model	R	R Square	Adjusted R Square	Std Error of the Estimate
1	.423	.179	.148	5.027

The value of R Square is 0.179, which means 17.9% of total variance in employee engagement has been explained by HPWPs. Not very impressive but not bad either compared with R square values to get in analysis of social data.

e. ANOVA Test:

The F value of the test for the data is 5.729. The p-value associated with this F value which is 0.000 which is lower than the alpha value 0.05 (Table 5).

Table-5: ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	579.156	4	144.789	5.729	.000
Residual	2653.763	105	25.274		
Total	3232.918	109			

The study shows that there is significant impact of independent variables like selective recruitment, training and development, empowerment and performance based pay on the dependent variable employee engagement and the model applied is significantly good enough in predicting the dependent variable.

f. Tests of Hypotheses

At $\alpha = 0.05$ level of significance, the above hypothesis was tested.

• **Decision Rule**

H1 will be rejected if P value is less than significance level i.e. 0.05, otherwise H1 would be accepted at 5% level of significance.

• **Variable(s):**

Dependent: Employee Engagement

Independent: selective recruitment, training and development, empowerment, performance based pay

Table-6: Summarized Results of the Hypothesis 1-4

Dependent Variable	Independent Variables	P Value	Significance Level	Implications
Employee Engagement	Selective Recruitment	.000	0.05	Satisfied
	Training and Development	.000	0.05	Satisfied
	Empowerment	.003	0.05	Satisfied
	Performance Based Pay	.032	0.05	Dissatisfied

The result of the hypotheses show that the P value of the hypotheses on selective recruitment, training and development and empowerment is lower than 0.05 significance level, so null hypothesis is rejected and performance based is lower than significance level ($\alpha=0.05$), so null hypothesis accepted in that . The present study makes the conclusion that employee engagement is positively associated with HPWPs like selective recruitment, training and development and empowerment and engagement is not been improved by performance based pay. Overall, the findings of the present study are in agreement with various researches (Teseema and Soeters, 2006; Katou and Budhwar, 2010).

7. DISCUSSIONS

The competitive advantage to the corporate is only by developing employee engagement and commitment. But recent Gallup report suggests low levels of engagement across the globe, where lack of productivity, profitability and customer orientation is at stake. So engagement should be integrated in the culture of the organizations. Therefore the present study was undertaken to measure the engagement level among the IT

sector employees and handful of high performances work practices and certain variables like selective recruitment, training and development, empowerment, performance based pay were tested to see whether those lead to employee engagement.

8. LIMITATION

The study had limited number of respondents confined to 110 only from the IT firms. Few of the employees were reluctant to give feedback on the survey. The survey is based totally on the perception of the respondent, so the findings and conclusions are based on experience and knowledge of the employees, which may be subjected to bias. Few of the questions from the survey instrument were removed, because of the companies' privacy policy issues.

9. CONCLUSIONS

This paper was aimed to present a comprehensive account of how HPWPs needs to be incorporated to yield engagement and to gain competitive advantage. This study examined the association of HPWPs like selective recruitment, training and development, performance based pay and empowerment with employee engagement. The study was conducted using quantitative analysis based on the views of employees through survey method and drawing conclusion via descriptive and inferential statistics. The researcher through scrupulous review of literature identified few factors of the HPWPs practices their impact on employee engagement. In the present three of the factors showed positive impact on employee engagement and the same can be in cooperated in the firm's culture to boost the engagement.

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