

## Perceived High Performance Work Practices and Employee Engagement: An Empirical Study in Nigeria

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### Abstract

**Purpose of the article:** Employee engagement, which has been acclaimed as one of the key determinants of the organisational performance, largely depends on employees' dispositions. Thus, the purpose of this study is to examine the effects of high performance work practices (HPWPs) on employee engagement.

**Methods:** The study is based on a cross-sectional survey which examined a representative sample of three hundred and ninety-one employees (391). Six participating banks were selected randomly while the respondents were judgmentally selected among the banks. Structured questionnaires were provided to the sample the respondents and the data gathered were analysed using SPSS version 20.

**Scientific aim:** This study seeks to provide scientific evidence of the efficacy of using a bundle of complementary human resource (HR) practices rather than single HR practice to engage skilled employees.

**Findings:** The study revealed that a combination of all the four selected HPWPs as a bundle, significantly predicted employee engagement. However, only employee training and development as a single HR practice variable, significantly predicted employee engagement, while employee empowerment, performance appraisal and performance related pay were insignificant.

**Conclusions:** This study highlights the need for human resource (HR) managers to understand and apply the most productive bundle of HR practices in nurturing employee engagement for desirable organisational outcomes. Based on the findings, a bundle of HR practices, which have complementary qualities, is imperative for employee engagement. This study has contributed to highlighting the organisational factors fostering employee engagement and ameliorating employees' and organisational performance in Nigeria.

**Keywords:** employee engagement, high performance work practices (HPWPs), desirable organisational outcomes

**JEL Classification:** J24, M12, M52, M54

## Introduction

Business scholars and practitioners would unequivocally agree that with the advancement of information technology (IT), coupled with the fierce competition for talented employees in this 21<sup>st</sup> century, employee engagement (EE) garnered increased interest among researchers. This is because engaged employees are more motivated, inspired and attached to their jobs and the manager (Memon, *et al.*, 2018). The ability to engage employees in this stiffened competitive global business environment is desirable not only because an engaged employee is likely to go the extra mile, have a longer stay with an organisation, but also, are able to utilize their skills to perform their jobs along with their supervisors and co-workers energetically toward achieving organisational goals (Memon *et al.*, 2018). Kahn (1990) defined employee engagement as harnessing organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally. EE is significantly important in that research has shown that the concept is critical for organisational competitiveness and achievement of set goals (Dicke *et al.*, 2007; Truss *et al.*, 2014), by lowering employees' withdrawal behaviours and turnover. EE is probably the most critically argued management concept in this 21<sup>st</sup> century. EE is influenced by the employee's work experience and perception of the organization (Patro, 2013). This implies that EE is active work-related, psychological state of the person, involving perceptions, emotions and behaviours (Sun, Bunchapattasakda, 2019). The engaged employee therefore has a positive attitude towards their organization and is more productive (Bedarkar, Pandita, 2014) because the work environment and resources not only motivate the employee but also make them enthusiastic about their job. Maslach *et al.* (2001) corroborated the above and argued that job engagement is associated

with sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work environment and meaningful work values. HR practice variables and other organizational antecedents that influence EE are many and varied. Some of these are recruitment and selection, job designing, career development, leadership, empowerment, equal and fair opportunities, training and development, performance management, incentives and compensation, communication, *etc.* (Patro, 2013). However, though the factors are common to all organisations, and classified into distinct dimensions, and vary from one organization to another. For instance, according to Sun, Bunchapattasakda (2019) previous researchers classified the antecedents of EE into three broad classes:

- Organizational factors (leadership, organizational support, job resources, equity, *etc.*);
- Job factors (work environment, participation in decision making, or job environment);
- Individuals' factors (extraversion, resilience, self-consciousness, *etc.*).

In the same vein, Appelbaum *et al.* (2000) introduced the Ability, Motivation and Opportunity (AMO) model, which largely explains the relationship between human resource management (HRM) practices and performance. According to the authors, performance is a function of ability to perform (age, training, knowledge and education), motivation *i.e.* willingness to perform (job satisfaction, aligned values and expectations), and opportunities to perform (working conditions, tools, materials, leadership, procedures) (Marin-Garcia, Tomas, 2016). The implication is that all the three elements must be present for performance to excel. Thus, performance assumes a functional model  $P = f(A \times M \times O)$ . Juxtaposing the earlier classifications of HR practices with human capital and performance literature, which states that human capital makes an

impact on performance, empirical studies have shown the shift from single measure of HR practice to embrace a combination or a bundle of HR practices (Fitz-Enz, 2002). This resulted in three distinct applicative dimensions of human resource practices. The first is the universal or “best practices” approach. In this approach, scholars argue that there is a set of identifiable practices, which have universal positive effects on company performance. Proponents of this approach are Pfeffer (1994) or Huselid (1995). The second approach here is styled contingency or “fit” approach. The central tenet and emphasis are the alignment or fit between the external environment, the strategy of the firm and her human resource practices. In support, Huselid (1995) revealed that many successful organisations tie the HRM practices with their performance outcomes. The third strand of HR practices approach, which predicts superior performance when applied, is in association with each other or the correct strategy means styled configurations of HR practices. In support, Mac Duffie (1995) argued that implicit in the notion of a bundle of human resource is the idea that practices within it are interrelated and complementary and that the more the better with regards to an increase in performance due to the overlapping and mutually reinforcing effect of the multiple practices. Sequel to the above, we assumed that there is optimality of bundling of HR practices suited to different organisational environment and strategies based on configuration idea HR practices. Concerning EE outcomes, Patro (2013) found that EE predicts employee performance, organisational success and organisational financial performance. Furthermore, the researchers noted that the impact of EE manifests itself through an increase in productivity, customer satisfaction, employee retention, organisational culture and performance, higher profits, commitment and motivation, among others. However, in a recent study, Sun, Bunchapattasakda (2019) classified the EE outcome

variables into organisational and individual performances. Based on his research conducted on 102 employees of different organisations, Saks (2006) found that EE had a positive impact on organisational citizenship behaviour, while Harter *et al.* (2002) earlier established that EE is a “soft index” which affects organisational performance measured with the following successful performance indicators – increased productivity, profitability, customer loyalty, employee retention and security. Considering all the above, particularly the importance of EE in the perspective of human resource management HRM literature, and the fact that EE is under-researched in sub-Saharan Africa (Agyemang, Ofei, 2013), the authors deem it necessary to conduct an investigation to shed light on fundamental issues concerning engaging employees through the application of HR practices in Nigeria. Hence, the aim of study is to investigate the impact of high performance work practices (HPWPs), a selected bundle of complementary HR practices, on employee engagement in Nigeria. Furthermore, the study hopes to unveil whether a bundle rather than single HR practices is more effective in employee engagement.

The remaining part of this research includes theoretical framework, conceptual clarifications and empirical studies review, which has led to the formulation of hypotheses of the study. This is followed by the research methodology section; and subsequently the findings, discussions and conclusion are presented in the individual sections.

## 1. Literature review

### 1.1 Theoretical perspectives

The Job Demand-Resource (JD-R) model, which proposed that job resources play a crucial role in activating employees’ skills and development to meet job demands (Schaufeli, Bakker, 2004), coupled with the social exchange theory (SET), which provi-

des a theoretical foundation to explain why employees would choose to become more or less engaged in their work and organisation (Saks, 2006). The SET postulates that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. Consequently, the amount of cognitive, emotional and physical resources that one is prepared to devote in the performance of one's work role (Saks, 2006) is contingent on the economic and socio-emotional resources one would receive from the organisation. This is consistent with the description of engagement as a two-way exchange relationship between employer and employee (Markos, Sridevi, 2010). However, the JD-R model argues that though employees would sometimes personally desire to engage at work but cannot when the work environment is unfavourable, *i.e.* lacks autonomy, feedback and task significance (Akhtar, Pangil, 2017) or job resources which stimulate personal growth and development, thus associated with reducing physiological and psychological costs of job demands (Bakker *et al.*, 2003). This implies that employees who receive organisational support, such as supervisory coaching and other supportive job resources are more likely to engage (Saks, 2006). Evidently, the JD-R and SET convincingly underpin this study, as the emotional and physical resources extended to the employees, would make them feel obligated to respond with positive organisational outcomes, such as organisational commitment, retention, and employees' engagement.

## 1.2 Conceptual perspectives

### 1.2.1 Employee Engagement (EE)

The construct EE is a new management term, as it first appeared in organisational and business literature some two decades ago (Simpson, 2009). As a new management concept, one of the challenges facing it consists in the conflicting definitions of the concept (Kular *et al.*, 2008). Akhtar, Pangil

(2017), in the existing literature, pointed out different authors who defined employee engagement from different perspectives. Similarly, Macey, Schneider (2008) stressed that there are numerous definitions of EE in literature. However, one of the earliest academic papers, in the article by Kahn (1990), entitled "Psychological Conditions of Personal Engagement and Disengagement at Work", EE was defined as "the harnessing of organisation members" selves to their work roles; in engagement people employ and express themselves physically, cognitively and emotionally during role performances. The physical aspect of engagement refers to the physical energies exerted by individuals to accomplish their roles. Employees' cognition is their belief about the organisation, its leaders, co-workers and the working conditions, while the emotional aspect is their feelings about each of those factors, which breed either positive or negative attitudes towards the organisation and its leaders. Thus, this study defines EE as the extent to which an employee is committed, both emotionally and intellectually, it is the extent of the bond between an employee and his/her organisation that results in enhanced levels of performance, productivity, dedication in accomplishing the work, mission and vision of the organisation. Furthermore, it is the measurable degree of an employee's positive and negative emotional attachment to his/her job, colleagues and organisation, which influences his/her willingness to learn and perform at work (Egwuonwu, 2015).

In his research, Kahn (1990) developed a model of three psychological conditions associated with the engagement or disengagement at work: meaningfulness, safety and availability. However, May *et al.* (2004) tested Kahn's (1990) model of EE and found that job meaningfulness, safety and availability are predictors to engagement. They found that job enrichment and role fit, were also positive predictors meaningfulness,

rewarding co-workers and supportive supervisor relations, were positive predictors of safety, while the adherence to co-worker norms and self-consciousness, negatively predicted safety. Resources available were positive predictors of psychological availability while participation in outside activities was a negative predictor of safety. Subsequently, any manager who desires to have engaged workforce must (1) align efforts with strategy; (2) empower the employees; (3) promote and encourage teamwork and collaboration; (4) help employees to grow and develop; and (5) provide employees' support and recognition where appropriate (DDI, 2005). This is because EE is not a naturally occurring event, rather it is influenced through supportive HR practices (Akhtar, Pangil, 2017) implemented and sustained to yield positive organisational outcomes. The above implies that supportive HR practices could shape up employee perceptions, attitudes and behavioural tendencies and hence increase EE and allegiance.

An engaged employee demonstrates these three behavioural traits, which facilitate the increase of desirable organisational behaviours:

- (a) Say – the employee advocates the organisation to co-workers', and refers it to potential employees and customers.
- (b) Stay – the employee has an intense desire to remain a member of the organisation irrespective of opportunities available elsewhere.
- (c) Strive – the employee exerts extra time, effort and initiative to contribute to the success of the organisation (Markos, Sridevi, 2010).

The foregoing behavioural traits lead to the following desirable organisational outcomes: customer loyalty, employee retention, high employee productivity, and advocacy of the organisation, better organisational performance, high bottom-line and successful organisational change (Robertson-Smith, Markwick, 2009).

### **1.2.2 High performance work practices (HPWPs)**

Traditionally, human resource as a workforce is the highest operating cost in an organisation. However, researchers have found that it is a source of higher efficiency and thus the greatest asset of organisations (Otuya *et al.*, 2013). Subsequently, some researchers have developed a new interest in human resources (HR) as a strategic driver of value creation that can have significant economic effects on the overall organizational results (Sofijanov, Zabijakin-Chatleska, 2012). This brought about the birth of "hard" or "control-based" and "soft" or "high-commitment" management views of human resource management (HRM). The "hard" approach to HRM generally tends towards strong managerial rules. This is a Taylorist form of work process, which is control-based, characterised by hierarchical organisational structures, and task specialisation with no employee's decision-making latitude (Edwards, Wright, 2001). The "soft" approach tends towards the development of the existence of mutual trust between employers and employees, along with substantial empowerment of employee and managerial support mechanisms (Ogbonnaya, 2013). Moreover, Ogbonnaya (2013) stated that this "soft" view also referred to as "high-commitment" management, fostering useful psychological links between management and employees through employees' empowerment, discretionary job design and enhancement of employees' level of motivation at work (Walton, 1985; Gould-Williams, Davies, 2005). This "soft" approach view of HRM underlies the concept of HPWPs in which employers recognised the role of employees in making productive contributions for enhanced organisational performance. Timiyo (2014) viewed HPWPs as one way of guaranteeing effective management of employees to become highly productive in the workplace. Thus, HPWPs address employment relationship between employers and employees and the HR policies guiding such relationships.

HPWP as a concept aims to optimise work-related knowledge, skills and abilities in ways consistent with organisational performance (Combs *et al.*, 2006). Theoretically, HPWP is high commitment management (HCM) (Purcell, 2006); while Patel, Conklin (2012) refer to it as high performance work systems (HPWS) which, improve employees' performance in organisations all over the world (Timiyo, 2014). Furthermore, Wood *et al.* (2012) see HPWP as a management tool to provide opportunities for employees to develop their skills, utilize knowledge and share ideas for the good of the organisation. A prominent feature of HPWPs is the concept of "HR bundling" (Mac Duffie, 1995) *i.e.* an idea which proposes that when the individual HR practices are combined together in a coherent bundle and aligned with an organisational strategy, their complementary properties are activated, yielding a synergistic effect that is greater than the sum of their individual impact (Mac Duffie, 1995). Research claims that adoption of HPWP enables an organisation to develop a skilled, flexible and motivated workforce (Nwachukwu *et al.*, 2016). The underlying premise is that HPWP allows employers to relinquish their operational control prerequisites to their employees based on Ability, Motivation and Opportunities (AMO) model (Munteanu, 2014). The AMO model provides that a better understanding of the relationship between innovative HRM and performance. For instance, a well-trained and skilled employee (ability) will perform better; while a well-motivated employee will go "extra mile", (motivation) where the work environment provides the opportunities. However, both ability and motivation become meaningless when there are no opportunities (Marin-Garcia, Tomas, 2016). In this study, HPWP as a concept sees employees as valuable, rare and inimitable assets to the organisation when they are encouraged to utilize their work-related knowledge, skills and abilities to carry out the organisational assignment.

### 1.3 Empirical studies

Contemporary studies found that HPWPs positively affect labour productivity, financial well being of the organisations, and negatively affect employee absenteeism and turnover (Aguta, Balcioglu, 2015; Armstrong, Taylor, 2017). Moreover, researchers have also found that human resource is a source of higher efficiency, strategic driver of value creation and the greatest asset to organisations that has significant economic effects on overall organisational results (Otuya *et al.*, 2013; Sofijanov, Zabijakin-Chatleska, 2012). According to Mihail, Kloutsiniotis (2016), the link between HPWPs and the success of organisation remains more or less a black box. However, Boxall, Winterton (2015) noted that HPWPs not only enhance participation of employees in decision-making but also release untapped human ingenuity, which facilitates the survival of the organisation. Klein (2014) indicated that bundling HRM practices such as recruitment and selection, training and development, job enrichment and supervisory support would have positive effect on employees' work engagement. This amounts to creating a supportive work team and effective communication among organisational members, which is essential to foster higher productive work behaviour (Akinwale, 2019). As a corollary, Karatepe (2013) earlier observed that frontline workers with HPWPs and workplace social support are more devoted to their jobs with fewer intentions to quit. Against this background, it is significant to investigate the effect of HPWPs on EE in Nigeria's financial industry, as practitioners have little information concerning the influence of a bundle of appropriate HR practices on EE in the country. Mac Duffie (1995) stated that organisations need to apply fitting bundles of HPWPs in order to realise the synergistic effects which can lead to higher organisational performance than single HR practice (Barney, 1995). The Resource Based View (RBV) established the significance

of building a set of HR practices and bundling them together in a unique and dynamic ways aimed at facilitating the firm's success, as competitive advantages do not depend on traditionally assumed natural resources, technology, economies of scale, but rather on the valuable, rare, hard to imitate resources that reside within the organisation.

Employee empowerment is a motivational concept related to self-efficacy (Conger, Kanungo, 1998). Previous studies found that the extent of involvement and empowerment of employees are keys to the success of organisations (Siegall, Gardner, 2000). Tohidi, Jabbari (2011) observed that people have a sense of efficacy if empowered and feel competent and capable when carrying out their duties. In a study by Han *et al.* (2009), it was revealed that employee empowerment gave rise to organisational commitment, while the satisfactory work environment, opportunity for growth and job enrichment lead to higher EE (Pandey, David, 2013). In a recent study in Nigeria, Ibrahim (2016) found that employee empowerment is positively associated with job satisfaction and an intention to stay while Ang, Rabo (2018) revealed that job satisfaction predicts EE.

Training and development provide opportunities for growth and advancement. They are intrinsic motivational factors along with others, such as achievement, recognition responsibilities and work itself, which Tran (2018) noted are the driving factors of EE. According to Nassazi (2013), employees' training is imperative to improving service accuracy, maximising job performance and enhancing EE. Today, the Nigerian banking industry is highly competitive, as it has gone beyond armchair banking where customers chase banks to transaction banking business (Afang, 2015). In support of the above, Oforegbunam, Okorafor (2010) warned employers to prepare employees for the sophisticated demand of 21<sup>st</sup> century, through training and development. Subsequent to the social exchange theory, we argued that

an employee, provided with training and development opportunities coupled with empowerment, and job enrichment, would feel obliged to respond with high levels of job engagement (Saks, 2006). However, in Nigeria, Adiele, Ibietan (2017) found inadequate funding, poor coordination, faulty training needs, and inappropriate delivery methodology marred training and development opportunities.

Performance feedback has broad implications for attitudes and behaviours in organisations (Erdogan, 2002). Employees' perception of the appraisal system must be fair (Latham *et al.*, 2015) if they are to be fully engaged physically, emotionally and cognitively during their role performances. In a study, Ismial *et al.* (2011) found that the performance appraisal policy is an important predictor of job satisfaction in Malaysia. In the same vein, Mitonga-Monga *et al.* (2018) found that job satisfaction had a strong influence on organisational commitment. In south-west Nigeria, there is a strong positive relationship between performance appraisal and employee productivity among bank employees (Oshode *et al.*, 2014). Similarly, Saleem, Shah (2015) found that employees in the banking sector who were satisfied with the appraisal system in their organisations were highly job satisfied and committed to the organisational goals and objectives.

Employee compensation is an indispensable attribute to EE. According to Hoole, Hotz (2016) rewards are key benefits which employers offer employees in exchange for their work or value. Rewards may be intrinsic or extrinsic, direct or indirect, and financial or non-financial (Armstrong, 2006). Though research on performance related pay is relatively scarce in Nigeria, linking performance to pay is what most employers desire to achieve (Boachie-Mensah, Dogbe, 2011). The principles of equity holds that employee compensation should be fair and equitable, a balance between employee's inputs compared to what he/she gets in return. It

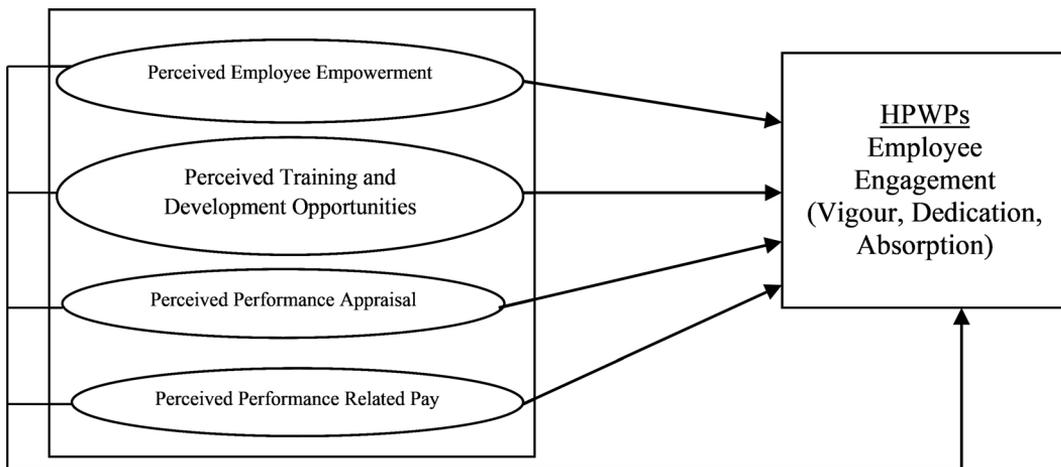


Figure 1. Conceptual Framework. Source: Designed by the authors, 2020.

is therefore reasonable to assume that a fair reward system would affect individual and team's performance and hence engagement of the workforce. An inequitable reward system would lead to job dissatisfaction, absenteeism and employee high turnover rate (Moragwa, 2013). In a study by Anvari *et al.* (2011), the authors found a positive relationship between strategic compensation practices and perceived fulfilment of psychological contract. Sweins *et al.* (2009) proposed that organisations should be obliged to explain to employees how their reward system works, as knowledge of the system is crucial in ensuring employees commitment (Hoole, Hotz, 2016). In Nigeria, Maycock (2014) empirically found that employees prefer working with individual performance related pay than in teams, and that performance related pay improved individual and organisational performances.

From the literature reviewed, consistent with the SET and JD-R models, the researchers formulated the following hypotheses.

**H<sub>1</sub>** The perceived employee empowerment will be significantly related to EE among commercial banks' senior staff employees in Nigeria.

**H<sub>2</sub>** The perceived training and development opportunities will be significantly related to EE among commercial banks' senior staff employees in Nigeria.

**H<sub>3</sub>** The perceived performance feedback will be significantly correlated with EE among commercial banks' senior staff employees in Nigeria.

**H<sub>4</sub>** The perceived performance related pay will be significantly correlated with EE among commercial banks' senior staff employees in Nigeria.

## 2. Research methodology

To achieve the aims of this study, we adopted an empirical investigation using a cross-sectional survey research design. The population of the study comprises the entire senior staff of all commercial banks in Nigeria. The researchers chose senior staff for this study, since they implement the operational strategies of the banks. In Nigerian banks, beside the executive management team there are two main categories of staff: the senior and junior staff. The senior staff comprised of senior and middle level managers coupled with bank officers. Bank officers are young skilled

and full-time staff members who hold at least a bachelor’s degree in their respective disciplines (Eva, 2018). They are the millennials or generation Y workers and constitute 60–70% of the population of senior staff in Nigerian banks in the opinion of the researchers. The junior staff minimally educated, being mostly contract (non-permanent) staff.

According to the Central Bank of Nigeria (CBN, 2019), economic reports stated that there are currently 21 commercial banks operating in Nigeria. We divided the commercial banks into old and new generation banks (Okpara, 2010; Ogwuma, 1993). The old generation banks comprised six commercial banks established before the financial sector liberalization, *i.e.* 1989 and earlier. The new generation banks (15 of them) are those floated after the financial sector deregulation between 1990 to date (Okpara, 2010; Ogwuma, 1993). In order to select the participating firms and the sample respondents in this study, we apply probabilistic and non-probabilistic sampling techniques. We use systematic random sampling (probabilistic) to select two banks and four banks representing the old and new generation banks respectively, as participating firms in this study. The sampling frame for the old generation banks are hypothetical presented as:

1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup>,  
 1 2 3 4 5 6.

The sampling interval – number of firms in the sampling frame divided by the desired sample size *i.e.*  $\frac{6}{2} = 3$ .

Calculating for the sample size of the old generation banks, we applied the sampling interval *i.e.* (3) for this study. Using the 1<sup>st</sup> bank as the starting point, the selected banks in the sampling frame are 3<sup>rd</sup> & 6<sup>th</sup>. Thus, the 3<sup>rd</sup> and the 6<sup>th</sup> banks represent the old generation banks.

Similarly, to select the representative firms from among the new generation banks, the sampling frame is thus represented as 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>,

14<sup>th</sup>, and 15<sup>th</sup>. Applying systematic random sampling technique whose sampling interval is 3 (*i.e.* 15/4) and using the 2<sup>nd</sup> as the starting point, the randomly selected banks are the 4<sup>th</sup>, 7<sup>th</sup>, 10<sup>th</sup> and 13<sup>th</sup> banks. However to determine the sample size from the study’s target population (all senior staff) in the commercial banks in Nigeria, we applied the Yamane (2016) statistical formula *i.e.*

$$n = \frac{N}{1 + N(e)^2}, \quad (1)$$

where:

- $n$  sample size,
- $N$  total population,
- $e$  error term.

According to National Bureau of Statistics, there is 17,729 senior staff in Nigerian commercial banks. Thus to determine the sample size for the study, we applied the following statistical formula:

$$n = \frac{17729}{1 + 17729(0.05)^2} = 391.$$

In each of the six participating banks, 66 copies of the questionnaire distributed to the senior staff purposively through the HR unit officials of each bank. The researchers collected data through the survey research method rather than structured interview, since surveys collect great deal of information from the representative sample *i.e.* the target population, unlike structured interview (Mathiyazhagan, Nandan, 2010). Additionally, the questionnaire is time efficient and reaches a wider range of participants (Hornbach, 2013). Second, senior staff bank employees are well-read busy executives who prefer to respond to the questionnaire at their convenience. Nevertheless, the respondents returned 366 completed questionnaires giving a response rate of 94%.

## 2.1 Measures

The researchers divided the questionnaire into three sections: Sections A contains

16 items probing the respondents' perceptions of the supportive or control-based working conditions in the banks. The section A scale items were adapted from Demo *et al.* (2012) and all the measures have acceptable reliability values *i.e.* Cronbach Alpha reliability rating for empowerment (0.731), training (0.757), appraisal system (0.709), and rewards (0.795). We assessed perceptions of all the independent variables in this study, *i.e.* empowerment, training, feedback, and rewards, with four-scale items each, for example: empowerment: "Employees have a say in changing company policies"; training: "Training and development programmes are encouraged in this organisation"; feedback: "My annual performance evaluation is an objective assessment of my annual performance against planned performance"; and performance-based pay: "Individual performance based compensation increases my motivation towards work". The scale items response rating took place on a five-point scale ranging from "1" (strongly disagree) to "5" (strongly agree).

Section B comprised 17 items, which measured how employees feel at work, *i.e.* EE – the dependent variable. The researchers adapted the Schaufeli, Bakker (2004) Utrecht Work Engagement Scale (UWES). The instrument includes three subscales, *i.e.* vigour, dedication and absorption. The researchers assessed vigour with six items, *e.g.* "At my work, I feel bursting with energy"; dedication: "I am enthusiastic about my job"; absorption; "I am immersed in my work". Section C captures the demographic data of the respondents.

## 2.2 Validity and reliability tests

Although the measurement instruments were adapted from previous research, with validated scale items, the researchers deem it fit to revalidate the adapted instruments to enhance their efficiency. To guide against misinterpretation of the terms and phrases used in the original scale items, the researchers made

Table 1. Reliability of the measurement items.

Variables	Item	Cronbach's alpha
Employee Empowerment	4	0.85374
Training and Development	4	0.79922
Performance Appraisal	4	0.80952
Performance Related Pay	4	0.62613
Employee Engagement:		
Vigour	6	0.69041
Dedication	5	0.93053
Absorption	6	0.88106

Source: Field data, 2020.

some modifications to unfamiliar terminology to suit the Nigerian context. Hence, the researchers consulted some research experts and experienced lecturers for their input to enhance the face and content validity (Korir, Kipkebut, 2016). These research experts and experienced lecturers reviewed the draft questionnaire to ensure that errors in the structuring of the grammar and wording used and whether the scale items were logically connected (Kee *et al.*, 2016). In addition, we conducted a pilot study among some selected lecturers and financial sector employees before the actual study to ensure that research instruments measure what it is intended to measure (Sekaran, Bourgie, 2010) in the Nigerian context.

With regards to the reliability test, the questionnaire was subjected to a statistical test to measure reliability *i.e.* the Cronbach Alpha whose value ranges from 0.01–0.99, which represents the scale of reliability (Kee *et al.*, 2016). Table 2 indicates that all coefficients (alpha value) of the constructs in the study exceeded the recommended value of 0.60 (Bagozzi, Yi, 1988), which demonstrates that the instrument is reliable.

## 2.3 Data analysis

The data was analysed using SPSS version 20. The hypotheses of the study were analysed using the multiple regression analysis, as the selected predictors are specifically important in influencing employee positive atti-

Table 2. Socio-demographic data of the respondents.

Variables	Response label	Frequency	Percentage
Gender	Male	227	62.0
	Female	139	38.0
Age	20–35 years	216	59.0
	36–50 years	138	37.7
	51–65 years	12	3.3
Marital status	Single	177	48.4
	Married	183	50.0
	Widow/Widower	6	1.6
Educational qualification	HND/B.Sc.	243	66.4
	MBA/M.Sc.	111	30.3
	PhD/Others	12	3.3
Professional qualification	ICAN	79	21.6
	CIBN	60	16.4
	Others	227	62.0
Status	Management/supervisory	114	31.1
	Non managerial positions	252	68.9
Tenure	1–5 years	232	63.4
	5–10 years	109	29.8
	11 & above	25	6.8
Income per annum	₦ 500,000–1,000,000	30	8.0
	₦ 1,000,000–10,000,000	324	89.0
	₦ 11,000,000–20,000,000	12	3.3

Source: Field data, 2020.

tudinal disposition in Nigeria. Furthermore, the multiple regression analysis enables us to prove the relationship between HPWP and employee engagement in Nigeria.

The specified regression model for this research work is:

$$EE = \alpha_1 + \alpha_2 EEmp + \alpha_3 TD + \alpha_4 PE + \alpha_5 PRP + \varepsilon. \quad (2)$$

Employees' engagement (*EE*): Physical, cognitive and emotional commitment to their work roles.

Employee's empowerment (*EEmp*): Self-efficacy and organisational commitment.

Training and development (*TD*): Employees' opportunities for growth and advancement.

Performance evaluation (*PE*): Perception of employees' appraisal system.

Performance related pay (*PRP*): Benefits employers offer employees in exchange for their work.

In addition,  $\alpha_1, \alpha_2, \alpha_3, \alpha_4,$  and  $\alpha_5$  are the regression constants, while  $\varepsilon$  is purely a white noise phenomenon, which captures the influence of other exogenous factors capable of influencing the dependent variable?

### 3. Research Findings

Table 2 summarises the statistics for socio-demographic characteristics of the respondents in the study. This table is quite revealing in several ways. First, 93% of the respondents have less than 10 years working experience, while their earnings fall within 1 m–10 m annually. The majority of the respondents’ (59%) age range falls between 20 and 35 years.

Second, 100% of the respondents have at least a bachelor’s degree or higher National Diploma (HND), *i.e.* the Master’s and PhD degrees, and the majority of them (69%) are occupying non-management positions in their respective organisations. Interestingly, a higher proportion of the respondents (50%) are married, the size of male population (62%) is higher than the female population that is 38%.

#### 3.1 Analysis of research constructs

The summary of research constructs is represented by the mean score. Regarding the

questionnaire item used, the calibrations used based on a five-point Likert scale are as follows: 1 = Strongly disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, and 5 = Strongly agree. It should be noted, any mean response score below “3.0” implies a Disagree or Strongly disagree, while any mean score above “3.0” implies Agree or Strongly agree to the questions addressing a specific construct. In order to ascertain the overall mean response for each of the construct, we conduct one sample t test.

One sample t test is the statistical difference between a sample mean and a known hypothesised value of the mean in the population. In this study, it compares a single sample mean to a specified constant *i.e.* 3, which represents undecided score. The one sample test ascertains whether the respondents are indifferent on the questions addressing each construct in HPWPs. The results in Table 3 show the mean and the significant level of the variables. High Performance Work Practice: ( $M=3.45, SD=0.71, t(365)=12.163, p=0.000$ ); Employee Empowerment ( $M=3.46, SD=0.80, t(365)=10.884, p=0.000$ ); Training and Development ( $M=3.65, SD=0.90, t(365)=13.703, p=0.000$ ); Performance Evaluation ( $M=3.44, SD=0.94, t(365)=8.961, p=.000$ ); and Performance Related Pay ( $M=3.26, SD=0.86, t(365)=5.693, p=0.000$ ). This implies that that there is a high performance work practice and its measures (employee empowerment, training &

Table 3. Respondent’s opinion on High performance work practice and its measures (Employee empowerment, Training & Development, Performance evaluation and Performance related pay).

Variables	One-Sample Statistics				One-Sample Test (Test Value=3)			
	N	Mean	Std. deviation	Std. error mean	T	Df	Sig. (2-tailed)	Mean difference
High performance work practice	366	3.4495	0.70691	0.03695	12.163	365	0.000	0.44945
Employee empowerment	366	3.4556	0.80084	0.04186	10.884	365	0.000	0.4556
Training and development	366	3.6469	0.90307	0.0472	13.703	365	0.000	0.64686
Performance evaluation	366	3.4399	0.93915	0.04909	8.961	365	0.000	0.43989
Performance related pay	366	3.2555	0.85846	0.04487	5.693	365	0.000	0.25546

Source: Field data, 2020.

Table 4. Respondents' opinion on Employee Engagement (vigour, dedication and absorption).

Variables	One-sample statistics				One-sample test (test value=3)			
	N	Mean	Std. deviation	Std. error mean	T	Df	Sig. (2-tailed)	Mean difference
Employee Engagement	366	3.4661	0.57554	0.03008	15.492	365	0.000	0.46606
Vigour	366	3.4167	0.60298	0.03152	13.22	365	0.000	0.41667
Dedication	366	3.6186	0.78944	0.04126	14.991	365	0.000	0.61858
Absorption	366	3.3629	0.64482	0.03371	10.768	365	0.000	0.36293

Source: Authors' survey data, 2020.

Table 5. Correlation results for the selected variables.

Variables	HPWP	EEmp	TD	PE	PRP	EE	V	D	A
HPWP	1	.828**	.882**	.836**	.679**	.452**	.467**	.407**	.276**
EEmp	.828**	1	.650**	.638**	.414**	.367**	.388**	.325**	.222**
TD	.882**	.650**	1	.706**	.473**	.427**	.419**	.416**	.243**
PE	.836**	.638**	.706**	1	.323**	.382**	.386**	.295**	.301**
PRP	.679**	.414**	.473**	.323**	1	.280**	.314**	.277**	.117*
EE	.452**	.367**	.427**	.382**	.280**	1	.880**	.858**	.804**
V	.467**	.388**	.419**	.386**	.314**	.880**	1	.651**	.625**
D	.407**	.325**	.416**	.295**	.277**	.858**	.651**	1	.464**
A	.276**	.222**	.243**	.301**	.117*	.804**	.625**	.464**	1

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

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

Source: Authors' survey data, 2020.

development, performance evaluation and performance related pay) in the Nigerian banks.

One sample t test conducted to ascertain whether the respondents are indifferent on the questions addressing each of the constructs, which operationalise employee engagement presented in Table 4. The results show the mean and the significant level of the variables. Employee Engagement: ( $M=3.45$ ,  $SD=0.56$ ,  $t(365)=15.492$ ,  $p=.000$ ); Vigour ( $M=3.42$ ,  $SD=0.60$ ,  $t(365)=13.220$ ,  $p=.000$ ); Dedication ( $M=3.62$ ,  $SD=0.79$ ,  $t(365)=14.991$ ,  $p=.000$ ) and Absorption ( $M=3.36$ ,  $SD=0.64$ ,  $t(365)=10.768$ ,  $p=.000$ ). The results show the mean scores for all the variables are all statistically significantly different (higher) to the normal test value of 3.0. This implies that that there is employee engagement and its measures (vigour, dedication and absorption)

The correlation between High Performance Work Practice (employee empowerment, training and development, performance evaluation, and performance related pay) and Employee Engagement (vigour, dedication, and absorption) are presented in Table 5. The results show that there is a positive and

Table 6. Research constructs.

Key	Description
HPWP	High Performance Work Practice
EEmp	Employee Empowerment
TD	Training and Development
PE	Performance Evaluation
PRP	Performance Related Pay
EE	Employee Engagement
V	Vigour
D	Dedication
A	Absorption

Source: Authors' field survey data, 2020.

significant relationship among all the selected variables addressing both High Performance Work Practice and Employee Engagement.

### 3.2 Test of hypotheses

The multiple regression analysis for high performance work practice (employee empowerment, training & development, performance evaluation and performance related pay) as predictors of employee engagement is presented in Table 7. The results show high performance work practices significantly explain variance in employee engagement ( $R^2=.21$ ,  $F(4,361)=23.79$ ,  $p<.05$ ), while training & development significantly predicted employee engagement ( $B=.15$ ,  $p<.05$ ), employee empowerment ( $B=.07$ ,  $p>.05$ ), performance evaluation ( $B=.08$ ,  $p>.05$ ), and performance related pay ( $B=.06$ ,  $p>.05$ ) did not significantly predict employee engagement in this study. Hence, we conclude that a combination of high performance work practices (HPWPs) has a significant positive effect on employee engagement.

## 4. Discussion

This study set out with the aim of assessing the relationship between HPWPs and employee engagement. Information in the literature concerning HPWPs interventions and employee engagement in Nigeria is scarce. This study has however, established the

significant positive influence of HPWP (a combination of HR practices) on EE in the Nigerian banking industry.

This finding lends credence to the argument that a bundle of complementary HR practice variables significantly enable a firm to realise its full competitive advantage, yet a single HR practices has a limited ability to create competitive advantage alone (Barney, 1995). The implication is that HPWP intervention would stem the tide of high skilled labour turnover in the Nigerian financial services sector. This study replicates the contemporary research findings in Sri Lanka by Jayarathna, Shermila (2018), revealing a positive influence of perceived HPWP on employee engagement (vigour, dedication and absorption). Moreover, the contemporary researchers Akhtar *et al.* (2016); Nawaz *et al.* (2014) and Ul-Hassan *et al.* (2013) also found in their respective studies that a set of HR practices, *i.e.* training, empowerment and rewards, have a positive and significant impact on EE. This research also found that individual HR practices, except for training and development, did not significantly predicted employee engagement, consequently Hypothesis 1, 3 and 4 were not supported. Based on these findings, one can conclude that a bundle of supportive HR practices can be used to nurture and foster EE in Nigeria. According to Barney (1995), individual human resource practices have limited ability to generate competitive advantage in isolation, but in combination, they enable firms

Table 7. Multiple regression analysis for high performance work practice measures (employee empowerment, training & development, performance evaluation and performance related pay) as predictors of employee engagement.

Source	B	SE B	$\beta$	T	P
(Constant)	2.222	0.137		16.22	0.000
Employee Empowerment	0.071	0.048	0.098	1.479	0.140
Training and Development	0.148	0.047	0.232	3.120	0.002
Performance Evaluation	0.078	0.043	0.128	1.817	0.070
Performance Related Pay	0.059	0.036	0.088	1.637	0.103

$$R^2 = .21, F(4,361) = 23.79, p < .05$$

Source: Authors' field survey data, 2020.

to realise the full competitive advantage. In support of the above, Shangahaidonhi (2014) believed that HR practices bundling is essential to achieve business goals and in turn gain the competitive advantage over rivals, as it is difficult to copy what has been bundled. Furthermore, the research findings suggest that a coherent bundling of HRM practices would activate their complementary and synergistic effects and it is more effective in achieving organisational goals than the individual HR practices (Shangahaidonhi, 2014). In addition, Huselid (1995) noted that HPWP results in substantial positive organisational outcomes by helping to attract, develop and retain highly talented workforce that can help organisations become more effective and achieve sustainable competitive advantage.

By the findings of this research, the implementation of HPWPs in the Nigerian financial sector is imperative, since it would not only improve employees' human and social capital, but also enhance their market value through the training received. This is in line with the argument of Sofijanovna, Zabijakin-Chatlaska (2012) that the HPWPs have set an agenda for creating work environment that attracts and retains people at work, improves adaptability, and creates sustainable work environment that encourages human capital through training and development of skills. This study proved the validity of social exchange theory in the banking sector in Nigeria. The SET postulates that obligations generated through a series of interactions between parties who are in a state of reciprocal interdependence. For instance, if an organisation demonstrates in some ways that it cares about its employees, then, they would feel obligated to the organisation (Ul Hassan *et al.*, 2013) and would be engaged in their work role performances leading to positive organisational outcomes. However, the findings of this research cannot be generalised due to some methodological limitations such as a small sample size, cross-sectional survey and self-reported data.

## 5. Conclusion

This study's main goal was to ascertain the effect of the HPWPs on EE in the banking industry in Nigeria. Based on the findings of this study, the combined elements of complementary HPWPs significantly correlated with EE. They are career development opportunities, employee autonomy, performance feedback and competitive compensation. The study shows that the application of an integrated set of HR practices in managing human capital would help to generate inimitable knowledge and ability that would enhance innovative capacity for competitive advantage (Stiles, Kulvisaechna, 2005). Second, the study also shows that effective application of the HPWPs in managing their human capital enhances EE. Employee engagement would in turn yield positive organisational outcomes such as higher productivity, job satisfaction, customer satisfaction, loyalty organisational commitment, and higher financial performance (Tamkin, 2004; Mansoor, Hassan, 2016). The above implies that EE is desirable in Nigeria to counter the effects of employee disengagement and its negative outcomes (high absenteeism and the turnover rate) which are prevalent in the Nigerian work environment (Allam, 2017; Okpu, Kpakol, 2018). The following are conclusions from the findings of the study. First, career development, employee autonomy, effective performance appraisal, and competitive compensation are the elements of both intrinsic and extrinsic rewards, thus providing for them not only satisfy the socio-emotional and economic needs of the employees, and enhance their job performance, but also engage them literally. This is in line with the social exchange theory, which according to Blau (1964) is limited to actions that are contingent on rewarding reactions from others.

By implication, the findings of this research provide an insight for managing human capital in Nigeria. Employees look towards

rewards and recognition in exchange for their performance (Ibrar, Khan, 2015). Since rewards are both extrinsic and intrinsic, one cannot be promoted at the expense of the other (Ajmal *et al.*, 2015) for effectiveness. Thus, the findings of this study have enhanced our understanding in the application of HR practices in managing skilled labour in Nigeria. HR practitioners in the financial services sector and beyond should have a second thought about their HRM practices.

### 5.1 Contribution of the Study

This study is one of the earliest studies to extend the debate of EE to the Nigerian banking sector, as there has not yet been any empirical research on employee engagement antecedents in the Nigerian banking industry (Egwuonwu, 2015). The predictors provide statistical evidence that the HPWPs directly influence EE in the banking sector in Nigeria. Second, the study has extended our knowledge and understanding of people management in organisations. Earlier studies focused on the use of single HR practices to assess their influence on constructs such as job satisfaction or employee commitment (Terera, Ngirande, 2014; Ayinla, Ajibade, 2014), which are close constructs to EE. However, our findings suggest the primacy of combined complementary HR practices, forming a coherent bundle which can be used to nurture employee engagement whose positive outcomes include job satisfaction and organisational commitment among others (Ramadani *et al.*, 2014). This confirms the social exchange theory, which postulates that social behaviour or actions are contingent on the rewarding reactions from others.

### 5.2 Managerial Implication

This study highlights the important influence of the HPWPs on EE, which Mone, London (2010) claimed leads to high levels of performance in organisations. This study provides strong evidence of the positive significant relationship between combined

complementary HR practices and employee engagement. It provides a strong message to the HR practitioners in the Nigerian banking industry and beyond on how to enhance and maintain employee engagement in their respective firms. Consequently, if the managers in the Nigerian banking industry would empower, train, effectively evaluate, and fairly compensate their employees, they would in exchange receive positive outcome of employees' engagement. In this regard, the researchers recommend that HR practitioners and management in Nigerian financial organisations must ensure that supervisory and organisational support policies should be in place to enhance employee engagement.

### 5.3 Implication for researchers

This explanatory study, conducted based on a cross-sectional survey, raises some opportunities for future researchers to extend the knowledge. For instance, a cross-national comparative research study may elaborate on our novel findings in other contexts. A cross-national comparative study is a research methodology, which aims to comparisons across different countries and cultures.

### 5.4 Limitations and future research

The major limitation of this study consists in the restriction of the choice of the sample to one sector in the economy. A sample taken from across sectors in the economy would have increased its external validity of the results, thus enabling the researchers to generalise the findings. The cross-sectional research design study domiciled in Lagos metropolis and reliance of self-report to gather information are further limitations for the study. Moreover, focusing the study of HR practices and EE on senior staff (middle management and bank officers' team) alone, excluding the executive management team is another notable limitation.

To garner deeper understanding of the relationship between HR practices and EE in Nigeria, a longitudinal research design

would be more appropriate. The cross-sectional design collects information at a specific point in time, while the longitudinal methodology observes the identical subjects over a long period of time in order to detect changes or development. Thus, a longitudinal study would help to establish the cause and effects relationship between a bundle of HR practices and EE.

### 5.5 Suggestion for future research

Following our findings, there are still numerous research gaps in our knowledge of HR practices, which influence employee engagement in Nigeria. There are multiple HR

practices of which this present study selected four to examine their relationship with employee engagement. Further research might select other constructs such as the leader-member exchange (LMX) or job security, as additional predictors of EE. It would also be helpful to capture qualitatively the experienced perception of HR practitioners who have mixed or negative experience with the practices that could influence EE. Finally, future research should not only replicate this study in other sectors of the economy such as the manufacturing sector, but also conduct a longitudinal research study on the influence of a bundle of HR practices on EE.

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