The Relationship between Employee Engagement, HRM practices and Perceived Organizational Support: Evidence from Banking Employees

Alima Aktar
PhD Candidate, School of Business Management (SBM)
Universiti Utara Malaysia (UUM)
E-mail: alima.uum@gmail.com

Dr. Faizuniah Pangil
Associate Professor, School of Business Management (SBM)
Universiti Utara Malaysia (UUM)
E-mail: faizun@uum.edu.my

Received: June 6, 2017    Accepted: June 20, 2017    Online published: July 10, 2017
doi:10.5296/ijhrs.v7i3.11353    URL: https://doi.org/10.5296/ijhrs.v7i3.11353

Abstract
The purpose of this study is to investigate the relationship between HRM practices and employee engagement. Although employee engagement has got a great attention among the industry practitioners in recent times, it requires more considerations particularly in the academic literature. Based on the norms of social exchange theory (SET), this study has developed the framework to examine the role of perceived organizational support (POS) on HRM practices-employee engagement linkage. Survey data has been collected from employees who are working in different private commercial banks in Bangladesh. This study has used a sample of 376 employees using cluster sampling technique. To analyze the data, this study has employed SmartPLS 3.0 version software. The results of structural equation modeling revealed that HRM practices namely career advancement, job security and performance were significantly and positively related to employee engagement. The results also showed that POS can moderate the relationship between HRM practices and employee engagement. It suggests that in the presence of POS, relatively low level of employees’ perceptions regarding job related resources will exert a high level of employees’ behavioral outcomes such as engagement. The implications and suggestions for future research have also been discussed.
Keywords: employee engagement, HRM practices, perceived organizational support, banks, social exchange theory.

1. Introduction

A group of researchers have identified that highly engaged workforce can create competitive advantage of organizations. Prior studies (e.g., Nazir & Islam, 2017; Hansen, Byrne & Kiersch, 2014; Agarwal, 2014) found the positive association of employee engagement with individual and organizational performance. In academic literature, employee engagement has been conceptualized as the positive, full of energy, and job-related state of mind that is manifested by vigor, dedication, and absorption (Schaufeli et al., 2002). This construct has got enormous attentions by the researchers as the preliminary evidence already established the positive link between employee engagement and performance (Mackay, Allen & Landis, 2017). For example, Salanova et al. (2005) conducted a study on 114 service organizations in Spain and found that service employees’ engagement can create a favorable service climate, that in turn, enhance the employees’ performance. Recently, Kang and Sung (2017) found that internal communication process can enhance the level of employee engagement that ultimately lead to increase employee performance by using a sample of 438 service sector employees in South Korea. With these research findings, scholars have identified the essence of giving priority to enhance the employee engagement (Bakker, 2011). In fact, several explanations have already been made to identify the factors that may enhance the level of employee engagement and noted the gaps for further study in this field. While, most of the study (Xanthopoulou et al., 2009; Mauno et al., 2007) focused on the personal related factors such as self-efficacy, optimism, self-esteem, scholars (Salanova et al., 2005; Schneider et al., 1998) argued that contextual factors are more crucial to shape individual’s attitude towards job. Moreover, prior research (Presbitero, 2017; Yeh, 2013; Ashill & Rod, 2011) stated that employee engagement, particularly for service organizations, is more critical as the level of engagement highly depends on the job-related factors such as human resource management (HRM) practices. In addition, Arrowsmith and Parker (2013) concluded that HRM practices-employee engagement link is still unclear and there is a need for further research in HRM field. Furthermore, Chen (2017) noted that the different HRM practices may have different impact on employee behavior, so it is important to develop effective HRM practices rather a bundle of HRM practices to give a comprehensive knowledge of good practices to HRM practitioners. To search the antecedents of employee engagement, it is possible that the association between HRM practices and behavioral outcomes such as employee engagement may vary as a role of moderator variable has needed to be studied yet (Shantz et al., 2014). Parker and Griffin (2011) argued that lower level of job related factors (i.e. HRM practices) not necessarily always exert a poor level of employee engagement as other organizational resources (such as perceived organizational support) may compensate the effects of poor job-related factors on employee engagement. In accordance to these research gaps in the academic literature, the primary objective of this study is to evaluate the relationship between HRM practices and employee engagement among the banking employees. Further this study conceptualizes the moderating role of perceived organizational support (POS) in the association between HRM practices and employee engagement.
2. Literature Review

2.1 Employee Engagement

The concept of employee engagement has emerged from burnout literature and started to grab the attention of scholars around two decades ago. Schaufeli et al. (2008) stated that it is very essential to understand the condition of employees’ well-being along with its unwell-being as engaged employees are more energetic and dedicated to fulfill their assigned tasks. Previous literature showed several definitions of employee engagement. For example, Rothbard (2001) defined employee engagement as the employees’ psychological presence during work role that includes two critical components namely attention and absorption. However, this study considered the well accepted definition of engagement by Schaufeli et al. (2002) stated that employee engagement is the positive, fulfilling, and psychological state of mind that is manifested by vigor, dedication and absorption. It is essential to note that engagement is not a momentary state rather a more persistent and pervasive affective-cognitive state which is not centered on any specific event, object or behavior (Salanova & Schaufeli, 2008).

In the academic literature, engagement has been conceptualized based on the dominant framework of job-demand-resource (JD-R) model proposed by Bakker and Demerouti (2007). This model explained employee engagement based on job and personal related resources. Authors (Bakker & Demerouti, 2007) incorporated physical, organizational, and social aspects of a job that could help to reduce job related demands and different physiological or psychological costs; give opportunity for learning and internal growth; and help to attain work objectives (de Lange et al., 2008). The JD-R model is a very influential framework to establish the antecedents and consequences of employee engagement. However, JD-R model cannot explain the varying level of engagement among employees, and thus, research gaps still remain that needs to be addressed. For example, Saks (2006) argued that the more theoretical foundation has been found to explain employee engagement in the reciprocal norms of social exchange theory (SET), that describes the mutual relationship between two parties (Presbitero, 2017; Karatepe, 2011). Therefore, this study develops the framework to explain the relationship between HRM practices, POS and employee engagement under the tenet of SET. Figure 1 shows the research framework accompanied by hypothesized relationships.

2.2 Social Exchange Theory

Within SET, theoretical rationale for explaining employee engagement has been found (Saks, 2006). Based on SET, a reciprocal relationship could be found through a series of interactions between two parties who are in a state of reciprocate interdependence and felt obligated. Cropanzano and Mitchell (2005) noted that when organization provide economic and socio-emotional resources to their employee, employees will also feel obligated in kind and want to give something in return to their organization. Saks (2006) argued that the level of engagement of an employee may depend on the extent to which they feel obligated to their organization and repay to the organization. Several empirical studies (Menguc et al., 2013; Shuck & Wollard, 2010) suggested SET as the most significant and descriptive theory which can explain contextual value of workplace and workplace behavior. Giving emphasis on SET,
this study theorizes that when employees perceive that the organizations are giving adequate socio-economic resources through HRM practices to ensure their well-being, they will feel obligated and show high level of engagement as repayment. Therefore, SET could give the theoretical foundation to explain the variability of employees’ engagement i.e. why people engage more or less to their work.

2.3 HRM Practices

HRM practices is a set of distinct but interrelated activities, functions, and processes which are directed to attracting, developing and maintaining (or disposing) of employees (Noe et al., 2010). Collins and Clark (2003) stated that HRM practices should be more specific and target oriented rather general practices through which they can develop and enhance their human talent and appropriate HRM practices may depend on the firm’s competency. For example, Dyer and Reeves (1995) revealed that several reinforcing practices such as rigorous selection mechanisms and monetary and non-monetary rewards might help to enhance employee performance. Scholars (Wright & Kehoe, 2008; Liu et al., 2007) have identified three types of HRM practices namely KSA-enhancing practices, motivation-enhancing practices, and empowerment-enhancing practices. Activities like recruitment, selection, training and so on which may have the positive impact on workplace competencies are called KSA-enhancing practices. A set of HRM practices that are positively related to employee motivation such as incentive compensation like stock options, individual or group performance bonuses, profit sharing are called motivation-enhancing practices. Baird and Meshoulam (1988) argued that motivation-enhancing practices not only help the employees to perform well in their job but also help to enhance their skills and abilities in their position. More specifically, KSA-enhancing practices are more rigid to the organizations, which are not transferable, but internal mobility i.e. internal promotion is likely to be motivation-enhancing practices that reduces turnover intention of employees (Pfeffer, 1998). Lastly, empowerment-enhancing practices are the extent, to which an employee has a discretionary power to influence decisions including participation, grievance, and flexible job design are some forms of practices.

2.4 HRM Practices and Employee Engagement

As mentioned in the previous section that scholars have identified three dimensions of HRM practices such as skill-enhancing, motivation-enhancing and opportunity-enhancing (Jiang et al., 2012; Wright & Kehoe, 2008). Skill-enhancing practices like comprehensive recruitment, rigorous selection, extensive training etc., help to improve appropriate skill of the employees while opportunity-enhancing practices refer to the empowerment of employees to use their capability to achieve organizational goals. On the other hand, the third one is motivation-enhancing practices which is consistent with this study as it includes such practices like career advancement, job security and performance feedback are related to employee motivation function (Jiang et al., 2012; Delery & Shaw, 2001) that will help to enhance employee motivation and commitment (Jiang et al, 2012; Gardner et al., 2011; Gong et al., 2009). Since the present study is related to employee behavioral outcome such as employee engagement and purpose of this study is to investigate how HRM practices may
play a crucial role in explaining engagement, the motivation-enhancing work practices help to stimulate employees’ positive behavior and discourage negative behavior.

**Career Advancement**

Career advancement is the extent to which an employee gets a clear career path ladder within the organization (Herzberg, 1986). Kahn (1990) stated that career advancement opportunity provides employees’ psychological safety that makes them more motivated towards their work. In fact, internal career opportunity is one of the important motivational tools to engage employees in job related activities positively (Batista et al., 2013). Furthermore, Huang et al. (2017) found that internal career development opportunity positively related to employee well-being i.e. engagement and negatively related to employee deviant behavior. Therefore, it is expected that career advancement opportunity trigger employees’ positive attitudes and make them dedicated and enthusiastic during role performance. With this view, our next hypothesis is,

**H1:** Career advancement is positively related to employee engagement.

**Job Security**

Job security defined as the extent to which an employee may expect to remain in the job for a specified time period (Delery & Doty, 1996). Several empirical studies (Chen, 2017; Ugwu & Okojie, 2016; Strazdins et al., 2004) found that employees who have poor feelings of job security may have poor psychological conditions which, in turn, give employees in stress and burnout (opposite of engagement) (Probst, 2003; Dekker & Schaufeli, 1995). Miller et al. (2001) found that employees with high level of job security show a high level of job performance. Although prior studies confirmed job security as a motivational tool for employee performance, studies (Arabi et al., 2013) also found that there is no significant impact of job security on employee engagement. From the above discussion, it has been found that literature showed an inclusive result and thus, let researchers to derive the next hypothesis.

**H2:** Job Security has a positive association with employee engagement.

**Performance Feedback**

Performance appraisal is one of the most important predictors of management practices that have the significant relation with employee engagement (Gruman & Saks, 2011; Jawahar, 2007; Steensma & Visser, 2007). Volpone et al. (2012) stated that favorable performance feedback can create favorable psychological climate which will improve the level of employee engagement. Similarly, Rao, (2017) suggested that providing adequate feedback on their performance enable them to identify their strengths and anxiety that helps to overcome their weaknesses and engrossed them towards their work. Ugwu & Okojie (2016) found a positive and significant relationship between feedback oriented appraisal and employee engagement among the banking employees in Nigeria. Though various studies (Ugwu & Okojie, 2016; Freeney & Tiernan, 2006) have confirmed the positive link between performance appraisal and employee engagement, some studies (Sarti, 2014; Jenaro et al.,
2011) showed insignificant relationship of performance feedback with employee performance. These inconclusive results of performance feedback on employee engagement lead to the next hypothesis of this study.

H3: Performance feedback positively related to employee engagement.

2.5 Moderating role of Perceived Organizational Support

POS is defined as the degree of extent to which employees believe that their organization give values to their contribution and have cares about their well-being (Eisenberger et al., 2004). In other words, POS is the social exchange relationship between employer and employee. Scholars identified POS as an important construct since it has the positive impact on the quality relationship of management and employee (Wayne et al., 1997), employee engagement (Nazir & Islam, 2017; Kinnunen, Feldt, & Makikangas, 2008), organizational citizenship behavior (Jain, Giga & Cooper, 2013), organizational commitment (Nazir & Islam, 2017), and has the negative impact on turnover intentions and deviant behavior (Colbert, Mount, Harter, Witt, & Barrick, 2004; Rhoades, Eisenberger, & Armeli, 2001). More specifically, organizations that give more support and care for their employees, they feel obliged and want to reciprocate by exerting more dedication towards their work under the norms of SET (Rhoades et al., 2001, Cialdini, 2001; Gouldner, 1960). Researchers argued that when employees perceived that their organization treated them fairly, they will show strong engagement towards their organization (Saks, 2006) and show negative attitudes (Loi et al., 2006). Shantz et al. (2014) found that POS moderates the relationship between employee engagement and turnover intentions and argued that employees show low level of intentions to leave the organization as POS has compensated the relatively low level of employee engagement. Similarly, Hur et al. (2015) found the moderating role of POS on the link between employees’ emotion and outcome variables among the service employees. With this line of reasoning, the present hypothesized the moderating role of POS on the relationship between HRM practices and employee engagement such that the effect of poor perceptions of employees regarding HRM practices can be compensated by POS on employee engagement.

H4: POS moderates the relationship between career advancement and employee engagement.

H5: POS moderates the relationship between job security and employee engagement.

H6: POS moderates the relationship between performance feedback and employee engagement.
3. Methodology

3.1 Research Design

This study has adapted a cross-sectional survey design to collect data. Survey research questionnaire is widely used method in social science research for gathering data from a large number of respondents suggested by Sekaran and Bougie (2013). The preliminary analyses such as demographic profile of the respondents and multicollinearity have been conducted using SPSS 19.0 version software. For better understanding of the hypothesized relationships, this study has conducted partial least squares structural equation modeling (PLS-SEM) by using Smart PLS 3.0 version software.

3.2 Participants and Procedure

The samples of this study incorporate the employees of private commercial banks who are currently working in Dhaka city in Bangladesh. This study has considered Dhaka city only for their population as Dhaka is the capital of Bangladesh and major economic decisions are surrounded by this city. Cluster sampling method has been adapted where whole Dhaka city has been divided by their major economic activities. Finally, one area has got selected through simple random method. This study has determined the sample size based on Krecjie and Morgan (1970) table. The unit of analysis of this study is individual level and all the respondents were full-time banking employees. Self-reported questionnaires have been distributed among the banking employees to give their opinions. A total of four hundred and fifty questionnaires have been distributed to the respondents on their respective workplaces, only three hundred and seventy-six questionnaires were correctly filled up and returned for further analyses representing a response rate of 84%. The demographic profile of the
respondents revealed that majority of the participants is male (75.5%) whereas only 24.5% are female. Almost half (53%) of the respondents are in age bracket of 30 to 35 years old followed by 24.3% are in age between 36 to 40 years and 22.7% respondents are less than 30 years old. Results also revealed that the most of the respondents are married (72.6%) while only 27.4% participants are single.

3.3 Instruments

Existing measurement scales have been used and all the selected scales are English-based. The survey questionnaire comprises four sections i.e. employee engagement, HRM practices, POS and demographic information of respondents. First section includes second order construct of employee engagement that comprises three dimensions of vigor, dedication and absorption. A total of seventeen items scale representing three dimensions of employee engagement has been adapted from Schaufeli et al. (2002). Second section includes HRM practices namely career advancement, job security and performance feedback in which career advancement (4 items) and job security (4 items) have been adapted from Delery and Doty (1996) and performance feedback (3 items) from Zhou (2003). Third section incorporated eight items adapted from Rhoades et al. (2001). Last section includes demographic information of respondents. Participants are requested to give their opinion on a five-point likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) for all the study variables.

3.4 Analytical Strategy

The hypothesized relationships have been tested using Smart PLS 3.0 software initialized by Ringle et al. (2005). Henseler et al. (2009) suggested that PLS path modeling can be assessed and interpreted through two stages includes measurement model and structural model. The measurement model basically examines the relationships between observed items and latent constructs. It also considers for establishing the higher order constructs by investigating whether the first order latent constructs are able to explain the variances of their respective second order construct. In addition, measurement model investigates the reliability and validity of the latent variables. On the other hand, structural model examines the path relationships among the latent constructs in the framework through bootstrapping approach in which significance of path coefficient and R² values are observed.

4. Results and Findings

4.1 Results of Measurement Model

Before analyzing the relationships of the variables, it is important to examine whether the variables are appropriately measured what they are intended to measure. For doing so, this study investigated the loadings of the items, composite reliability (CR), average variance extracted (AVE), and discriminant validity of the measurement model. The items reliability referred to the correlations between the indicators and their respective constructs which has measured through outer loadings of the items. As represented in Figure 2, among the 36 items, 3 items needed to be deleted because of the poor loadings and remaining 33 items have confirmed a loading value of above .50 that have maintained the threshold value as suggested by Hair Jr, et al. (2014). In addition, CR referred to the internal consistency value of latent
constructs (Henseler et al., 2009). As exhibited in Table 1, the CR value for each latent construct ranging from .820 to .921 that are also maintained the rule of thumb recommended by Hair Jr., et al., 2014. Thus, the measurement model has been judged as reliable.

Table 1. Outer loadings, composite reliability (CR), average variance extracted (AVE)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Dimensions</th>
<th>Items</th>
<th>Initial Model</th>
<th>Modified</th>
<th>Cronbach's Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIG</td>
<td>EE</td>
<td>EE1</td>
<td>0.655</td>
<td>0.641</td>
<td>0.758</td>
<td>0.838</td>
<td>0.510</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE2</td>
<td>0.641</td>
<td>0.660</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE3</td>
<td>0.695</td>
<td>0.712</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE4</td>
<td>0.771</td>
<td>0.790</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE5</td>
<td>0.736</td>
<td>0.755</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE6</td>
<td>0.507</td>
<td>Del</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DED</td>
<td>EE</td>
<td>EE7</td>
<td>0.755</td>
<td>0.755</td>
<td>0.803</td>
<td>0.864</td>
<td>0.561</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE8</td>
<td>0.693</td>
<td>0.694</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EE</td>
<td>EE</td>
<td>EE9</td>
<td>0.778</td>
<td>0.778</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE10</td>
<td>0.798</td>
<td>0.798</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE11</td>
<td>0.714</td>
<td>0.714</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABS</td>
<td>EE</td>
<td>EE12</td>
<td>0.583</td>
<td>Del</td>
<td>0.709</td>
<td>0.820</td>
<td>0.533</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE13</td>
<td>0.590</td>
<td>Del</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE14</td>
<td>0.705</td>
<td>0.763</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE15</td>
<td>0.695</td>
<td>0.742</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE16</td>
<td>0.675</td>
<td>0.710</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>EE17</td>
<td>0.652</td>
<td>0.704</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>CA</td>
<td>CA1</td>
<td>0.807</td>
<td>0.807</td>
<td>0.803</td>
<td>0.871</td>
<td>0.630</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CA2</td>
<td>0.861</td>
<td>0.860</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CA3</td>
<td>0.759</td>
<td>0.759</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CA4</td>
<td>0.743</td>
<td>0.743</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>JS</td>
<td>JS1</td>
<td>0.811</td>
<td>0.810</td>
<td>0.771</td>
<td>0.855</td>
<td>0.598</td>
</tr>
<tr>
<td></td>
<td></td>
<td>JS2</td>
<td>0.800</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>JS3</td>
<td>0.838</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>JS4</td>
<td>0.625</td>
<td>0.626</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PF</td>
<td>PF</td>
<td>PF1</td>
<td>0.893</td>
<td>0.893</td>
<td>0.872</td>
<td>0.921</td>
<td>0.796</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PF2</td>
<td>0.895</td>
<td>0.895</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>PF3</td>
<td>0.889</td>
<td>0.888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS</td>
<td>POS</td>
<td>POS1</td>
<td>0.755</td>
<td>0.755</td>
<td>0.892</td>
<td>0.914</td>
<td>0.573</td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS2</td>
<td>0.860</td>
<td>0.860</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS3</td>
<td>0.815</td>
<td>0.815</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS4</td>
<td>0.795</td>
<td>0.795</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS5</td>
<td>0.761</td>
<td>0.761</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS6</td>
<td>0.754</td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS7</td>
<td>0.660</td>
<td>0.660</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>POS8</td>
<td>0.630</td>
<td>0.630</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EE=Employee Engagement, VIG=Vigor, DED=Dedication, ABS=Absorption, CA=Career Advancement, JS=Job Security, PF=Performance Feedback, POS=Perceived Organizational Support
In Table 2, it has been found that the VIF value for each latent construct is less than 5 proved the absence of multicollinearity problem among the exogenous variables. This study also established the second order construct (see in Table 2) by showing the R² values of all the three first order constructs i.e. vigor, dedication and absorption and found that all these three first order constructs can explain the variances of their respective second order construct by 76%, 77% and 59% respectively.

Table 2. Results of measurement model

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Dimensions</th>
<th>VIF</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Advancement</td>
<td>-</td>
<td>1.564</td>
<td>-</td>
</tr>
<tr>
<td>Job Security</td>
<td>-</td>
<td>1.341</td>
<td>-</td>
</tr>
<tr>
<td>Performance Feedback</td>
<td>-</td>
<td>1.401</td>
<td>-</td>
</tr>
<tr>
<td>Perceived Organizational Support</td>
<td>-</td>
<td>1.258</td>
<td>-</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>-</td>
<td>0.506</td>
<td>-</td>
</tr>
<tr>
<td>Vigor</td>
<td>-</td>
<td>0.760</td>
<td>-</td>
</tr>
<tr>
<td>Dedication</td>
<td>-</td>
<td>0.771</td>
<td>-</td>
</tr>
<tr>
<td>Absorption</td>
<td>-</td>
<td>0.591</td>
<td>-</td>
</tr>
</tbody>
</table>

Consequently, this study has examined the validity of the measurement model by investigating convergent and discriminant validity. According to Urbach and Ahlemann (2010), convergent validity represents whether a particular item used to measure that is intended to measure. Fornell and Larcker (1981) further proposed that AVE value of each latent construct should be taken as a criterion to assess the convergent validity of the model. AVE value for the latent variables should be greater than .50 as suggested by Chin (1998) and Table 1 confirmed the value ranging from .510 to .796 that is more than the cut off value of AVE. Therefore, the measurement model holds the convergent validity. In addition, this study confirmed the distinctiveness among the latent variables by examining the discriminant validity.
results of Fornell-Larcker Criterion. Discriminant validity is the extent to which each of the latent construct is different from each other and should be measured through Fornell-Larcker Criterion as suggested by Henseler et al. (2009). As showed in Table 3, the square root of AVE of all the latent variables in the diagonal side is greater than the correlation value of each latent construct with other study variables which confirmed that all the latent constructs of this study are distinct from each other. Thus, the measurement model confirmed its convergent and discriminant validity of the latent variables.

Table 3. Results of Discriminant validity (Fornell-Larcker Criterion)

<table>
<thead>
<tr>
<th></th>
<th>ABS</th>
<th>CA</th>
<th>DED</th>
<th>JS</th>
<th>POS</th>
<th>PF</th>
<th>VIG</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>0.730</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>0.484</td>
<td>0.793</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DED</td>
<td>0.506</td>
<td>0.570</td>
<td>0.749</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JS</td>
<td>0.456</td>
<td>0.438</td>
<td>0.427</td>
<td>0.773</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS</td>
<td>0.331</td>
<td>0.426</td>
<td>0.418</td>
<td>0.302</td>
<td>0.757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PF</td>
<td>0.402</td>
<td>0.480</td>
<td>0.501</td>
<td>0.411</td>
<td>0.304</td>
<td>0.892</td>
<td></td>
</tr>
<tr>
<td>VIG</td>
<td>0.553</td>
<td>0.483</td>
<td>0.669</td>
<td>0.414</td>
<td>0.221</td>
<td>0.510</td>
<td>0.714</td>
</tr>
</tbody>
</table>

EE=Employee Engagement, VIG=Vigor, DED=Dedication, ABS=Absorption, CA=Career Advancement, JS=Job Security, PF=Performance Feedback, POS=Perceived Organizational Support

4.2 Results of Structural Model

After the assessment of measurement model, this study has executed the bootstrapping approach to examine the relationship between exogenous latent constructs and endogenous latent construct. Figure 3 depicted the significance results of independent and dependent variables. Results of this study (see in Table 4) indicated that all the independent variables namely career advancement ($\beta=.367, p<.001$), job security ($\beta=.227, p<.001$) and performance feedback ($\beta=.291, p<.001$) had a significant and positive relationships with employee engagement. Therefore, H1, H2, H3 and H4 are supported. All the hypothesized relationships
are presented in Table 4.

Table 4. Results of Structural model (hypotheses testing)

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Relationships</th>
<th>Path Coefficient (β)</th>
<th>Std. Error</th>
<th>T Values</th>
<th>P Values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>CA -&gt; EE</td>
<td>0.367</td>
<td>0.046</td>
<td>8.011</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>JS -&gt; EE</td>
<td>0.227</td>
<td>0.044</td>
<td>5.228</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>PF -&gt; EE</td>
<td>0.291</td>
<td>0.045</td>
<td>6.540</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>POS*CA -&gt; EE</td>
<td>0.156</td>
<td>0.035</td>
<td>4.418</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>POS*JS -&gt; EE</td>
<td>0.131</td>
<td>0.031</td>
<td>4.198</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
<tr>
<td>H6</td>
<td>POS*PF -&gt; EE</td>
<td>0.198</td>
<td>0.035</td>
<td>5.626</td>
<td>&lt;.001</td>
<td>Supported</td>
</tr>
</tbody>
</table>

To investigate the moderator effect, this study has applied two-stage approach using Smart PLS structural equation path modeling to evaluate the moderating role of POS between HRM practices and employee engagement. The current study hypothesized that POS can moderate the link between HRM practices and employee engagement such that the relationship will be strengthen with the presence of higher POS than lower. As shown in Table 4 and Figure 4, significant and positive interaction effects of PO*CA (β=.156, p<.001), POS*JS (β=.131, p<.001) and POS*PF (β=.198, p<.001) on employee engagement have been found. Therefore, hypotheses H4, H5 and H6 are supported.
This study also examined the variances explained by its exogenous latent constructs in measurement model. Chin (1998) suggested the $R^2$ value should be ranges from ‘zero’ to ‘one’. In fact, Cohen (1988) recommended that $R^2$ value of 0.02, 0.13 and 0.26 should be considered as weak, moderate and substantial respectively. The $R^2$ value presented in Figure 2 indicating that the endogenous latent construct can be explained by the endogenous latent constructs with a substantial (.506 percent) variances based on the Cohen’s (1988) threshold value.

5. Discussion and Conclusion

The objective of this study is to identify the predictors of employee engagement and to investigate whether POS can act as a moderator variable on the relationship between HRM practices and employee engagement of banking employees. The findings of PLS-SEM showed that all the HRM practices namely career advancement, job security and performance feedback were positively and significantly related to employee engagement which is consistent with SET. It indicates that the presence of proper HRM practices systems in the workplace gives strong signals to their employees that they are valued, appreciated and recognized within the organizations. For example, career advancement focuses on the internal career growth opportunities provided by their organizations that reflects the management’s commitment towards their employees. Huang et al. (2017) suggested that adequate career opportunities give signals to the employees that their organizations are interested in the progression of their employees which make employees obligated and they will exert a higher level of efforts in the workplace. Similarly, job security is also an important signal by which employees feel secured and cared by their organizations and will be most prone to exert time and energy during their job (Chen, 2017). Furthermore, this study found the positive relationship between performance feedback and employee engagement that is similar with the study of (Menguc et al., 2013) suggested that employees who receive developmental feedback from their supervisor about the performance, they feel that their supervisors really care about their growth and development which make them obligated and reciprocate with high dedication and enthusiasm towards the work.

Another objective of this study is to investigate the moderating role of POS such that employees with poor perceptions of HRM practices will show higher level of engagement if they have higher POS than the employees with lower POS. Results revealed that POS moderates the relationships between all the HRM practices and employee engagement. In fact, POS can compensate the relatively poor perceptions of HRM practices. Employees who hold poor perceptions regarding their HRM practices are no longer to show a lower level of engagement in the workplace if they have higher level of organizational support. Alternatively, employees with poor perception about organizational practices are likely to exert disengagement when they don’t have POS. With this view, prior research (e.g., Shantz et al., 2014; Hur et al., 2013; Chen et al., 2012) argued that negative work behaviors not likely to exert poor work outcomes as other organizational resources such as POS can buffer the relationship. This finding can be interpreted under the social exchange perspective. It suggests that when individuals work under lack of job related resources, they tend to have other organizational resources to cope with the situation that may positively impact on
employees’ behavioral outcomes. In other words, in the highly demanding work context in where employees need to be as engaged as possible towards their work, they expect higher organizational support to maintain their membership within the organization. Jain et al. (2013) suggested that employees’ outputs are the direct function of the inputs that they receive from their organizations in any social exchange. In fact, the extent of employees’ effort in the job is manifested by their feelings of endorsement given by the organizations, which in turn, enhances the level of engagement (Hur et al., 2015). The presence of higher level of organizational support can compensate relatively low level of job related resources that results in employees’ positive attitudes as employees exert higher energy in investing extra effort in the workplace.

6. Implications for Research and Practice

The present study contributes in the existing literature of HRM development, organizational behavior and particularly in employee engagement domain. At first, this study proposed a model to make a deep understanding about the relationships between HRM practices, employee engagement, and the function of POS, where findings can give more generalized view beyond the western context by incorporating employees who are working in private commercial banks in Bangladesh. Chen (2017) suggested that to get the more generalized results, it is needed to test the relationships across the different cultural context as the strength of relationship between job related resources and employee outcomes can be varied within cultural settings. Thus, the results of this study may help to contribute in the generalization of prior employee engagement research.

Prior employee engagement literature identified job related factors as one of the important predictors of engagement (Demerouti & Bakker, 2011) and most of the prior studies (Boon & Kalshoven, 2014; Karatepe, 2013; Alfes et al., 2013) focused on the bundle of HRM practices rather than individual HRM practices. Drawing on the reciprocal norms of SET, this study hypothesized and found that job related resources i.e. individual HRM practices can foster employee engagement.

Moreover, this study has extended the conceptual research and HRM development studies in organizational behavior domain by investigating the role of POS in the relationship between HRM practices and employee engagement. Although, majority of the prior research (Grandey, 2000; Morris & Feldman, 1996) emphasized the moderating role of POS on the relationship between emotional effort and emotional stress, the present study has considered the role of POS on the link between job-related factors (i.e. HRM practices) and employees’ behavioral outcomes (i.e. employee engagement). In line with social interaction settings that POS helps to strengthen employees’ positive attitudes via reciprocal norms (Rhoades & Eisenberger, 2002; Eisenberger et al., 1986), findings of this study suggested that POS acted as the full moderator on the relationship between HRM practices and employee engagement. In brief, this study has highlighted the significance of employees’ perceptions regarding organizational support in shaping their reactions associated to the relatively low level of job related resources on employees’ behavioral outcomes.

The current study findings not only contribute theoretically but also make important
contributions for the practitioners who are in the field of service sectors particularly for managers in banking sector who actually want to invest their resources for the well-being of their employees. Firstly, this study has provided the insights for managers that employees’ level of engagement depends on their reciprocal social settings in which they are most likely to invest their time, energy and effort in their job when they sense that their organizations are more concerned and are ensuring their interests through suitable HRM practices. The study findings make concrete suggestions that how organizations can improve employee engagement. When appropriate HRM practices will be implanted for the betterment of the employees, they will feel obligated towards the organization under the norms of social exchange and reciprocate by showing more dedication and enthusiasm during their role performance.

The results of this study confirmed that POS can help to enhance the positive relationship between job-related resources and employees’ behavioral outcomes. One way to facilitate employees to transform their inside feelings probably by enhancing their perceptions, that their organizations have greater level of concern and support for them. Thus, it is the obligation of bank management to identify proactively the employees’ perceptions regarding HRM policies and accordingly design their management support to foster the employees’ engagement in job.

7. Limitations and Future Research

The present study also has some limitations that need to be considered. First of all, this study has considered a cross-sectional survey design to collect data and thus, the cause-effect relationship cannot be possible from the study findings. In this regard, longitudinal study can be adapted to establish such type of relationships. Secondly, though this study has taken individual HRM practices that are related to employee motivation, prior study (Chen, 2017) highlighted that bundle of HRM practices have the better prediction of employee performance. Moreover, the dimensions of HRM practices i.e. ability-motivation-opportunity all together are the function of employee performance (Jiang et al., 2012). Thus, future research may incorporate different dimension HRM practices.

Moreover, this study did not take into account of different types of support within the organizational settings. For example, availability of supports in the organization may include supervisor support, co-worker support, team support etc. along with POS. Therefore, investigating the impact of each of the support on employee behavior could be included in further study.

References


https://doi.org/10.1080/03033910.2006.10446236


Rhoades, L., & Eisenberger, R. (2002). Perceived organizational support: a review of the


**Copyright Disclaimer**

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (http://creativecommons.org/licenses/by/4.0/).