The Mediating Role of Employee Engagement in the Relationship between High Performance Work Practices and Job Performance

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Abstract

Modern organizations bank upon High Performance Work Systems to optimize the potential of their human resources. Drawing upon Job Characteristics Theory (Hackman and Oldham, 1975) and Social Exchange Theory (Blau, 1964), the present study explores the direct effect of HPWPs (High Performance Work Practices) on job performance and the indirect effect through mediation of employee engagement. This paper studies HPWPs through three variables i.e. employees' awareness level, availability of HPWPs and employees' perception regarding effectiveness of HPWPs. Path model has been developed and analyzed using Amos. Full mediation effect of employee engagement is observed. HPWPs and job performance are also found to be highly correlated. Practical significance, limitations and scope for future research have also been discussed.
Introduction
The concept of human resource innovation and reengineering got a strong up-thrust with the emergence of High Performance Work Systems. The first decade of the twenty-first century has witnessed an extraordinary growth in the amount of human resource literature investigating the nature of High Performance Work Practices (HPWP) and their impact on employee and organizational outcomes. The positive outcomes identified include productivity gains, profitability, low staff turnover, better teamwork, enhanced training and skills, greater staff commitment and higher earnings for employees. HPWS leads to a 'win-win' scenario (Rousseau, 1995). US studies found that while employers gained improved product quality, productivity and profitability, employees benefited from higher levels of wages and job satisfaction (Ichniowski et al., 1997; Appelbaum et al., 2000).

Punia and Garg (2014) introduced three important variables that must be considered for successful implementation of any high performance system. The variables are employees' awareness of HPWP, availability of HPWP and employees' perception regarding effectiveness of these practices. However, a direct impact of these three variables with performance remains to be investigated.

Further, the social exchange and job characteristics theories explain the route through which HR practices result in a high level of performance by the employees. Both theories directly or indirectly state employee engagement as a mediating variable. While the social exchange theory directly considers employee engagement as a mediator, the job characteristics theory indirectly assumes so. The present paper also explores these assumptions i.e. mediating effect of employee engagement in the relationship between HPWP and Job Performance. A brief description of the theoretical background, previous studies and hypotheses development is given herewith.

THEORETICAL BACKGROUND AND HYPOTHESES
HPWP and Job Performance
There is ample empirical evidence about the impact of HPWS on productivity and profitability of employees (Kuhlmann, 2004). High Performance Work Practices have been found associated with increased organizational agility and innovativeness (O’ Regan, 2011), which are key ingredients of performance excellence. A systematic implementation of high performance work system through restructuring of the whole work system and not individual HR practices is a key element to achieve positive effects linked with greater work place efficiency (Appelbaum et al., 2000). Darr et al. (2014) stated that proper implementation of HRM practices makes employees motivated which result in improved organizational performance. Karapteet al. (2014) concluded that HPWP may lead to creativity, performance and loyalty among employees. Another set of researchers have argued that one way to increase employee work outcome is through enrichment of the job. HPWS includes three fundamental concepts- enriching the job, empowering the employees and streamlining the work process. The theoretical basis for enrichment efforts of jobs is the Hackman and Oldham's (1975) job characteristics theory. The theory states that higher work performance and work motivation could be achieved through designing the job in a way that it maximizes (1) skill variety; (2) task identity; (3) task significance; (4) autonomy and (5) feedback. Wood (1999) concludes that these practices concentrate on empowering and enriching employees through increased information flows and devolution of decision making. Thus they are
associated with increased productivity and loyalty of the employees. Other scholars like Ichniowski et al. (1999), Arthur (1994), Huselid (1995), MacDuffie (1995) have also hinted at a positive relation between HPWS and employees' productivity and performance. Thus, it is likely that high performance work practices have a greater positive impact on performance of the employees. The present paper explores three dimensions of HPWPs - employees' awareness level, availability level of HPWPs and employees' perception regarding effectiveness of HPWPs. The presence of HPWPs has been studied in previous studies but this paper investigates the relationship between awareness and the level of effectiveness with job performance as suggested by the following hypotheses.

**Hypothesis 1:** Higher awareness of employees has a positive impact on their performance.

**Hypothesis 2:** Greater availability of HPWPs leads to higher level of work performance.

**Hypothesis 3:** Employees' perception has a positive impact on job performance of the workers.

**HPWPs and Employee Engagement**

Previous researchers have highlighted the positive alliance of implementation of various human resource practices with engagement level of the employees. Masroor and Fakir (2009) conducted a research on nurses of Malaysia. The study revealed that with effective use of HRM practices, the level of intention to leave the job is considerably reduced. HRM practices are viewed by employees as a 'personalized' commitment of the organization towards them. This systematic organizational effort for the betterment of employees is reciprocated to the organization by employees through positive attitudes and behavior (Hannah and Iverson, 2004). The Social Exchange Theory (Blau, 1964) provides a strong basis for this relationship. HR practices increase employee participation, team building and total quality management that results in lower turnover intention and increased satisfaction and engagement of the employees (Huselid, 1995, Pfeffer, 1994, Cho et al., 2006). Further, contemporary research work on HPWS reveals that organizations offer resources and opportunities that improve the motivation, skills, attitudes and behaviors of their employees (Kuvaas, 2008), hence involvement and commitment of employees increases (Takeuchi et al., 2007). Owing to a strong relationship between performance practices and employee engagement, these practices are also known as 'high commitment' or 'high involvement' practices. Guthrie et al. (2009) concluded that HPWS results in high labor productivity and lower labor costs. Wright et al., (1994) regarded human resource practices as an instrument through which employees' perceptions, attitudes, and behaviors could be guided. Hence, they affirmed that the role of human resource practices in enhancing employee engagement cannot be overlooked. Another line of thought found inconclusive evidence between the two variables. Sgobbi and Cainarce (2015) found that the relation between HPWPs and employee involvement are inconclusive unless the structures of the HPWPs and the mechanisms supporting employee involvement are taken into account. The authors argued that HPWPs are associated with higher wages for core employees only when practices align with an ideal type. Also HPWPs could result in higher wage equality only when they emphasize training, competence enhancement, and power delegation. Although the relationship between HRM and employee engagement is studied in great depth, the study of correlation between HPWS and engagement level is still at a nascent stage. The following three hypotheses...
tend to explore this hidden area of investigation. **Hypothesis 4**: Higher awareness of employees has a positive impact on their level of engagement. **Hypothesis 5**: Greater availability of HPWPs leads to higher level of employee engagement. **Hypothesis 6**: Employees’ perception has a positive impact on their level of engagement.

Employee Engagement and Job Performance
Employee engagement comprises of cognitive, emotional, and behavioral components that are associated with individual role performance (Saks, 2006). Enhancing engagement creates a compelling competitive advantage for the organization and offers better opportunities to employees to perform (Shuck et al., 2011). A higher level of engagement gives an impetus to employee effectiveness, innovation and competitiveness (Welch, 2011). According to the Job Demands – Resources Model, work engagement has a positive impact on job performance and employees. Employees who are engaged and perform well are able to create their own resources, which then foster engagement again over time and create a positive gain spiral (Bakker and Demerouti, 2008). Job engagement is significantly positively related to job satisfaction, organizational commitment and organizational citizenship behavior (Saks, 2006). Shuck et al. (2011) conducted a study among workers in the service, manufacturing, professional and non-profit industries. They conclude that engaged employees perform better than their less engaged counterparts because they are more immersed in their work and they celebrate more about their work, which helps them to produce innovative solutions. Employee engagement is a major driver to innovative work behavior (Slatten and Mehmetoglu, 2011). Research shows that high levels of engagement are negatively related to burnout and positively associated with well-being of employees (Bakker et al 2008; Schaufeli and Bakker 2004). Ahmad et al. (2014) found a strong association between high involvement management and employees’ performance. Thus it is likely that employee engagement has a positive impact on performance level of the employee as suggested by the following hypothesis. **Hypothesis 7**: Employees’ engagement has been positively related with their performance.

Mediating Effect of Employee Engagement
The mediating effect of employee engagement within the practices-performance causal linkage is based on two broad theoretical arguments. The first is the ‘high involvement’ (HI) perspective. The high involvement perspective states that HPWPs affects workers’ performance through empowerment, ownership of decisions, job autonomy/discretion and participation. Researchers have indicated that although HI practices vary greatly in their emphasis and implementation, the bundle of practices tend to leverage productivity of workers by engaging workers in a more responsible as well as more responsive manner. The overall impact is engaged and smarter workers (Becker and Gerhart, 1996; Whitfield and Poole, 1997). Thus high involvement perspective states with institutionalizing HPWS leads to engaged and involved employees and hence, their job performance increases.

The second theoretical argument is the ‘High Commitment’ (HC) approach. This approach explains the practice-performance linkage through a ‘cultural/motivational’ perspective. The approach states that workers’ performance is augmented from loyalty and sharing of organizational goals and also from synchronization of personal and organizational pursuits. A greater level of performance is derived
Research Framework

The main aim of the present research is to explore the mediating effect of employee engagement in relationship with HPWPs and job performance. The research setting for this empirical analysis is manufacturing and service companies located in National Capital Region (NCR), India. The framework is considered an apt one to analyse the association between employees' awareness and perception for High Performance Work Practices and its effects on job performance. NCR is the hub of MNCs that places ample emphasis on high performance practices and the ripple impact could be observed in other firms of the area too.

Data Collection and Sample:

Random sampling has been used to collect data from various organisations. The industries mainly include banking, insurance, textile, BPO, sugar, shoe, consultancy, cold drink, rice, etc. situated in NCR. The sample size is 210 respondents. Employees were taken from top and middle levels as they are more likely to encounter HPWPs. For analysis purposes, it has been strictly ensured that an array of manufacturing, service, private, public, Indian and foreign companies are approached. Further, it has been ensured that data has been obtained from all categories like men, women, highly experienced to less experienced ones, aged personnel to fresh recruits, etc. Respondents were approached by three methods of primary data collection. Employees of various organisations were contacted either by the authors or through any known person or via email. Respondents’ anonymity and confidentiality were guaranteed by assuring them that the authors would keep the data confidential and not release it in the public domain to avoid detection of any specific employee or organisation. A response rate of 55 per cent completed questionnaires was received.
via email. Reminder emails were used as a method to improve the response rate. Healey (1991) proposes that a response rate of 50 per cent is acceptable (Saunders et al., 2000). The sample of 210 comprises of 82 respondents from Public Sector Units (PSUs) and the remaining from private companies. Further, the sample size consists of 126 respondents from the services sector and the remaining 84 from the manufacturing sector. Female respondents comprised of 49.5%, which means 104 of the total respondents, and male employees contributed 51.5% that is 106 of the total respondents. The study revealed that out of the total sample surveyed, 11.91% of them were below the age of 25 years; 44.7% of respondents were within the age category of 26-35 years; 19.5% were within the age range of 36-45 years; 14.20% were within the age group of 46-55 years and the remaining 9.52% were above the age of 55 years. Majority of the survey's participants (38.09%) have been employed for more than 5 years. 33.33% of employees had 5-10 years of work experience while 28.52% had more than 10 years of work experience. 57.10% of respondents were graduates. Out of 200 respondents, 70 were under-graduates and only 20 were post-graduates.

The study is based upon an exploratory-cum-descriptive research design. Primary data is collected through a structured questionnaire consisting of 35 HPWPs. Part A of the questionnaire captures the respondents' demography such as age, gender, work experience and educational qualifications, and has been analysed using descriptive statistics. Part B and Part C consist of 35 HPWPs questions. Part B measures employees' awareness for HPWPs and Part C assesses workers’ perception regarding effectiveness of HPWPs. Five-point rating scales ranging from highly available to unavailable and from highly effective to ineffective have been used. Part D explores the availability of HPWPs through a five-point rating scale ranging from 'unavailable' to 'highly available'. Part E investigates the employee engagement level with the help of 72 statements. The main constructs of employee engagement were work environment (14 statements), leadership and direction (11 statements), relationship with immediate seniors and co-workers (14 statements), compensation programme (4 statements), job security and career development (7 statements), policies and work procedures of the company (6 statements), work-life balance (6 statements), and workplace well-being (10 statements). Part F explores the job performance of the employees with the help of 20 statements.

**Design and Procedure**

Mediation is studied through two methods i.e. through Structure Equation Modelling using AMOS and through procedure adopted by Baron and Kenny (1986). Baron and Kenny (1986) suggested five steps to study the effect of mediation of any variable.

1) The first step establishes the direct effect that may be mediated by the mediator. The effect of independent variable (X) on dependent variable (Y) is depicted through the following regression equation.

\[ Y = \alpha + aX + e \] (Direct effect)

2) The effect of independent variable on mediating variable (M) is observed through the following regression equation.

\[ M = \alpha + bX + e \]

3) The effect of mediating variable (M) on dependent variable (Y) is observed through the following regression equation.

\[ Y = \alpha + cM + e \]

4) The independent variable is controlled to establish the relationship of the dependent variable with the mediating variable that is not on account of
the independent variable.

\[ Y = \alpha + dX + eM + \epsilon \]

5) The equation in step 4 is used. The relationship of the dependent and independent variables is observed after controlling the moderating variable. The mediating effect is present if \( d \) is significantly less than \( a \). And if \( d=0 \) then the complete mediation is present.

6) The significance of the mediating effect is tested using the Sobel test. The mediating effect is equal to \( a-d \) or \( b^c \). If \( z \)-value exceeds the critical value (±1.96) at 95% level of significance, then one can reject null hypothesis (Implied in the Sobel test) i.e. there is no mediating effect.

The Sobel test assumes normal distribution of the data. Preacher and Hayes (2004) recommended the bootstrapping method to overcome this debatable assumption. A confidence interval is derived using the bootstrapping sampling distribution method.

Another method to test the effect of the mediating variable is structural equation modelling (SEM) using AMOS. Bryne (2001) stated that SEM is increasingly becoming popular for modelling the relationship between observed and latent variables. The methodology developed by Rai and Singh (2013) has been used herewith. The fit of the model is seen from two aspects: overall and relative fit. Two measures of overall fit are chi-square and Standardized Root Mean Residual (SRMR). Chi-square tests that factor loading, factor variance/covariance and error variance specifications are valid for the model. SRMR is the average difference between predicted and observed variance and covariance in the model. Its value ranges from 0 to 1 and a well fit model has a very low value (less than 0.05). Two other measures are used to access relative fit - Tucker Lewis Index (TLI) and Root Mean Square Error of Approximation (RMSEA). A value less than 0.05 of RMSEA confirms good fit and value in the range of 0.05 to 0.08 indicates reasonable fit. Values between 0.08 and 0.1 show mediocre fit and value greater than 0.1 signifies poor fit. TLI ranges from 0 to 1 and a higher value (close or above 0.95) indicate good fit.

In SEM, the relationship of dependent and independent variable is adjudged through critical ratio. Critical ratio is calculated by dividing unstandardized estimate of regression coefficient with its standard error. The direct effect is statistically significant if probability value of critical ratio is less than 0.05. Mediating effect is present if presence of mediating factor decreases the direct effect of the independent variable on the dependent variable. Significance of mediating effect is studied by comparing two models - model one, when regression weight of independent variable on dependent variable is freely estimated, and in model two, regression weight is taken as zero. The difference of chi-square in these two models is observed. A low value indicates partial mediation while zero difference highlights complete mediation.

The same methodology has been adopted by various researchers to explore the mediation effect of a variable. A few noted scholars of the field are Darr et al (2014), Jiony et al (2015), Karapeta (2014), Sgobbi and Cainarca (2014) and Ahmad (2014). The researchers have claimed that regression analysis is one of the good methods for mediation analysis. Any deviation on impact of independent variable on dependent variable due to addition of mediating variable is a clear sign of mediating effect. The method is easy to understand and the results are also simple to comprehend. Further structure equation modelling is
increasingly becoming popular for data analysis. Rai and Singh (2013) are among the pioneers who elaborated a sequence of steps to explore mediation effect. The basic theme of both methods (regression and SEM) is somewhat similar. SEM uses two models i.e. when regression weight is freely estimated and secondly when regression weight is taken as zero. The first model is equivalent to the situation when regression analysis is done without introducing the mediator and the second model indicates the scenario of the regression equation after the introduction of the mediator variable. Thus both methods are appropriately selected in the present study.

RESULTS

Table-1: Direct Effect of Employees’ Awareness of HPWPs on Job Performance

| Model – 1 |  
| --- | --- |
| Awareness Level | 0.782 |  
|  
|  
| Job Performance |  
|  
| AMOS RESULT (N=208) Regression Weight | Unstandardized Estimate | S.E. | C.R. | Standardized Estimate |
| Job Performance – Awareness Level | 0.857 | 0.140 | 6.121* | 0.782 |
| Selected Fit Measures | Chi-Square Diff. | SRMR | TLI | RMSEA |
| 16.257 | 0.0374 | 0.984 | 0.048 |

*Significant at p<.05

Table-1 shows support for hypothesis 1 that awareness level of employees has a positive impact on performance of the employees. The result of the structured equation model (Table-1) states that the critical ratio is significant at p< .05 which means job performance is statistically positively correlated with employees’ awareness level. The model of fit is also good as value of Chi-square at 7 degrees of freedom is 16.257 which is again significant at 95% degree of significance. Value of SRMR and RMSEA is less than 0.05 and that of TLI is above 0.95, which confirms model fit.

Table-2: Direct Effect of Availability Level of HPWPs on Job Performance

| Model – 2 |  
| --- | --- |
| Availability Level | 0.624 |  
|  
|  
| Job Performance |  
|  
| AMOS RESULT Regression Weight | Unstandardized Estimate | S.E. | C.R. | Standardized Estimate |
| Job Performance ← Availability Level | 0.712 | 0.121 | 5.88* | 0.624 |
| Selected Fit Measures | Chi-Square Diff. | SRMR | TLI | RMSEA |
| 12.311 | 0.0478 | 0.99 | 0.039 |
Table-2 represents the result of SEM of availability of High Performance Work Practices and job performance. Significant value of critical ratio at 95% degree of significance states that job performance may be induced significantly by the level of availability of high performance practices. Value of chi-square (12.311 with degree of freedom as 6) is statistically significant which means model is fit. Values of SRMR, TLI and RMSEA also confirm the same.

Table-3 highlights the result for the third model. Third hypothesis is accepted here which means employees’ perception for HPWPs is positively associated with performance of the employees. Critical ratio is found to be significant at 99% degree of significance. Value of Chi square and other parameters like TLI indicates model fit. The first three hypotheses are accepted and the direct effect of awareness, availability and effectiveness levels with performance is proved herewith. Further, the indirect effect is analyzed through two methods: via SEM and via correlation.

Table-4: Mediating Effect of Employee Engagement (Awareness Level and Job Performance)
Table-4 represents the result of the structured equation modeling and of mechanism adopted by Baron and Kenny (1986) to study the mediation effect. Awareness level for high performance practices is found to have a positive impact on employee engagement (Critical value= 7.177 which is significant at 95% level of significance). Hence, hypothesis no 4 is accepted. Similarly the seventh hypothesis is also validated which means employee engagement is significantly associated with job performance. Furthermore, employee engagement is found to have complete mediating effect on relationship of awareness level and job performance. Also the association between awareness level and job performance is found to be statistically insignificant in the presence of engagement level. Chi square value of 15.311 with 8 degrees of freedom is significant for p<.01; thus the model is fit. SPSS results also confirm that engagement has complete mediating effect as T-value is insignificant when engagement level is taken as constant. Further, the Sobel test is applied to check significance of mediation effect. Z-value is significant for p<.05 which means mediation effect is significant. Mean value comes within confidence interval derived through boot strapping for both p>.05 and for p<.01. Thus the debatable assumption of normal distribution is also discarded here.

<table>
<thead>
<tr>
<th>Equation</th>
<th>Coefficient</th>
<th>S.E</th>
<th>T-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equation 1</td>
<td>0.869</td>
<td>0.128</td>
<td>8.35</td>
</tr>
<tr>
<td>Equation 2</td>
<td>0.910</td>
<td>0.214</td>
<td>9.63</td>
</tr>
<tr>
<td>Equation 4 (X constant)</td>
<td>0.887</td>
<td>0.110</td>
<td>10.33</td>
</tr>
<tr>
<td>Equation 4 (M constant)</td>
<td>0.114</td>
<td>0.123</td>
<td>1.24</td>
</tr>
</tbody>
</table>

### Bootstrap Result (Number of bootstrap samples= 2000)

<table>
<thead>
<tr>
<th>Effect</th>
<th>Mean</th>
<th>S.E</th>
<th>LL 95% CL</th>
<th>UL 95% CL</th>
<th>LL 99% CL</th>
<th>UL 99% CL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.896</td>
<td>0.352</td>
<td>0.524</td>
<td>1.024</td>
<td>0.426</td>
<td>0.982</td>
</tr>
</tbody>
</table>
Availability level is reported to have a positive engagement with employee engagement (Critical ratio =5.940 which is significant at p<.05); thus it validates hypothesis no. 5. Further employee engagement is again found to have complete mediating effect on relationship of availability of HPWPs and job performance. Bracketed value (0.001) is the standardized estimate of correlation between availability and performance in the presence of employee engagement. Critical value of corresponding estimate is not significant. Value of Chi-square, TLI and SRMR confirms model fit. Results of SPSS also validates complete mediation as T- value (1.002) is insignificant at p<.05. The Sobel test with Z-value= 5.236 (which is significant at p<.05) also states that mediation effect is significant. Bootstrap result negotiates the debatable assumption of normal distribution.
Employees’ perception regarding effectiveness of HPWPs is concluded to have statistical significant correlation with employee engagement, which legalizes hypothesis no. 6. Here, the engagement level is revealed to mediate partially the relationship between effectiveness level and job performance. The relationship between performance and effectiveness level is reported significant (critical ratio = 3.11 which is significant at 95% degree of significance) even in the presence of employee engagement. This significant relationship states that employee engagement has a partial mediating effect on relationship between effectiveness and job performance. SPSS result also confirms the same partial mediation. The Sobel test and bootstrap results also favor significant partial mediation.
Discussion and Conclusion

The paper empirically proves the direct and indirect relationship of modern HR practices and job performance. Researchers like Purcell et al (2003), Guthrie (2001), Sesil et al (2001), Kruse (2002), Evans and Davis (2005), Hartog, Boselie and Paauwe (2004) etc. reported a positive relationship between HR practices and performance of the employees. Although various researchers found a positive relationship between HPWPs and performance, the present paper explores three relatively newly devised variables (awareness, availability and perception for effectiveness) of HPWPs for any possible relationship with performance. The relationship between these variables and job performance has not been examined previously. Organizations which have an aspiration to increase the performance of their employees through institutionalization of HPWPs are suggested to also keep an eye on these three variables. As per observations of the present study, a higher level of awareness for HR practices will lead to more benefit from these practices in terms of employee job performance. Similarly, an organization must induce positive perception for availability and effectiveness of high performance practices to accrue maximum benefits from the HR system. It means that if an employee perceives performance practices effective, then it will promote higher performance than the performance of the employee who regards HPWPs ineffective or partially effective. Thus the present paper reaffirms the suggestions of Punia and Garg (2012).

The present study also provides empirical evidence of social exchange theory and job characteristics theory. Employee engagement is observed to have a complete/partial mediation effect on relationship of High Performance Work Practices and Job Performance. In simple words, implementation of High Performance Work Practices leads to employee engagement and consequently highly engaged employees perform better. It validates tenets of social exchange theory i.e. HR practices are considered as personal commitment of the organization towards employees and the employee reciprocates with a higher level of commitment and engagement. Thus the impact of employee-friendly practices is seen in the form of increased job performance of the employees. Further, High Performance Work System characterizes practice that leads to task identity, autonomy, skill variety i.e. empowerment and engagement of employees. It indicates improved job performance and hence validates job characteristics theory.

Employee engagement has been explored previously for any possible mediation effect. It is also found to mediate the association of HR practices and performance. The present study is a pioneer in exploring mediation effect of association between HPWS and employee engagement in Indian settings. Although individual practice has been linked to job performance through employee engagement, a bundle of practices i.e. HPWS is also found to be linked with performance through employee engagement. It means that as employees’ knowledge and awareness for performance practices surges, employees’ engagement level also rises. A highly engaged workforce is an indicator of improved performance. Findings also suggest that when an employee perceives HR practices as favorable and effective, he is more inclined towards the organization. This sense of belonging results in improved job performance.

High Performance Work System has revolutionized the field of performance management and performance...
maximization. Various variables that result in better utilization of work systems have been studied previously. Among them, performance management is one of the crucial variables that organizations need to take care of in today’s scenario. It is important for organizations to achieve economies of scale. Human resources are the resources which are responsible for the movement of other resources in the organization. Thus, this can be done only with the help of performance of human resources of the organization. Modern HR practitioners have started to explore every aspect related to personnel from two perspectives i.e. management perspective and employees perspective. It is obvious, when management decisions concern employees the most, their perception and knowledge should get utmost importance. It could facilitate resistance free adoption and also assure maximum accruing of benefits. The present study has successfully institutionalized three more variables i.e. awareness, availability and effectiveness levels as factors of maximizing performance through implementation of any performance system. Both high performance practitioners and academicians are suggested to include these variables in their pursuit of performance maximization. Employee engagement has been reported as a mediating factor that links HPWPs to job performance. The social exchange and job characteristics theories are also empirically validated in the present paper.

This study has sought to investigate the mediating effect of employee engagement in the relationship between HPWPs and job satisfaction in Indian settings. The finding offers strong support that employee engagement is the way through which job satisfaction of the employees could be increased with the aid of HPWPs. This strengthens the argument that employee engagement at work should be pursued as both a dependent variable (result) and also as an independent variable (cause). In simple words, employee engagement itself is the end result of HPWPs; it also leads to job satisfaction. If employees perceive that modern HR practices are equally beneficial for them, then it is likely that this can affect workers’ engagement and satisfaction, which in turn, produces positive performance outcomes. Wayne et al. (1997) assert that employee engagement depends on employees’ perceptions of how devoted the paying organization is to them. This can be demonstrated through institutionalization of High Performance Work System by the organization that benefits the employee, leading to the supposition that the company cares for the welfare of its employees. Therefore, the principal concern for any organization, especially the HR manager, should be to promote the opportunity for employee involvement, training and career development, as well as to ensure that employees are dealt with fairly, and given support for performance optimization.

There are many practical implications that could be drawn from these findings. Managers who are responsible for the execution of HR practices will be fascinated to know that by promoting employees' awareness and perception for HPWPs, they can influence the degree to which employees are positively or negatively satisfied with their job. And by ensuring employee engagement at the work place, managers can contribute in building a workforce, which is more satisfied with their job. This leads to enhanced performance, reduced absenteeism and turnover. The management could explore various awareness and perception building initiatives like seminars, lectures, workshops, cross-industry training, etc. to strengthen employees’ awareness and perception. This facilitates change management.
through unfreezing the old values and norms and by internalizing new norms and values.

Given the preliminary nature of this study, further research needs to be conducted on awareness and perception for HPWPs, their successful implementation, employee engagement and performance relationship. The importance of exploring further understanding of supplementary constructs that might be included in the promotion of job satisfaction at work is vital to these relationships. Future researchers could take this initiative to higher levels. Individual related factors like attitude, belief system, values, etc. could also be explored for their possible mediating effect. Now employee engagement, job satisfaction and HPWPs could be explored further by utilizing results of the present research work. This study could be conducted in different organizational settings, sizes and culture. The present study also has theoretical significance. It could highlight the scarcity of studies on employees' perception and awareness for HR practices. The present work will help to establish perceptual effectiveness and awareness as two important paradigms of optimization of HPWS. The linkage between HPWPs and job satisfaction has been recognized previously too but more importantly, nine constructs/factors of High Performance Work System have been associated with job satisfaction through employee engagement. The study concludes that organizations are required to focus on awareness and perception of employees to derive utmost benefits from linkage of HPWPs and job satisfaction.

The study has a few limitations too. Firstly, a larger sample size would have made the study more worthwhile. Secondly owing to lack of previous observations, results of the study could not be compared for continuity or deviation. Further, the sample is taken only from the NCR region, thus representativeness of sample is also a matter of concern. In conclusion, adequate investment in employees propels the laws of reciprocity as establishments who have embraced and embedded this concept in their culture will reap that which they have sown.
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