

# Influence of High Performance Human Resource Practice on Employee Engagement in Banking Sector with reference to Bangalore

**Dr.V.Tamilarasu**

Assistant Professor.  
Dept of Commerce &  
Management,  
Jyoti Nivas College  
Bangalore

**Dr. J. Josephine Narmadha**

Assistant Professor.  
Dept of Commerce &  
Management,  
Jyoti Nivas College  
Bangalore

**Roshni Shetty**

Assistant Professor.  
Dept of Commerce &  
Management,  
Jyoti Nivas College Autonomous  
Bangalore

## Abstract

**Purpose:** The main objective of this research is to empirically explore the relationship between HPHRMPs, employee engagement and employee performance in the banking sector in Bangalore, India. The research tries to influence of high performance HRMP on employee engagement in banking sector.

**Design/Methodology/Approach:** Data was collected from 125 bank employees in Bangalore through convenience sampling technique. Collected data analyzed through path analysis. The analysis discovered that the compensation & rewards and training & development of HPHRMP influence employee engagement. The analysis discovered that the compensation & rewards and training & development of HPHRMP influence employee performance. Finally, the path analysis discovered that the employee engagement influences employee performance.

**Implication:** Hence, the authors concluded that the bank management should evaluate the remuneration of employees with the analysis of raising employees' engagement and employees' performance levels.

**Keywords:** High Performance, HRM- Practices, Engagement, Training & Development

**Paper Type:** Research Paper

## Introduction

Over the past decade, accumulated research findings were HPHRP, job performance, and employee behavior (Mostafa & Gould-Williams; 2014; Alfes, et al. 2013; Messersmith, et al. 2011; Boon, et al. 2014). Basically, HPHRP is associated with desirable employee outcomes. Many theoretical frameworks such as self-determination Theory (Deci & Ryan, 2000), AMO Theory (Appelbaum, et al. 2000), and Social Exchange Theory (Blau, 1964) have been used to identify the relationship between HPHRMP, employee behaviors, and performance.

Previous researchers have discovered a relationship between HPHRP and Organizational Performance (Posthuma, et al. 2013; Combs, et al. 2006; Delery & Doty, 1996). Furthermore, high employee motivation

(Dimba, 2010), work involvement (Kataria, et al. 2019), organizational performance (Kehoe & Wright, 2013), organizational citizenship behavior (Kataria, et al. 2019), psychological capital (Abubakar, et al. 2019), and employee income (Pichler, et al. 2014) have identified the relationship with HPHRP. Despite theoretical studies and extensive experience, the mechanism by which employee performance and organizational performance are affected by human resources is still unclear (Tabiu, 2019). Therefore, there is a need for further exploration to explain the functional mechanism of the HRM, employee engagement, employee performance and organizational performance relationship (Tabiu, 2019; Sun, et al. 2007). In the Indian context, researchers have gradually shifted their research from traditional HRM to SHRM. This shift focuses more on exploring the relationship between HRM and strategy (Muduli, et al. 2016). Therefore, in this study, the researcher has decided to explore the relationship between HPHRMP, employee engagement, and employee performance in banking sector.

## Review of Literature

Danish Ahmed Siddiqui and Noor-us-Sahar (2019) found that there is positive influence of internal communication and training & development on employees' engagement. The authors recommended that the managers need to recognize the worth of the participatory components to compete efficiently at the global levels through effective achievement in the engagement policy.

Abul Kalam Azad, Md. Sharif Khan (2018) identified that there is influence of HR coaching, empowerment, training and development, delegations of employees on organizational performance. The authors also identified that there is influence of training and development on employees' engagement.

Shilpa Jain and Nitya Khurana (2017) discovered that there is a significant influence of training and development on employee engagement, Job satisfaction, advocacy, organizational commitment, pride, intention to stay. The authors also identified that there is no influence of training and development on emotional connect of the employees.

Sylwia Stachowska (2016) revealed that the issue of

building the employees' engagement includes the plan of total reward that encompass different components (immaterial and material) encouraging the employee to achieve tasks and attuned to his nature of work and their expectations.

Crystal Hoole and Gabi Hotz (2016) found that there is positive relationship between rewards and work engagement. The authors also identified that there is influence of performance and career management on work engagement.

Koskey and Sakataka (2015) found that health benefits, promotion opportunities, interaction with colleague workers freely, and job relevant training have the strongest input to employees' engagement at Rift Valley Bottlers Company. The author also identified that there is influence of reward on employee's engagement and commitment. The authors recommended that the Rift Valley Bottlers Company should evaluate the remuneration of employees with the analysis of raising employees' engagement and organizational commitment levels.

Malik Faisal Azeem, Rubina and Adil Tahir Paracha (2013) found that there is relationship between training and development and employee engagement. The authors suggested that management should be provided about morals through training the employees to increase their engagement towards their work performance. Providing the accurate type of training programs the employee engagement can be influenced in either way.

Scott, et al. (2010) found that short-term incentives, benefits, and bonuses are the financial rewards that have impact on employee engagement. But, the financial recognition and long-term incentives have the lowest impact on engagement than short-term incentives.

## HPHRMP and Employee Performance

Sheila Wambui Njoroge & Josephat Kwasira (2015) discovered that there is a strong relationship between compensation & reward and employee performance in the Government of Nakuru. The authors suggested that other nonmonetary rewards practices and training needs in order to develop employee performance.

Aidah Nassazi and Koskinen Ossi (2013) found that there is influence of training and development on the performance of employees with respect to their jobs. The author recommended that the training programs undertaken by the firm authorities are appropriate as considered by the employees' opinions.

### **Employee Engagement and Employee Performance**

Hotner Tampubolon (2016) found that there is influence of job motivation, employee engagement, and job satisfaction on employee performances.

Maha Ahmed Zaki Dajani (2015) found that there is influence of leadership and organizational justice on employee engagement. The analysis also identified that there is influence of employee engagement on job performance, but less impact on organizational commitment.

Lisa Jackson (2014) found that there is directly influenced of work engagement on both in-role and extra-role performance. The research also indicating that engaged employees are more likely to achieve well on job role (extra-role performance).

### **Need of the study**

In the Indian context, a similar study was conducted by Jaiswal and Tyagi (2019) in the hotel industry in Uttarakhand and Himalayan regions of India. Therefore, HRHRMP, work engagement and employee performance would have shown different results. The results will be helpful for this research. Therefore there is a need to conduct a research that clarifies the extent to which HPHRMP influences employee engagement and employee performance. Therefore, this research first empirically tests the direct relationship between HPHRMP, employee engagement and employee performance in the banking sector in the Bangalore, India.

### **Research Gap**

This research aims to fill the gaps in research that do not address HPHRMP's behavior in employee engagement and employee performance that narrow the gaps of previous studies. However, it has been found that HPHRP can lead to

positive impact experiences (White & Bryson, 2013; Boon, et al. 2014). Nevertheless, very little attention has been paid to understanding the relationship between HPHRP and employee engagement. The current research conducted in the banking sector in Bangalore is significant. This is because HPHRMP is an easy way to find out how to engage employees in the fast-growing technology and technology-adapted field of banking. From the results obtained from this research, banking sector can understand how HPHRMP functions as an indispensable tool for the banking industry.

### **Statement of the Problem**

Though recruitment of talented employees for banking sector is high, Bank also finds it difficult to ensure employees engagement. At this juncture, employee engagement helps to improve their performance and reduce employee turnover intention. To improve employee engagement, better high-performance HRM practices are needed. There are several studies to ensure positive relationship between HRM practices and employee engagement. This positive relationship ultimately leads to employee performance. This opinion of the researchers leads to examine the influence of high performance HRMP on employee engagement in banking sector.

### **Research Design**

The descriptive research design challenges to clarify the action of the bank employees in association to an exacting track meaning. Hence, descriptive research design was employed for this research work. Based on the repay of descriptive research design, the researchers have used the descriptive research to ascertain the influence of high performance HRMP on employee engagement in banking sector.

### **Framework of the Research**

The framework used to influence of high performance HRMP on employee engagement in banking sector. Employee engagement is considered as mediator variable. High performance HRMP is classified in to two groups such as training & development and compensation & rewards. Hence, high performance HRMP is considered as independent variables. Employees' performance is considered as outcome variable.

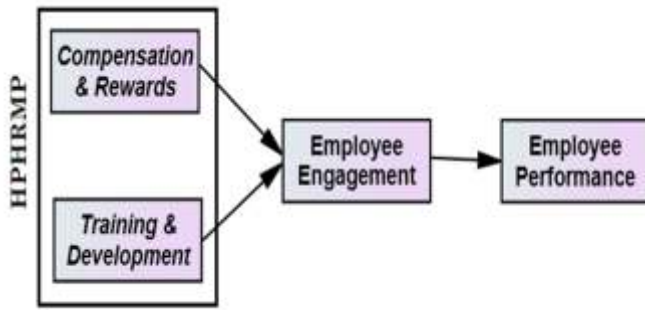


Figure 1: Conceptual framework of the study

**Objectives of the Study**

- To determine the influence of factors of HPHRMP such as compensation & rewards and training & development on employee engagement.
- To describe the influence of employee engagement on employees performance.
- To identify the influence of factors of HPHRMP such as compensation & rewards and training & development on employee performance.

**Hypotheses of the Study**

- There is no influence of factors of HPHRMP such as compensation & rewards and training & development on employee engagement.
- There is no influence of employee engagement on employee performance.
- There is no influence of factors of HPHRMP such as compensation & rewards and training & development on employee performance.

**Questionnaire Construction and Reliability**

**Table 1: Reliability of the Research**

S.No.	Variable	Reliability	Author
1	Compensation & Rewards	0.84	Brijesh Kishore Goswami and Yogesh Upadhyay (2020)
2	Training & Development	0.70	
3	Employee Engagement	0.92	
4	Employee Performance	0.87	Muhammad Hammad Shah (2020)

Structured standard tools were employed for collection of primary data. The alpha ranged from 0.84 to 92 for all reports of questionnaire construction. This value of reliability designates the better reliability of the questionnaire.

**Area of Sample and Justification**

Bangalore has been elected for this study as area of sampling. Hence, there is a necessary to secure and expand the employees of banking sector. By understanding this, HPHRMP (compensation & rewards and training & development), employee engagement, and employee performance are judged for the study. Pilot study data was collected from 125 bank employees in Bangalore through convenience sampling technique. Data analysis was done through path analysis. The analysis was employed to identify the influence of high performance HRMP on employee performance with respect to employee engagement in banking sector.

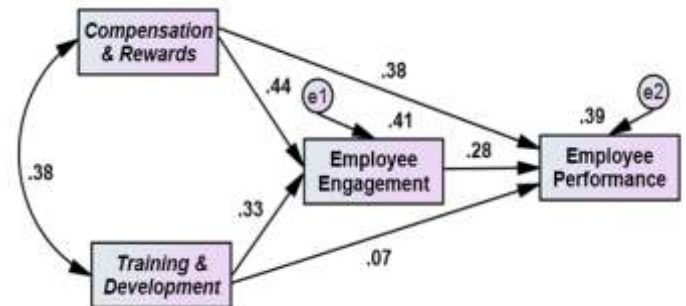


Figure 2: Path analysis of influence of high performance HRMP on employee engagement

**Results and Discussion**

**Table 2: shows Model Fit Indication**

Indicators	Observed Values	Recommended Values (Premapriya, et al. 2016)
Chi-Square	2.184	---
P	0.183	Greater than 0.050
GFI	0.993	Greater than 0.90
AGFI	0.921	
CFI	0.999	
NFI	0.999	
RMS	0.014	Less than 0.080
RMSEA	0.001	

Source: Primary data

The chi-square value was 2.184 and the p value was 0.183. The p-value was greater than 5%. The GFI and AGFI scores were larger than 0.90, which was suggested by Victor Charles and Velaudham (2020) and Premapriya, et al. (2016). The calculated CFI and NFI scores were larger than 0.90, which was suggested by Velaudham and Baskar (2015); Kantiah Alias Deepak and Velaudham (2019). It was also found that RMSEA and RMS values were less than 0.08, which was suggested by Deepak R. Kanthiah Alias, et al. (2019). The model fit indicators are completely fit Velaudham and Baskar (2016) and Indra, Balaji and Velaudham (2020).

**Ho: There is no influence of compensation & rewards of HPHRMP on employee engagement.**

Influence of compensation & rewards of HPHRMP on employee engagement calculated value of CR is 12.789. The value of Beta is 0.438. The value of beta designates that 43.8 percent of influence is through compensation & rewards of HPHRMP towards employee engagement. The p value was 0.001. The value p is less than 5 percent level and the hypothesis is rejected. From the result, it is discovered that the compensation & rewards of HPHRMP influences employee engagement among the bank employees. Sylwia Stachowska (2016); Crystal Hoole and Gabi Hotz (2016); Koskey and Sakataka (2015); and Scott, et al. (2010) have discovered similar result.

**Ho: There is no influence of training & development of HPHRMP on employee engagement.**

Influence of training & development of HPHRMP on employee engagement calculated value of CR is 9.672. The value of Beta is 0.331. The value of beta designates that 33.1 percent of influence is through training & development of HPHRMP towards employee engagement. The p value was 0.001. The value p is less than 5 percent level and the hypothesis is rejected. From the result, it is discovered that the training & development of HPHRMP influences employee engagement among the bank employees. Danish Ahmed Siddiqui and Noor-us-Sahar (2019); Abul Kalam Azad, Md. Sharif Khan (2018); Shilpa Jain and Nitya Khurana (2017); and Malik Faisal Azeem, et al. (2013) have discovered similar result.

**Ho: There is no influence of compensation & rewards of HPHRMP on employee performance.**

Influence of compensation & rewards of HPHRMP on employee performance calculated value of CR is 9.666. The value of Beta is 0.380. The value of beta designates that 38.3 percent of influence is through compensation & rewards of HPHRMP towards employee performance. The p value was 0.001. The value p is less than 5 percent level and the hypothesis is rejected. From the result, it is discovered that the compensation & rewards of HPHRMP influences employee performance among the bank employees. Sheila Wambui Njoroge & Josephat Kwasira (2015) has discovered similar result.

**Table 3: Regression Weights**

DV		IV	Estimate	S.E.	C.R.	Beta	p
Employee Engagement	<---	Compensation & Rewards	0.587	0.046	12.789	0.438	0.001
Employee Engagement	<---	Training & Development	0.577	0.060	9.672	0.331	0.001
Employee Performance	<---	Compensation & Rewards	0.282	0.029	9.666	0.380	0.001
Employee Performance	<---	Training & Development	0.070	0.036	2.636	0.072	0.049
Employee Performance	<---	Employee Engagement	0.157	0.023	6.757	0.283	0.001

Source: Primary data

**Ho: There is no influence of training & development of HPHRMP on employee performance.**

Influence of training & development of HPHRMP on employee performance calculated value of CR is 2.636. The value of Beta is 0.072. The value of beta designates that 7.2 percent of influence is through training & development of HPHRMP towards employee performance. The p value was 0.049. The value p is less than 5 percent level and the hypothesis is rejected. From the result, it is discovered that the training & development of HPHRMP influences employee performance among the bank employees. Aidah Nassazi & Koskinen Ossi (2013) has discovered similar result.

**Ho: There is no influence of employee engagement on employee performance.**

Influence of employee engagement on employee performance calculated value of CR is 6.757. The value of Beta is 0.283. The value of beta designates that 28.3 percent of influence is through employee engagement towards employee performance. The p value was 0.001. The value p is less than 5 percent level and the hypothesis is rejected. From the result, it is discovered that the employee engagement influences employee performance among the bank employees. Hotner Tampubolon (2016); Maha Ahmed Zaki Dajani (2015); and Lisa Jackson (2014) have discovered similar result.

**Findings of the Research**

- The analysis discovered that the compensation & rewards of HPHRMP influences employee engagement among the bank employees. Sylwia Stachowska (2016); Crystal Hoole and Gabi Hotz (2016); Koskey and Sakataka (2015); and Scott, et al. (2010) have discovered similar result.
- It is identified that the training & development of HPHRMP influences employee engagement among the among the bank employees. Danish Ahmed Siddiqui and Noor-us-Sahar (2019); Abul Kalam Azad, Md. Sharif Khan (2018); Shilpa Jain and Nitya Khurana (2017); and Malik Faisal Azeem, et al. (2013) have discovered similar result.

- It is found that the compensation & rewards of HPHRMP influences employee performance among the among the bank employees. Sheila Wambui Njoroge & Josephat Kwasira (2015) has discovered similar result.
- The analysis discovered that the training & development of HPHRMP influences employee performance among the bank employees. Aidah Nassazi & Koskinen Ossi (2013) has discovered similar result.
- The path analysis discovered that the employee engagement influences employee performance among the bank employees. Hotner Tampubolon (2016); Maha Ahmed Zaki Dajani (2015); and Lisa Jackson (2014) have discovered similar result.

**Recommendations**

- It is recommended that the bank management should evaluate the remuneration of employees with the analysis of raising employees' engagement and employees' performance levels.
- It is suggested that the bank management need to recognize the worth of the participatory components to compete efficiently at the global levels through effective achievement in the engagement policy.
- It is suggested that bank management should be provided about morals through training the employees to increase their engagement towards their work performance. Providing the accurate type of training programs the employee engagement can be influenced in either way.

**Conclusion**

The research tries to influence of high performance HRMP on employee engagement in banking sector. Data was collected from 125 bank employees in Bangalore through convenience sampling technique. Collected data analyzed through path analysis. The analysis discovered that the compensation & rewards and training & development of HPHRMP influence employee engagement. The analysis discovered that the compensation & rewards and training & development of HPHRMP influence employee performance. Finally, the path analysis discovered that the

employee engagement influences employee performance. Hence, the authors concluded that the bank management should evaluate the remuneration of employees with the analysis of raising employees' engagement and employees' performance levels.

## References:

- Abubakar, Mohammed A., Foroutan, Taraneh., & Megdadi, Khaled. (2019). An Integrative Review: High-Performance Work Systems, Psychological Capital and Future Time Perspective. *International Journal of Organizational Analysis*, 27(4), 1093-1110.
- Abul Kalam Azad, Md. Sharif Khan (2018). Engagement of Employee Training, Development and Employee Performance. *International Journal of Scientific & Engineering Research*, Volume 9, Issue 5, 276-306.
- Aidah Nassazi and Koskinen Ossi (2013). Effects of training on Employee performance. Evidence from Uganda. *Vaasan Ammattikorkeakoulu University of Applied Sciences, International Business*, 1-59.
- Alfes, K., Truss, C., Soane, E. C., Rees, C. & Gatenby, M. (2013). The Relationship between Line Manager Behavior, Perceived HRM Practices, and Individual Performance: Examining the Mediating Role of Engagement. *Human Resource Management*, 52(6), 839-859.
- Appelbaum, E., Bailey, T., Berg, P., & Kalleberg, A. (2000). *Manufacturing Advantage: Why High Performance Work Systems Pay Off*. Ithaca, NY: ILR Press.
- Blau, P. (1964). *Exchange and Power in Social Life*. New York: John Wiley.
- Boon, C., Belschak, F. D., Den Hartog, D. N., & Pijnenburg, M. (2014). Perceived Human Resource Management Practices their Effect on Employee Absenteeism and Time Allocation at Work. *Journal of Personnel Psychology*, 13(1) 21–33.
- Brijesh Kishore Goswami and Yogesh Upadhyay (2020). Impact of High Performance HR Practices on Inrole and Extra-Role Behaviour of Employees with Mediating Role of Employee Engagement. *Paideuma Journal*, Vol XIII Issue III, 39-52.
- Combs, James., Liu, Yongmei., Hall, Angela., & Ketchen, David. (2006). How Much do High-Performance Work Practices Matter? A Meta-Analysis of their Effects on Organizational Performance. *Personnel Psychology*, 59(3), 501-528.
- Deci, E. L., & Ryan, R. M. (2000). The 'What' and 'Why' of Goal Pursuits: Human Needs and the Self-Determination of Behaviour. *Psychological Inquiry*, 11(4). 227-268.
- Delery, John E., & Doty, Harold D. (1996). Modes of Theorizing in Strategic Human Resource Management: Tests of Universalistic, Contingency, and Configurational Performance Predictions. *Academy of Management Journal*, 39(4), 802-835.
- Dimba, Beatrice Akong'o. (2010). Strategic Human Resource Management Practices: Effect on Performance. *African Journal of Economic and Management Studies*, 1(2), 128-137.
- Hoole, C., & Hotz, G. (2016). The impact of a total reward system of work engagement. *SA Journal of Industrial Psychology/SA Tydskrif vir Bedryfsielkunde*, 42(1), a1317. <http://dx.doi.org/10.4102/sajip.v42i1.1317>.
- Hotner Tampubolon (2016). The Relationship between Employee Engagement, Job Motivation, and Job Satisfaction towards the Employee Performance. *Corporate Ownership & Control*, Volume 13, Issue 2, 473-477.
- Indra, Balaji and Velaudham (2020). Impact of Social Influence and Safety on Purchase Decision of Green Cosmetic. *International Journal of Future Generation Communication and Networking*, Vol. 13, No. 3, 3036–3042.
- Jackson, Lisa (2014) "The Work Engagement and Job Performance Relationship: Exploring the Mediating

- Effect of Trait Emotional Intelligence" Master's Theses. 4467. DOI: <https://doi.org/10.31979/etd.3kz9-sguw> [https://scholarworks.sjsu.edu/etd\\_theses/4467](https://scholarworks.sjsu.edu/etd_theses/4467).
- Kantiah Alias Deepak and Velaudham (2019). Marital differences towards consumer buying behaviour. *AJANTA*, Volume – VIII, issue – II, 36-45.
  - Kataria, Aakanksha., Garg, Pooja., & Rastogi, Renu. (2019). Do High-Performance HR Practices Augment OCBS? The Role of Psychological Climate and Work Engagement. *International Journal of Productivity and Performance Management*, 68(2), 1057-1177.
  - Kehoe, Rebecca R. & Wright, Patrick M. (2013). The Impact of High-Performance Human Resource Practices on Employees' Attitudes and Behaviors. *Journal of Management*, 39(2), 366-391.
  - Koskey, A. K. & Sakataka, W. (2015). Effect of reward on employee engagement and commitment at Rift Valley Bottlers Company. *International Academic Journal of Human Resource and Business Administration*, 1 (5), 36-54.
  - Maha Ahmed Zaki Dajani (2015). The Impact of Employee Engagement on Job Performance and Organisational Commitment in the Egyptian Banking Sector. *Journal of Business and Management Sciences*, Vol. 3, No. 5, 138-147.
  - Malik Faisal Azeem, Rubina and Adil Tahir Paracha (2013). Connecting Training and Development with Employee Engagement: How Does it Matter?. *World Applied Sciences Journal* 28 (5): 696-703.
  - Messersmith, J. G., Patel, P. C., Lepak, D. P., & Gould-Williams, J. S. (2011). Unlocking the Black Box: Exploring the Link between High-Performance Work Systems and Performance. *Journal of Applied Psychology*, 96(6), 1105–1118.
  - Mostafa, A. M. S. (2017). High-Performance HR Practices, Positive Affect and Employee Outcomes. *Journal of Managerial Psychology*, 32(2). 163-176.
  - Muduli, Ashutosh., Verma, Sunita., & Datta, Saroj K. (2016). High Performance Work System in India: Examining the Role of Employee Engagement. *Journal of Asia-Pacific Business*, 17(12), 130-150.
  - Muhammad Hammad Shah (2020). Employee Training on Customer Satisfaction: Mediating Role of Employee Performance and the Moderating Role of Job Autonomy. *Global Journal of Human Resource Management*, Vol.8, No.2, pp.33-57.
  - Pichler, Shaun., Varma, Arup., Yu, Andrew., Beenen, Gerard. & Davoudpour, Shahin. (2014). High Performance Work Systems, Cultures and Gender Demography. *Employee Relations*, 36(6), 693-707.
  - Posthuma, Richard A., Campion, Michael C., Masimova, Malika. & Campion, Michael A. (2013). A High Performance Work Practices Taxonomy: Integrating the Literature and Directing Future Research. *Journal of Management*, 39(5), 1184-1220.
  - Premapriya, Velaudham and Baskar (2016). Nature of Family Influenced by Consumer Buying Behavior: Multiple Group Analysis Approach. *Asian Journal of Research in Social Sciences and Humanities*, Vol. 6, No.9, pp. 908-915.
  - Scott, K. Dow; McMullen, Thomas; and Royal, Mark (2010). The Role of Rewards in Building Employee Engagement. *World at Work Journal*, 19, 4: 29-40.
  - Sheila Wambui Njoroge & Josephat Kwasira (2015). Influence of Compensation and Reward on Performance of Employees at Nakuru County Government. *IOSR Journal of Business and Management (IOSR-JBM)*, Volume 17, Issue 11 .Ver. I, PP 87-93.
  - Shilpa Jain and Nitya Khurana (2017). Enhancing Employee Engagement Through Training and Development. *Asian J. Management*; 8(1): 1-7.
  - Sun, Li-Yun., Aryee, Samuel., & Law, Kenneth S. (2007). High-Performance Human Resource Practices, Citizenship Behavior, and Organizational Performance: A Relational Perspective. *Academy of Management Journal*, 50(3), 558-577.



- Sylwia Stachowska (2016). The role of remuneration in building employee engagement. *World Scientific News*, 57, 503-512.
- Tabiu, A. (2019). Do 'High-Performance' Human Resource Practices Work in Public Universities? Mediation of Organizational and Supervisors' Supports. *African Journal of Economic and Management Studies*, 10 (4), 493-506.
- Velaudham and Baskar (2015). Multiple Group Structural Equation Model Showing Influence of Age in Consumer Buying Behavior towards Air Conditioner in Chennai City. *Annamalai journal of management*, 89-96.
- Velaudham and Baskar (2016). Number of earning members influence over air conditioner buying behavior: multiple group analysis approach. *Annamalai Business Review*, Vol. 10, Issue 2, 59-68.
- Victor Charles and Velaudham (2020). The Impact Of Consumer's Perception Towards E-Tailing In Madurai. *High Technology Letters*, Volume 26, Issue 10, 583-593.