

# Human Resources Practice and Employee Engagement: The Mediation of Organizational Support and Employee Satisfaction

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***Abstract:*** Employee's engagement become interesting topic in the field of organizational behavior. And it is imperative for organization to develop higher engagement. Current study examined the mechanisms that explain the relationship between effective human resource practice and employee engagement. It focuses especially in exploring the mediating role of organizational support and employee satisfaction in those relationships. Data collected using online questionnaire from 231 telecommunication employees in Jakarta and were analyzed using macro process to determine the causal relationship. Result reveals that perceived support and employee satisfaction fully mediate the relationship between effective human resource practice and employee engagement. Partial and sequential mediation effect of both mediators works as the antecedent of dependent variable. The study provides information and practical explanation for managers in telecommunication industry about why and how employee engagement can be enhanced. Future studies still needed to test wider participants from other branches in Indonesia to find out whether our findings can also be found in different circumstances using other method like structural equation model.

***Keywords:*** Employee Engagement, Human Resource Practices, Employee Satisfaction, Perceived Organizational Support

## 1. INTRODUCTION

One of major resources in organization is their human capital. Employees play crucial role in determining the success of the organization in achieving its goals. Specifically in current environment which characterized with intense competition. Although most of job has been replaced by machine and technology, human factor still considered vital. They shape the agility and creativity of their organizations to develop competitive advantage. In fact, study found that the important aspect of management is the human skills (Pasban & Nojedeh, 2016). The superior people can increase customer satisfaction thus create excellent organization. Employee engagement along with job satisfaction and turnover rate are the indicators of employee centered organization, organization that is value their people and their contribution. Furthermore, Sorenson (2013) argue that highly engaged employees can affect

the organization growth level. Further evidences related to the importance of the level of engagement towards the achievement of company goals are increase job performance (Peng & Tseng, 2018; Menguc et al., 2013), reduce turnover intention and burnout (Saks, 2019), and increase positive well-being and health perception (Bailey et al., 2017).

Authors already discussed the importance of employee engagement for the future of organization. Before embarking on a strategy to boost the engagement, it is necessary to identify what factors that influence the engagement development (Blomme et al., 2015). Human resources practice (HRP) is consider major factor that can influence employee engagement (Hetaljani & Bayan, 2016; Alola & Alafeshat, 2020). Because the policy and practice of human resource function in terms of training and development, rewards management, and fair treatment can become sources of satisfaction, well-being, comfort, and motivation for employees. It is also believed that if managed effectively, HRP can create healthy work environment which support engagement. Perceived organizational support (POS) also defined as important cause of employee engagement (Aktar & Pangil, 2017; Rubel & Kee, 2013). The availability of adequate facilities and tools to perform jobs, level of autonomy, and company awareness of employee problems believed to have impact on employee's perception regarding support. One other thing that also needed by employees to build strong engagement is their satisfaction regarding their job (Ray & Ray, 2011; Fabi et al., 2015; Liu et al., 2016; Syed & Yan, 2012). Employee satisfaction is the individual positive or negative perception regarding their all occupation aspects in certain organization. This study examined the direct effect of HRP on employee engagement and the mediation role of organizational support and employee satisfaction. This concept refers to the social exchange theory (Blau, 1964) that people tend to reciprocate to the external condition they perceived. If employees viewed their organization provide care and good management they will develop positive affect which tend to shape positive work behavior. The study that comprehensively discussed the causal relationship between HRP, POS, employee satisfaction, and employee engagement still limited. That is why authors chose to brought participants from telecommunication industry in Indonesia. Like other profit oriented organization, telecommunication industry needs to have outstanding employees that will help them to achieve its goals. The increase use of technology nowadays and the speed of change make them need their human capital more than ever. Without great people who give full support it is less likely to win the competition. They need engaged employees who work relentlessly and always pursue the optimal goals to serve and satisfy the customer. Thus, organization needs to know all essential factors that can be develop to create engaged employees. This study will help them to identify the engagement level and how the HRP, POS, and employee satisfaction can help them get more engaged people.

## **2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### ***Employee Engagement as A Result of Effective Human Resources Practices***

Every business organization must have a function which caters the human resources matter. Whether it is small, medium, or large companies, they need a department that run and manage human resources function like planning, recruiting, training, appraising, compensating, and tending the need of employees. Shaw et al. (2009) uses the terms of high-

performance HR practices which includes function such as staffing, training, career development, job security, rewards management and considered them as an organizational investment for their employees. Those functions must deal with high commitment and interconnected one with the other to achieve effective practices (Sun et al., 2007). The effective and comprehensive management of HR function can result in positive result for organization. One important result is that the increase of employee engagement toward their job and organization. Recent article from Johansen & Sowa (2019) explicated that in non-profit organization, high performance work practice can drive employee engagement and in the end help the organization performance. Kura et al. (2019) also found the positive relationship between HRP and employee engagement in Nigeria. Other scholars who expressed the same idea are Huang et al. (2017), Vuong & Sid (2020), and Triwibisono et al. (2017).

### ***Organizational Support and Employee Satisfaction as Predictors of Employee Engagement***

Engaged employee dedicate their capabilities to perform and contribute more for organization. In other words engaged employee will have better performance and provide competitive advantage for organization (Rich et al., 2010; Pandita & Ray, 2018; Buil et al., 2018). To get the maximum benefit from engaged employees, organizations need to understand factors that can be optimized to enhance employee engagement and among them are organizational support and employee satisfaction. Refer back to social exchange theory, individual presumably will return the favor if they get positive input. Social exchange viewed as a social behavior that may result in both positive economic and social outcomes for an individual. This can be explained simply as take and give, which of course they are always equals in quantity or quality. In organizational environment, this exchange took place every day and in every occasion. Employee and employer seeks mutual benefit of this take and give. Adequate or even better great support from organization which matches employee's expectation will regard as positive act and they expected to experience high satisfaction level. And their engagement level increase consequently. Separately, studies regarding the relationship between POS and employee satisfaction with engagement proved there is significant positive relationship. Employee who received support from the organization will develop stronger engagement at work (Yongxing et al., 2017; Shi & Gordon, 2019; Meyers et al., 2019). Employee with higher satisfaction become more engaged (Chhetri, 2017; Masvaure et al., 2014; Garg et al., 2018). This relationship can be enriched because besides having relationship with employee engagement, POS and employee satisfaction also develop a relationship. Kwak et al. (2010), Cullen et al. (2013), Fu et al. (2013), and Pomirleanu & Mariadoss (2014) argue that organizational support can have impact on employee satisfaction. When the company's concern for employees both in terms of work and non-work was felt significantly, employee will have supportive environment which makes them develop higher satisfaction level.

### ***Organizational Support and Employee Satisfaction as consequences of Human Resources Practices***

POS and employee satisfaction both are results from human resources management policies and practices in organizations. Everyday interaction with leaders, co-workers, and job environment will shape employees perceptions, attitude, and behavior. Employees will experience HR policies and practices while doing their jobs. The recruitment policy, how the training proposed and delivered, how's the level of compensation fairness, will they reach upper position and is career development held objectively, and is the organization provide counseling are some examples of routine interaction between employees and HRP. Overtime, they will build perception regarding what they experienced and it will shape their perception. If HRP conducted effectively and objective, then employees felt that organization provides them with expected support. Also, their satisfaction level will increase. Empirical studies from Karatepe & Vatankhah (2014), Kuvaas (2008), Tang et al., (2006), Glarino (2013), Duarte et al. (2015), and Gavino et al. (2012) proved that better practice of HRP will significantly affect POS. At the same time, effective HRP also has significant effect on employee satisfaction (Khoreva & Wechtler, 2018; Gurbuz, 2009; Ray & Ray, 2011; Fabi et al., 2015; Syed & Yan, 2012).

From the relationship found in previous studies authors draw our hypotheses as follows;

*Hypothesis 1 (H1) HR practice will significantly affect perceived organizational support*

*Hypothesis 2 (H2) HR practice will significantly affect employee satisfaction*

*Hypothesis 3 (H3) HR practice will significantly affect employee engagement*

*Hypothesis 4 (H4) POS will significantly affect employee satisfaction*

*Hypothesis 5 (H5) POS will significantly affect employee engagement*

*Hypothesis 6 (H6) Employee satisfaction will significantly affect employee engagement*

*Hypothesis 7 (H7) POS will mediated the causal relationship between HR practice and employee engagement*

*Hypothesis 8 (H8) employee satisfaction will mediated the causal relationship between HR practice and employee engagement*

*Hypothesis 9 (H7) simultaneously POS and employee satisfaction will mediated the causal relationship between HR practice and employee engagement*

### **3. METHODOLOGY**

#### ***Participants and Procedures***

This research sampled 350 employees working in a telecommunication company in Jakarta, the capital of Indonesia. Survey conducted in September – November 2019. Authors used non probability sampling to select the sampling. Questionnaires were distributed through online media and waited 50 days to get the response. The final sample was 231 (66% response rate). The interesting fact is that 57.1% of participants worked for over 10 years. On the other hand, 55.4% were held high school degree and 61.9% still doing non managerial job (administration, technical, officer). Most of the participants were male (73.6%).

### ***Measurement Development***

There are 65 items in the questionnaire plus demographic data which consisted of five parts. The first part is about employees' characteristics. Followed by second part which is measure the perception of HRP (25 items). Sample item was "Company develop comprehensive training program for each employee". This measurement develops from Tessema & Soeters (2007). The third part is related with six items POS measurement develops from Eisenberger et al. (2001). Sample of item was "Company cares about my welfare". Next is the instrument for job satisfaction measurement which consists of 20 items (Prasetio et al, 2019). Sample item was "Company provides an opportunity to improve my knowledge". The last part is employee engagement measurement consists of 14 items (Schaufeli et al., 2002). Sample item was "Always have passions to do my job". All items have 6 scale ranges from 1: strongly disagree to 6: strongly agree. Each has Cronbach Alpha of 0.969 (HRP); 0.944 (POS); 0.948 (job satisfaction); and 0.939 (employee engagement).

## **4. RESULT AND DISCUSSION**

### ***Result***

The correlations between four variables involved were measured with Spearman correlation analysis. Table 1 display the correlation result. Authors have five level of correlation that indicates the relationship strength. The value between up to 0.2 is consider very weak; between  $> 0.2 - 0.4$  classified as weak;  $>0.4 - 0.6$  as medium;  $>0.6 - 0.8$  as strong; and above 0.8 is consider very strong correlation. All variables have significant and positive correlation with the strongest relationship is between HR practice and POS (0.709) followed closely by POS and job satisfaction (0.708). The rest of calculation also shows strong correlations beyond the level of 0.01. These results confirmed previous literatures which discussed the relationship between each variable. Thus, study from collective cultural background in Indonesia has the same result with previous studies.

After identifying the relationship, authors will examine all hypotheses, and seek out whether the level of employee engagement affected by the HRP, POS, and employee satisfaction. SPSS with Macro Process adds-on were used to calculate and examine whether there is a causal relationship from independent to dependent variable. This tool is very simple and support regression-based mediation analysis. Demming et al. (2017) reveal the growing number of citations which used this approach when analyzing mediations. There are different point of views regarding how to conduct mediation analysis. This paper is not intended to judge which method is better. Authors prefer Hayes (2018) method because of its simplicity. There are two variables as mediator; POS and employee satisfaction. Both variables often put as mediators in previous empirical papers and proved to have mediation role (Djatkiko et al., 2020; Saragih et al., 2020; Kumar et al., 2018; Karatepe, 2015; Zhong et al., 2015; Narang & Singh, 2012; Vatankhah et al., 2017). Therefore, authors have solid foundation and strong believed that both will have significant mediation role.

Table 1 Mean, Standard Deviation, Correlation

		Mean	Std. Deviation	N	1	2	3	4
1	Human Resource Practice	5.0890	.70686	231	1			
2	Perceive Support	5.0439	.86608	231	<b>.709**</b>	1		
3	Job Satisfaction	4.8983	.72584	231	<b>.609**</b>	<b>.708**</b>	1	
4	Employee Engagement	5.0784	.69844	231	<b>.643**</b>	<b>.702**</b>	<b>.722**</b>	1
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

Table 2 displays the regression result and revealed that only one causal relation that was not significant, that is between HRP and employee satisfaction. Thus our hypotheses H1, H3, H4, H5, H6 were supported. While hypothesis H2 was not. Change in HRP perception can alter POS and engagement level, higher POS will increase employee satisfaction and engagement, and finally increased employee satisfaction can cause effect on engagement level.

Table 2 Regression Analysis

	Perceived support			Employee Satisfaction			Engagement		
	Coeff	SE	p-value	Coeff	SE	p-value	Coeff	SE	p-value
<b>HR practice</b>	0.869	0.057	0.000	0.182	0.107	0.091*	0.266	0.062	0.001
<b>Perceived support</b>	-	-	-	0.591	0.087	0.000	0.329	0.056	0.000
<b>Employee Satisfaction</b>	-	-	-	-	-	-	0.119	0.038	0.002
<b>Constant</b>	0.622	0.293	0.035	0.734	0.392	0.062	1.040	0.227	0.000
	R Square		0.503	R Square		0.364	R Square		0.554
	F =		231.64	F =		65.331	F =		94.126
	p =		0.000	p =		0.000	p =		0.000
*) Not significant									

There are still three more hypotheses, H7, H8, and H9 which tested the mediation role. Table 3 display detail results of the Macro Process calculation. The mediation analysis conducted using the bootstrap approach which is a statistical method based on constructing a sample distribution for a statistic by resampling existing data. This study implements 95% confidence interval and 5000 bootstrap resamples. To determine whether the variable functioned as mediator one can look at the value in Upper Level and Lower Level Confidence Interval (ULCI and LLCI) value. If the value were not contains zero (0) then it

said that the variable has mediation role. H7 and H8 examine whether POS and employee satisfaction partially act as mediators, while H9 examine whether POS and employee satisfaction simultaneously act as mediator.

Authors refer to Table 3 to examine the Hypothesis H7, H8, and H9. It appears that both value in ULCI and LLCI was positive (0.100 – 0.431). This means POS mediate the causal relationship between HR practice and employee engagement. If organization held effective HR practice then it can increase employee engagement. Appropriate support for employees will strengthen the effect. However, hypothesis H8 was not supported, since the value of ULCI and LLCI has zero (-0.006 – 0.059). There was no additional effect from employee satisfaction in the causal relationship between HR practice and employee engagement. On the other hand, our last hypothesis H9, was supported. ULCI and LLCI both has positive value (0.018 – 0.118). Organization can or should implement effective HR practice followed by other policies which can fulfill employees need at work to make them satisfy and also provide real support that can be felt immediately by employees if they want to build stronger employee engagement.

Table 3 Indirect Effect of POS and Employee Satisfaction

	Effect	Boot SE	BootLL CI	BootUL CI	Hypotheses	Results
HRP → POS → ENG	0.286	0.084	0.100	0.431	H <sub>7</sub>	Supported
HRP → ES → ENG	0.022	0.017	-0.006	0.059	H <sub>8</sub>	Not supported
HRP → POS → ES → ENG	0.061	0.025	0.018	0.118	H <sub>9</sub>	Supported
HRP= HR practice - POS= Perceived support - ES = Employee satisfaction - ENG = Engagement						

## 5. DISCUSSION

Human resource practice affects employees' work behavior. Previous studies of HRP were conducted with various companies. Most of the studies proved that HRP can have significant impact on variables such as job satisfaction, organizational support, organization citizenship behavior, engagement, motivation, turnover intention, and performance. Those studies rarely discussed telecommunication organization. Now, telecommunication industry is moving fast and involve in very tight competition. They need their human resource to be ready more than ever. That is why so important to prepare them to be ready for future business action. This study provides meaningful contribution which may present diverse utilization of effective HRP.

Effective HRP in terms of fair recruitment and selection process, abundant training and development program which easily accessed by employees, pay for performance and other needed employee's benefit, objective appraisal and career opportunity, and the working environment which protect individual rights of employees will positively affect engagement.

Perception regarding HRP is ongoing process from employee which started from the time the join the organization. If they continuously experienced fair treatment they certainly develop stronger engagement. In the process, they can develop other positive perception regarding organizational support and satisfaction. Those perceptions can be fluctuated because it is concern with human mind and emotion. Employee's perception toward organization and their behavior may change through the everyday socialization process. Not to mention we also deal with human feelings which can be affected by various reasons. Therefore, organization should routinely measure and identify whether their employees still develop positive attitude and behavior at work.

Sufficient empowerment, participation in decision making, autonomous team, and job rotation can be used to alter employee satisfaction (Gurbuz, 2009). Meanwhile good treatment from supervisor, the availability of program to enhance knowledge and skill, fair and equitable compensation, and healthy work environment can create positive image regarding support they received from organization (Narang & Singh, 2011). Meanwhile Aktar & Pangil (2018) found that the availability of clear career advancement, employee participation, job security, objective performance feedback, fair rewards & recognition, training & development are the significant predictors of employee engagement. Most of our findings reveal the same result regarding the causal relationship. Yet there is only one result which differs from the previous studies. Authors have found that HRP was not affects employee satisfaction. It appears that in particular telecommunication company, employee satisfaction develop through other antecedents. Fortunately, even it did not caused by HRP, employee satisfaction still act as mediator alongside POS to help increase employee engagement. This confirms studies from Fristin et al. (2019) and Zhong et al. (2015).

Although not all relationships are proven in this research, it still believed that the result still follow the path of social exchange theory. Organization provides effective HRP and expected their employees to develop positive perception and willing to perform better. Then organization will provide more benefit which will subsequently increase positive image in employee's mind. Those will apply in general. But, since this article worked with various individual with diverse cultural and personal experience, organization needs to consider those individual aspects. However, they can be sure to develop employee engagement to achieve its goals through the modification of HRP, POS, and employee satisfaction.

## **6. CONCLUSION, LIMITATION AND RECOMMENDATION**

Seven of nine hypotheses were supported. Only two hypotheses, H2 and H8 were not. In this organization employee satisfaction seems to be affected by other variables. Company image for example. Since this company is known to have strong appeal for job seekers. Just to be part of the team can make them satisfy. Employee satisfaction alone also can help HRP to increase engagement level. However, if combined with POS, both will significantly mediate the causal relationship between HRP and engagement. Our study will make significant contribution to the discussion of employee work behavior. It is one of a few studies which examine the role of POS and employee satisfaction as mediator in the relationship of HRP and engagement especially from the perspectives of collective cultural background. Also, the result supports the social exchange theory regarding the reciprocal interaction between management and employees.

This study also has limitation. First, it used a cross-sectional data as opposed to a longitudinal data. Authors realized that longitudinal data will give more clear conclusions about the causal effects especially when talk about human behavior which changes overtime. Second, data collection derived from self-reported questionnaire. This method could affect the reliability and validity of the data because participants may give answered that is not truly represent their perception or their real opinions. However, with the data collected and support from statistical analysis results authors are confidence with the results. Furthermore, for future study on engagement and its antecedents scholars should combine quantitative model with qualitative model to give wider perspectives. If they want to replicate this study, at least scholars can apply structural equation modeling (SEM) and using of longitudinal data to capture changes in the variables over periods of time. Future study can also expand include the sample of the entire telecommunication company in Indonesia. Then provide comparative study regarding each company results.

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## **Appendix -**

### **HR PRACTICE**

#### Training

1. The company develop comprehensive training program for each employee
2. Each training program based on the training needs analysis
3. Training participants objectively selected
4. Management has a strong commitment to training program
5. Training activities linked with other HR program
6. Continous evaluation conducted for each training program

#### Compensation

1. The company has an attractive compensation system
2. The compensation reflects an internal justice
3. The compensation reflects an external justice
4. Compensation based on employee performance
5. Compensation provided fulfills my needs

#### Performance assessment

1. Have a standard performance appraisal form
2. Performance assessment is related to compensation adjustments
3. The results of performance appraisal are used as the basis for decisions on training and career development
4. Discussions were held with employees when delivering work evaluation results
5. The leader considers work assessment activities as important

#### Promotion - Career development

1. Have clear & written career development systems and procedures
2. Career development based on the employee performance
3. Potential candidate selection conducted objectively

#### Procedure for handling employee complaints

1. The company has written system and procedures for handling employee complaints
2. The company has clear and comprehensive company rules and regulations
3. The company provide adequate service regarding employee complaints

#### Retirement & job security

1. Provide attractive pension program
2. Provide attractive protection for employees if they experience accidents at work
3. Provide pre-retirement training services

### **ENGAGEMENT**

When I get up in the morning, I feel like going to work.

I feel full with energy at work.

Always have passion to do my job

Able to work in very long periods at a time.

My job is challenging.

My job inspires me.

Enthusiastic about my job.

Proud on the work that I do.  
My work is full of meaning and purpose.  
Focused when doing my job  
Does not think about the time in doing the work  
Feel responsible to achieve the target  
Happy when intensely doing my work  
Difficult not to think about my work

### **JOB SATISFACTION**

My compensation is in accordance with my workload  
My compensation provide assurance for the future  
Feel satusfy with non monetary rewards  
My compensation better than other companies  
Organization have clear promotion opportunity  
My job makes use of my abilities  
Satisfied with career development opportunity  
The company provides an opportunity to improve my knowledge  
I have the authority to do my work independently  
My job allowed me to perform various activities  
My job does not raise a conflict with my principles  
Given enough authorities to finish my job  
My supervisor always compliance with company policies  
My supervisor become my role models  
My superiors have the ability to make important decision  
My supervisor recognize my contribution  
Develop a positive interaction with my co-workers  
Develop a positive interaction with my co-workers  
My colleagues apply open communications  
Co-workers understand the importance of their work for other departments

### **PERCEIVED ORGANIZATIONAL SUPPORT**

The company is proud of my achievements  
The company cares about my welfare  
The company respects my contribution  
The company respects my personal goals and values  
The company cares about the problems I face  
The company is willing to help if I need it