Impact of Employee Perceive HR Practices on Employee Engagement

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Abstract

Employee engagement is a priority of many organizations now a days to overcome turnover and retention issues. There are various drivers for employee engagement among which HRM Practices is one of the strongest. In this study we tested the established HRM Practices’ impact on employee engagement that indirectly facilitate employees’ intrinsic motivation and psychological empowerment. A survey of employees of pharma sector has been done and model is tested on the data collected. The result shows a positive correlation between employees perceived HRM Practices and employee engagement. The study include 400 Medical Representatives from pharmaceutical companies in Gujarat State

Keywords: HRM Practices, Employee engagement

Introduction

The phenomenon of employee engagement is now a day becomes one of the major concerns across the globe. HRM Practices takeover the guardianship of employees as important concern of organization domain started from the attracting the employees to the organization, providing the training to keep them abreast with modern business magnitudes, appraise them and most importantly giving away attractive remuneration by recognizing their hard work and empowered them by letting the authority of decision making (Tauseef Chughtai, 2013). Hence the effect of human resource practices remain existential in the daily operations of any modern business enterprise. It is vital to remember that the employees and not the organization are the means in shaping how the organization will act to the competitive and dynamic environment (Rundle, S.J., 1997). Therefore, the employees are regarded as the heart and soul of an organization. To nurture them, effective utilization and implementation of HR practices is a must.

Background Notes

Employee engagement is defined as an ability to capture the heads, hearts and souls of your employees to instill an intrinsic desire and passion for excellence (Fleming & Asplund, 2007). Further employee engagement is also related with organizational performance. Many studies have been conducted to examine this relationship like Macduffie (1995) documents the positive impact of a bundle of innovative human resource management practices on manufacturing performance. Pawan Budhwar (2000) suggests that a number of factors influence human resource management (HRM), policies and practices. In his research he suggests that there are a number of significant correlations between a set of contingent variables (i.e., age, size, ownership, life cycle stage and HRM strategies of an organization, type of industry and union membership) and four HRM functions of recruitment and selection, training and development, compensation and employee communication.

Kahn (1992) suggested that employee engagement leads to quality of work, growth and productivity. The more individual are engaged in their work, the greater will be investment of effort and attention to task activities. Storey (2001) suggested that performance management is not only used as a tool to drive employee performance but also being much more significant in maintaining employee loyalty and commitment. So it is important to find out the drivers of employee engagement and HRM Practices is one of such drivers which can lead toward employee engagement. A study by Huselid (1995) indicated a relationship between HRM Practices and the employee turnover rate. It was found that HRM Practices including recruitment and selection, compensation and benefit, performance management system and training and employee involvement have a significance impact on employee turnover. Wright et al. (1994) viewed HR practices as the means through which employee perceptions, attitudes, and behaviors are shaped.

According to a model developed and studied by the Institute of Employment Studies (IES); the important driver of engagement is a sense of feeling valued and involved which has few key components including various HRM Practices and they are influencing employee engagement very extensively.

Objective, Methodology And Hypothesis Development:

Main objective of this research was to study the impact of selected HR Practices on employee engagement among the employees working in Pharma Sector in Gujrat State.
To achieve this objective, researcher has tested the proposed theoretical framework using data collected from Pharma companies across Gujarat. About 400 Medical Representatives have participated which include very few females constitute only 8.8% of total participants. On average, they were young and were predominantly bachelor and masters.

Following Hypothesis was developed based on the study.

H1: There is a significant relationship between Human Resource Practices and Employee Engagement.
H2: Recruitment and Selection Practices make impact on employee engagement level.
H3: Training and Development Practices have an impact on employee engagement.
H4: Performance Management and Appraisal system make an impact on employee engagement.
H5: Compensation and Rewards Management have an impact on employee engagement.

Result and Discussion

The hypothesis had been tested using correlation regression and multiple regression analysis.

Correlation:
To find the relationship between the HR Practices and Employee engagement; we did the correlation analysis.

Inter correlation between HR Practices:
H1: There is a significant relationship between Human Resource Practices and Employee Engagement.

Analysis:
By analysing the table 1, we could conclude that there is a correlation between Developing, Performing and Rewarding practices as we found p value below .05 i.e. .02 and .00. But Attracting practices are negatively correlated with Developing and Performing Practices while no correlation has been found out for Attracting and other three practices.

We also performed correlation between individual HR Practices viz Attracting, Developing, performing and rewarding practices and found the result that the correlations is significant.

Thus hypothesis is proved that there is correlation between HR Practices and Employee Engagement.

Regression:
Whether HR Practices make any impact on Employee engagement; Regression analysis has been performed. First, the researchers did regression analysis for each HR Practices to know whether they made any impact on employee engagement or not. The result showed that each HR Practices having impact on employee engagement and hence the hypothesis are proved. The result showed the reliable relationship between each HR Practices and Employee Engagement.

Multiple Regressions:
Multiple Regression analysis was conducted to examine whether four core HR Practices jointly able to predict employee engagement.

H1: HRM Practices having an impact on employee engagement.

Analysis:
The result showed in table 2. Here the Independent variables accounted for 51.9% (R Square = .519) of variance in dependent variable of engagement. Again Performance Management with highest beta coefficient i.e. 0.682 was the most significant Human Resource Practice followed by Training and development (Beta Coefficient is 0.405) and Compensation and Reward Practices (Beta Coefficient is 0.334) and Recruitment and Selection (Beta Coefficient is 0.105). As a result, we accept the alternative hypothesis and reject the null hypothesis.

Conclusion

The primary theoretical contribution of this research is providing a better understanding of the employee engagement. Through literature review it has been found that HRM Practices can be one of the strong drivers of employee engagement and it makes impacts whether positive or negative on employee engagement. Based on the theoretical background and literature review hypothesis have been developed and tested using various statistical tests like correlation and regression as well as multiple regression. Through analysis of the result, all the hypothesis have been proved and it has been found out that HR Practices are inter correlated as well as they are having certain impact on employee engagement. If the employer able to built up a very good HRM Practices in the organization; it could be able to retain the employees in the organization and also the attrition rate could be lower down.

Limitations and Directions for Future Research

The researchers admit that the study has several limitations. Firstly, the research was carried out in Pharma sector within Gujarat. We collected data from employee and the single source lead to common discrepancy undoubtedly, so multi-source of data should be gathered in future research. We focus on the core four HR Practices in this study and examined the relationship at the micro level which can be extended by developing one or more multi level model to observe the impact and/or influence of all/other HRM Practices on outcome at both the individual and unit level across various geographic regions as well as among different corporate sectors.
Table 1: Inter Correlations between HRM Practices

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<tr>
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<th>Correlation</th>
<th>A_mean</th>
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<th>-.039</th>
<th>-.091</th>
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<td>.439</td>
<td>.069</td>
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<tr>
<td></td>
<td>D_mean</td>
<td></td>
<td>Pearson Correlation</td>
<td>-.039</td>
<td>1</td>
<td>.115</td>
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<td>P_mean</td>
<td></td>
<td>Pearson Correlation</td>
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<td>.115</td>
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</table>

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Table 2: Multiple Regression Analysis

Model Summary

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<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<td>.720*</td>
<td>.519</td>
<td>.514</td>
<td>.29922</td>
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a. Predictors: (Constant), R_mean, A_mean, P_mean, D_mean
b. Dependent Variable: E_mean

Coefficients

<table>
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<th>Standardized Coefficients</th>
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<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
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<td></td>
<td></td>
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<tr>
<td>1</td>
<td>(Constant)</td>
<td>.290</td>
<td>.264</td>
<td>1.097</td>
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<td></td>
<td>A mean</td>
<td>-.126</td>
<td>.042</td>
<td>-.105</td>
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<td></td>
<td>D mean</td>
<td>.287</td>
<td>.028</td>
<td>.405</td>
</tr>
<tr>
<td></td>
<td>P mean</td>
<td>.407</td>
<td>.023</td>
<td>.682</td>
</tr>
<tr>
<td></td>
<td>R_mean</td>
<td>.331</td>
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a. Dependent Variable: E_mean

References


