

EXPLORING SOCIAL EXCHANGE THEORY IN INDIAN CONTEXT

Naval Garg*, B. K. Punia**

Abstract *Social exchange theory has been applied in diverse fields like psychology, economy, business etc. Contemporary researchers have started to apply the same in the dynamic field of Human Resource also. Present study tends to explore applicability of the theory in Indian setting by exploring association between High Performance Work Practices (HPWPs) and employee commitment, engagement, motivation and attrition intent. Thirty five HPWPs categorized into nine factors have been used in the study. Finally employee engagement, motivation, engagement and attrition intent has been found to have an association with job performance of the employee. Paper successfully establishes that availability of HPWPs increase employee commitment, motivation etc. and they in turn enhances employee performance. Thus give and take circle of social exchange theory is completed and it establishes applicability of the theory in Indian settings.*

Keywords *Social Exchange Theory, Commitment, Motivation, Engagement, Attrition Intent, Job Performance*

INTRODUCTION

Social exchange at workplace is governed by classified rules and social practices that are designed to instill a positive and mutual beneficial atmosphere for both parties. Both players must perceive these rules or practices as valuable and complementary. For a successful social exchange (Schaninger and Turnipssed, 2005), the employer and the employee must contribute or provide something that is perceived as being valuable (Cropanzano and Mitchell, 2005). Mauss (1954) states that social exchange is structured around three obligations: the obligation to give, to receive and to return. Both parties are equally obliged by these three conditions of social exchange. Further Blau (1964) concludes that exchange is not confined to only material or tangible items. One can reciprocates intangible but valuable item. For example, individuals may exchange advice, support, recognition or even benevolent behavior such as helping. Gouldner (1960) elaborates the concept further through addition of deferred reciprocation. He explains that one may agree to pursue exchange if, in return, they receive things (whether tangible or intangible) of comparable value to those scarified, even if the return is deferred over a period of time. Thus reciprocity becomes a moral norm.

Cropanzano and Mitchell (2005) argue that social exchange theory is one of the most persuasive theoretical paradigms for understanding human behavior at the work place. One of the most fundamental construct of the social exchange paradigm is the fulfillment of mutual obligations between employer and employees. When an employer demonstrates a willingness to create a healthy, happy and safe workplace, a sense of reciprocal obligation emerges among employees. It

leads to increasing desirable outcomes such as extra efforts at work and decreasing undesirable outcomes such as intent to leave. Paille' et al. (2010) find that when an employer demonstrates a high level of concern for its employees, the employer becomes trustworthy in the eyes of employees. The employees are then reported to be more satisfied and are also are found less likely to exhibit a desire to leave and are revealed more willing to make extra efforts at work.

Effective HRM system recruits and inducts quality employees, motivates and directs them to maximize performance and helps meet their psychological, esteem and social needs. This leads to establishment of long term relationship with skilled, satisfied, motivated and happy employees (Stewart and Brown, 2011). HRM focuses on employees of the organizations. Human resources are a major constituent of any organizations. Organizations with more productive and efficient work force tend to be more successful and profitable. Employee productivity increases when organizations hire and motivate employees effectively. Good human resource practices create more satisfied and more motivated employees (Stewart and Brown, 2011). It is imperative that management retains its best employees and keeps them committed to the organization in order to attract other quality employees (Zaitouni, Sawalha and Sharif, 2011). With the high costs involved in employee selection and recruitment, companies are increasingly concerned with retaining employees.

Social exchange theory suggests that employees and employers are in a symbiotic relationship with each other. The theory states that when employees find themselves to have been treated and cared well by their employer then the employees are more likely to reciprocate positively in

* Administrative Officer, Oriental Insurance Company Limited, India. Email: naval.garg785@gmail.com

** Vice-Chancellor, Maharshi Dayanand University, Rohtak, Haryana, India.
Email: bkpunia@gmail.com

terms of increased investment of their energies into their work. Employer plays their part through employee friendly HR policy such as through allocating interesting, varied and autonomous work to employees. Employees are believed to revert through higher level of job performance. A number of researchers have tried to explore Social exchange theory in the context of functions of HR department of the organization. Previous researchers have reported that increased attention for employee friendly HR practices leads to enhanced performance through higher level of commitment and engagement level. These findings provide a useful benchmark for improving our understanding of what the social exchange theory framework adds to the study of relationship of performance and HRM.

Blau (1964) reveals that social exchange is based on the norm of reciprocity. Gould Williams and Davies (2005) explain that management expects recognition, empowerment and investment in human assets will be reciprocated by the employees. This relationship of mutual dependence for benefits creates an atmosphere of trust and openness in the organization. And this climate of trust binds the organization and the employee together. Many studies suggest that the influence of HRM practices job performance is not direct but indirect through the psychological links of commitment, engagement, motivation etc. as suggested by the social exchange theory (Kinicki et al. 1992; Whitener, 2001; Agarwala, 2003; Gould-Williams, 2003). Hence, both organizations and employees need to develop and fulfill their psychological contracts by creating a climate of trust.

In this context, present paper tries to investigate the effect of modern HR practices (High Performance Work Practices) and employee commitment, engagement and motivation level. Attrition intent is also explored in terms of high performing practices. Thus present study explores applicability of social exchange theory for HR practices implemented in Indian organizations.

LITERATURE REVIEW

High Performance Work Practices

Contemporary research work on 'best practice' i.e. high performance and human capital instrumental human resource management (HRM) revealed that organizations offer resources and opportunities that improve the motivation, skills, attitudes and behaviors of their employees (Kuvaas, 2008). And hence involvement, engagement and commitment of employees increase. These modern best HR practices have been synchronized to institute a system known as High Performance Work System. High Performance Work System has been defined as 'a group of separate but interconnected HR practices designed to enhance employees' skills, knowledge and efforts' (Takeuchi et al., 2007). Major constructs of HPWS includes practices related to structured and holistic approaches

to recruitment and selection, training and development of both general and job specific skills, pay based on performance and merit, other incentive based compensation plans, information sharing and Management Information Systems, rigorous performance and potential appraisal processes (Datta et al., 2005, Huselid, 1995). Owing to 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 High Performance Work Systems, a set of complementary HRM and management policies and practices tend to have lower rates of employee absenteeism and voluntary turnover along with high labor productivity and lower labor costs. HPWPs are thought to endow employees with greater levels of skills, information, motivation and discretion. Wright et al., (2000) regarded human resource practices as an instrument through which employees' perceptions, attitudes, and behaviors could be guided. They affirmed that the role of human resource practices in enhancing employee engagement, commitment and motivation cannot be overlooked. Previous studies related to impact of HPWPs has been studied in detail and a brief description is given herewith.

High Performance Work Practices and Employee Commitment

Ensuring employee commitment is one of the pivotal objectives for both large and small scale organizations. HRM policy aspires to ensure committed and motivated work force and it acts as a harbinger of effective organization (Shahnawaz and Juyal, 2006). The commitment and motivation developed through meticulously designed High Performance Work System can lead to higher level of employee performance at work place. Kumar and Krishnaveni (2008) reports that innovative HR practices increases commitment level of the employees. And this amplified commitment helps an employee to achieve the goals of the organization. The satisfaction of employees with HR practices elicits the commitment of employees towards the organization Kumar and Krishnaveni (2008). Researchers have also explored the relationship between HR functions like selection and recruitment, training and development, performance evaluation, compensation management etc. with organizational commitment of the employees. Zaitouni, Sawalha and Sharif (2011) reaffirm the importance of modern HR system. They elaborates that monetary compensation is important but not sufficient enough to keep employees going well. An institutionalized mechanism for praise, appreciation and positive feedback is imperative to generate greater job satisfaction and commitment. Recognition and empowerment are also found to have cause and effect relation with employee commitment. Job reengineering and enrichment (building block of HPWS) shows affirmative consequences on affective commitment (Meyer, Becker and

Vandenberghe, 2004). Meyer and Allen (1997) state that attractive benefit and compensation packages are regarded as gestures of care and support by employees. It results into the development of a strong affective commitment. Koys (1991) reveals that employees' commitment is directly associated with the intention of the organization's HRM practices to keep skilled employees and treat the fairly. From this point, it is possible to say that good HRM practice can improve commitment of the employees.

Hypothesis 1: Employee commitment is positively associated with High Performance Work Practices in Indian firms.

High Performance Work Practices and Employee Motivation

Various HR practices have been reported to have a positive association with employee motivation. Daft (2006) concludes that recruitment, selection, placement and induction are liable for ensuring right person at right place at right time. And when competent people are given challenging and appropriate responsibility, they are motivated by the work itself and probably it acts as achievement motivator. In addition, internal recruitment increases possibilities for growth and advancement for the employees. It motivates employees to acquire new skills and competencies to equip themselves for higher functions or to other functions at the same organizational level (Torrington et al., 2008). Further according to Boddy (2008), training and development give employees a chance to learn additional skills, values and competencies, related to their present or prospective functions. This is directly related to a positive influence on employee motivation level. Daft (2006) points out several opportunities for training and development, like orientation training, class room training, cross-training and on-the-job training. In view of Valerius (1998) performance appraisal effects career growth and advancement, salary and aspiration for achievement. Thus process of appraising performance may act as a double edged sword. It may motivate employee to perform better or may lead to demoralized work force. A compensation structure includes salaries and other benefits for the employees. Therefore it immediately affects the hygiene factor salary (Miles and Snow, 1984). From above discussion it may be assumed that an appropriate set of HR practices may result into motivated work force.

Hypothesis 2: Employee motivation is positively correlated with High Performance Work System in Indian organization.

High Performance Work Practices and Employee Engagement & Attrition Intent

There are several models and theories in literature to provide a framework for how to enhance employee engagement

(Bakker and Demerouti, 2008; Kahn, 1990; May et al., 2004) through the application of modern HR practices. Human resource practices (Coordination / decision-making, Performance Reward and Employee Involvement) and employee engagement are significantly correlated with each other (Asad et al, 2011; Sardar et al, 2011). Masroor and Fakir (2009) conducted a research on nurses of Malaysia. The study revealed that with effective use of HRM practices, the level of intentions to leave the job is considerably reduced. Many other researchers also come up with the findings that human resource practices like the employee participation, team building and total quality management results into lower turnover intentions and increased engagement of the employees (Huselid, 1995, Pfeffer, 1994, Cho et al., 2006).

Hypothesis 3: Employee engagement is positively correlated with High Performance Work System in Indian organization.

Hypothesis 4: Attrition intent may be negatively related with High Performance Work Practices.

High Performance Work Practices and Job Performance

Ample empirical evidences about the impact of HPWS on productivity and profitability of employees are available (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. Systematical implementation of high performance work system through restructuring of 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). Many researchers have argued that one way to increase employee work outcome is through enrichment of the job. And 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) etc. have also hinted at 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.

Taking a clue from literature review and other allied aspects following objectives and methodology has been framed.

OBJECTIVE AND METHODOLOGY

The main aim of the present research is to explore the applicability of social exchange theory for HR related functions especially in Indian organizations. Firstly availability of High Performance Work Practices is investigated; it reflects employers' concern for their employees. Secondly employees' commitment, motivation, engagement and attrition intent level is studied and their linkage with HPWPs is examined. It echoes impact of modern HR practices on these parameters. Thirdly job performance is inspected for being impacted by employees' commitment, motivation, and engagement and attrition intent. In nutshell the present study tries to investigate social exchange theory by relating employers' initiative (implementation of HPWPs) to employees' response (commitment, engagement etc.). It completes circle of mutual benefits and hence confirms social exchange theory.

The study is based upon exploratory-cum-descriptive research design. Primary data is collected through collaborating specialized questionnaire of previous researchers into a single unified questionnaire. Part A of the questionnaire captures the respondents' demography such as age, gender, work experience and educational qualification and is analysed using the descriptive statistics. Part B comprises of 35 HPWPs as scrutinized by Punia and Garg (2012). Five-point rating scales ranging from highly available to unavailable is used to access availability level of HPWPs in Indian organisations. These 35 practices are clubbed together in nine factors using factor analysis (Punia and Garg, 2013). The extracted factors are F-1: Reward Oriented HPWPs, F-2: Traditional HRM Practices, F-3: Value Creating HPWPs, F-4: Employee Engagement HPWPs, F-5: Team Oriented HPWPs F-6: Social and Safety Need Driven, F-7: Employee Empowerment HPWPs, F-8: Procedural Improvement HPWPs and F-9: Psycho-Strengthening HPWPs. Part C contains 34 statements of study attrition intent (Verma and Sharma, 2013). Attrition intent is also measured using five-point scale ranging from 'strongly agree' to 'strongly disagree'. Part D measures employees' organisational commitment using questionnaire developed

by Allen and Meyer (1990). Part E investigates 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 wellbeing (10 statements).

Random sampling has been used to collect data from various organisations. The industries mainly includes banking, insurance, textile, BPO, sugar, shoe, consultancy, cold drink, rice, etc. Sample size is 300. Employees were taken from top and middle level as they are more likely to encounter HPWPs. For analysis purpose, it has been strictly ensured that an array of manufacturing, service, private, public, Indian and foreign companies are approached. Further, while administering questionnaire, it has been ensured that data come from all categories like men, women, highly experienced to less experienced ones, aged personnel to fresh recruits, etc. Regression analysis is used to explore relation between extracted factors of HPWPs and variables taken as response of employees like employee engagement, commitment etc.

RESULTS

Demographical Profile

Female respondent comprised of 49%, which means 147 of the total respondents and male employee contributed 51% that is 153 of the total respondents. The study revealed that out of the total sample surveyed, approx. 13% of them were below the age of 25 years. 50% of respondents were found within the age category of 26-35 years. 20% were within the age range of 36-45 years. 10% were within the age group of 46-55 years and the remainder 7% were found above the age of 55 years. The majority of the surveys participants (38.09%) have been employed for more than 5 years. 33.33% of employees were within the category of 5-10 years of work experience and 28.52% falls within the category of more than 10 years of work experience. 60% of respondents were found to be Graduate. Out of 300 respondents 70 were under Graduate and only 50 were Post Graduate.

Table 1: Mean and Standard Deviation of Variables

Variable	Mean	Standard Deviation	N
Reward Oriented HPWPs	4.01	4.352	300
Traditional HRM Practices	4.52	4.028	300
Value Creating HPWPs	2.89	3.852	300
Employee Engagement related HPWPs	3.74	2.357	300

Variable	Mean	Standard Deviation	N
Team Oriented HPWPs	4.21	3.120	300
Social and Safety need Driven HPWPs	3.76	4.782	300
Employee Empowerment related HPWPs	3.42	2.687	300
Procedural Improvement related HPWPs	3.98	2.369	300
Psycho-strengthening HPWPs	2.97	3.785	300
Attrition Intent	2.45	1.024	300
Employee Commitment Level	3.57	4.012	300
Employee Engagement Level	3.60	2.325	300
Employee Motivation Level	4.07	1.350	300
Job Performance	3.90	3.320	300

Regression analyses are conducted to study linkage between availability of nine extracted factors of HPWPs with employee commitment. Following equation is formulated to access relation between employee commitment and availability of nine extracted factors of HPWPs.

$$EC = \beta_0 + \beta_1 F1 + \beta_2 F2 + \beta_3 F3 + \beta_4 F4 + \beta_5 F5 + \beta_6 F6 + \beta_7 F7 + \beta_8 F8 + \beta_9 F9$$

Here, EC refers to Employee Commitment $\beta_0, \beta_2, \dots, \beta_9$ are constants, F1, F2,.....F9 are nine factors of HPWPs.

Table 2: Multiple Regression Analysis Results (Nine Factors Predicting Employee Commitment)

Predictor Variables	Unstandardized Coefficient β	Standardized Coefficient β	t-value	Sig.	Tolerance	VIF
Constant	5.320		4.254	.014		
F1	0.201	0.222	5.698	.044	.520	5.75
F2	0.787	0.800	3.254	.039	.106	9.63
F3	0.541	0.547	4.012	.004	.965	2.12
F4	0.420	0.435	2.365	.018	.254	5.63
F5	0.024	0.039	4.698	.032	.339	6.06
F6	0.474	0.470	6.951	.000	.620	1.60
F7	0.034	0.047	2.304	.001	.254	4.01
F8	0.217	0.285	5.985	.021	.328	7.08
F9	0.608	0.693	6.241	.019	.710	3.01

Table 2 gives regression equation explaining causal relation between HPWPs and employee commitment. Hair et al. (2003) stated that optimum value for tolerance and VIF have to be above 0.10 and below 10 respectively to avoid problem of multi co-linearity. Here no problem of multi co-linearity is observed. All nine factors of HPWPs were found to contribute positively (standardized coefficient $\beta > 0$) and significantly (Sig. value $< .05$) at 5% level of significance.

Table 3: Model Summary and Result of ANOVA (HPWPs and Employee Commitment)

Regression Model Summary			ANOVA	
R	R Square	Std Error of Estimate	F-Value	Sig.
0.63	0.39	.4705	48.25	.044

Table 3 reports that 39% of variations in employee commitment are explained by modern HR practices. F-value indicates that the contribution of HPWPs is significant. In other words it could be said that availability of HPWPs in an organization has significant impact on commitment level of the employees. Thus causal relationship between HPWPs and employee commitment is established herewith. Hypothesis 1 is accepted herewith.

Table 4 establishes causal relationship between employee engagement and availability of High Performance Work Practices. All factor except factor-5 (Team oriented HPWPs) are found to contribute significantly. Regression equation comes out to be:-

$$EE = 4.140 + .387 F1 + .799 F2 + .264 F3 + .116 F4 + .654 F6 + .474 F7 + .504 F8 + .295 F9$$

Table 4: Multiple Regression Analysis Results (Nine Factors Predicting Employee Engagement)

Predictor Variables	Unstandardized Coefficient	Standardized Coefficient	t-value	Sig.	Tolerance	VIF
Constant		4.140	7.072	.014		
F1	0.385	0.387	6.240	.044	.147	7.254
F2	0.789	0.799	6.992	.037	.365	6.505
F3	0.254	0.264	5.214	.022	.447	4.012
F4	0.106	0.116	6.018	.039	.135	0.365
F5	0.752	0.784	1.025	.068	.854	6.024
F6	0.637	0.654	5.005	.009	.647	9.584
F7	0.444	0.474	2.365	.019	.224	4.325
F8	0.501	0.504	5.040	.037	.668	3.024
F9	0.285	0.295	2.025	.025	.178	2.014

Table 5 states that 64% variation in employee engagement is explained by presence of modern HR practices in Indian organizations. F-value shows that the relationship is significant and it establishes a causal relationship between HPWPs and employee engagement. Hypothesis 3 is accepted herewith.

Table 5: Model Summary and Result of ANOVA (HPWPs and Employee Engagement)

Regression Model Summary			ANOVA	
R	R Square	Std Error of Estimate	F-Value	Sig.
0.81	0.64	.4520	20.39	.011

Table 6: Multiple Regression Analysis Results (Nine Factors Predicting Employee Motivation)

Predictor Variables	Unstandardized Coefficient	Standardized Coefficient	t-value	Sig.	Tolerance	VIF
Constant	4.014		7.071	.019		
F1	0.651	0.674	6.321	.038	.250	7.120
F2	0.704	0.715	4.078	.006	.198	5.541
F3	0.002	0.015	5.389	.044	.684	9.027
F4	0.321	0.384	3.864	.032	.117	4.870
F5	0.419	0.425	4.025	.017	1.250	8.254
F6	0.854	0.868	3.692	.000	2.025	6.387
F7	0.147	0.149	2.980	.031	.354	1.351
F8	0.389	0.397	4.369	.028	.698	0.984
F9	0.259	0.278	1.327	.077	.885	8.257

Table 6 and table 7 studies the relationship between employee motivation and presence of High performance practices. Only factor-9 (Psycho-strengthening HPWPs) is observed to contribute insignificantly to employee motivation. Again a significant causal relationship is found between HRM practices and motivation level. Hence hypothesis 2 is also accepted.

Table 7: Model Summary and Result of ANOVA (HPWPs and Employee Motivation)

Regression Model Summary			ANOVA	
R	R Square	Std Error of Estimate	F-Value	Sig.
0.87	0.64	5.6902	21.08	.007

Table 8: Multiple Regression Analysis Results (Nine Factors Predicting Attrition Intent)

Predictor Variables	Unstandardized Coefficient	Standardized Coefficient	t-value	Sig.	Tolerance	VIF
Constant	2.980		1.978	.004		
F1	-0.187	-0.190	8.147	.008	.185	9.354
F2	-0.624	-0.638	5.255	.025	.365	0.742
F3	-0.257	-0.301	3.658	.014	.157	4.024
F4	-0.008	-0.017	3.264	.038	.365	6.287
F5	-0.387	-0.399	1.627	.981	.879	2.624
F6	-0.780	-0.792	0.210	.098	1.369	5.210
F7	0.145	0.174	1.014	.087	.587	4.698
F8	-0.357	-0.378	3.647	.042	.834	1.654
F9	-0.442	-0.445	5.327	.027	.741	6.987

Table 9: Model Summary and Result of ANOVA (HPWPs and Attrition Intent)

Regression Model Summary			ANOVA	
R	R Square	Std Error of Estimate	F-Value	Sig.
0.91	0.82	.6254	49.025	.027

Table 8 and 9 explores the relationship between HR practices and attrition intent of the employees. Six factors

are found to have negative correlation with HPWPs and the relation is found statistical significant too. Factor 7 is reported to have positive correlation HR practices but is found to be statistically insignificant. Two other factors F5 and F6 are found to have insignificant relation with HPWPs. Again F-value states causal effect is significant and negative correlation is established. In simple words, presence of HPWPs in an organization will reduce attrition intent of the employees.

Table 10: Multiple Regression Analysis (Employee Response Variable and Job Performance)

Predictor Variables	Unstandardized Coefficient	Standardized Coefficient	t-value	Sig.	Tolerance	VIF
Constant	2.365		7.025	.004		
Commitment	0.754	0.769	4.352	.047	.358	6.980
Motivation	0.524	0.539	3.654	.036	.687	7.025
Engagement	0.834	0.852	5.365	.022	.951	9.201
Attrition	-0.354	-0.347	2.774	.019	.414	0.258

Table 11: Model Summary and ANOVA (Employee Response Variable and Job Performance)

Regression Model Summary			ANOVA	
R	R Square	Std Error of Estimate	F-Value	Sig.
0.80	0.640	.8702	50.35	.027

Table 10 and 11 explores the association between job performance and employees' response to HPWPs (commitment, motivation, engagement and attrition). Attrition intent is negatively related with performance while all other variables are found statistically positively correlated

with job performance. Finally equation is as follows:

$$\text{Job Performance} = 2.365 + .796 \text{ EC} + .539 \text{ EM} + .852 \text{ EE} - .347 \text{ AT}$$

Where EC= Employee commitment, EM= Employee motivation, EE= Employee engagement, AT= Attrition Intent.

DISCUSSION AND CONCLUSION

This study makes a number of contributions to the literature concerning SET and HRM in Indian organizations. This study is one of the first to examine how social exchange occurs

in the HRM in Indian firms by incorporating the following variables in a single research model: employee commitment, motivation, engagement and intent to leave the organization. Therefore, the first major contribution of the present study is to fill a significant gap in the HRM literature on an SET framework especially for Indian Inc. With the exception of a small number of studies SET has been rarely used in research on HRM for Indian settings. The literature on HRM based on European and American firms provides a significant amount of empirical results showing how variables involved in an SET framework impacts employees' attributes that finally contribute to organizational performance. The institutionalization of High Performance Work System is in nascent stage in India and is likely to grow exponentially in coming decades (Punia and Garg, 2014). Thus SET might not be of much use for now but its usefulness will grow with the growth of high performance paradigm. By developing well-being in the workplace rooted in the social exchange process, employers reduce the desire of employees to leave and at the same time enhance employee willingness to provide extra effort. The outcomes of this exploration are valuable for enlightening our understanding of how the social exchange process contributes to the enhancement of employee effectiveness (i.e. low intent to leave and high commitment, engagement and motivation). Consistent with the conclusions of Cropanzano and Mitchell (2005), who noted that in an exchange based relationship something must be given and something must be returned. The findings of this research indicate that employee welfare related HR practices (the gift) fosters desirable work outcomes (the counter-gift). Social exchange theory describes a give and take relation of employee and employer. Paper could establish that as employer institutionalizes practices in the favor of employees, then employee commitment level, motivation level and engagement level increases. Also employees' intention to leave the organization decreases. Further these variables are also found statistically correlated with job performance. In nut shell, implementation of HPWPs is reported to have an impact on commitment, motivation and engagement level of the employee and it ultimately leads to higher level of job performance. Employers' investment (in terms of adopting modern HR practices) gives them return in form of higher employee performance through building higher level of commitment, engagement and engagement.

The present study explores as many as thirty-five high performance practices and there possible causal relation with commitment, engagement etc. All factors like team related employee engagement related, psycho-strengthening HPWPs etc. are reported to contribute positively to employee commitment level. The findings are parallel with observations of Paul and Anantharaman (2004), Browning, (2006), Payne and Huffman (2005), Wright, Gardner, and Moynihan (2003), Wright et al. (2005), Gardner, Moynihan and Wright (2007) etc. Interesting team oriented HPWPs are

observed to contribute negatively to employee engagement level. This finding does not corresponds to that of Bhatnagar (2006), Harter (2002), Karnaghan (2011), Saks (2006) etc. All HR practices are supposed to result into lower level of attrition intent. But here as many as three factors namely team oriented, social and safety need driven and employee empowerment related HPWPs are found to have negative correlation with employees' intention to leave the organization.

Overall, the contributions of this paper must be observed in light of several precincts. Firstly, the data is gathered at one point in time, so no inferences of causality can be conclusively established. Further chances of reverse causality cannot be ruled out also. On the same front data is collected via surveys of the employees. It gives rise to concerns about common method bias. However, a longitudinal design, cross validation of the findings, and increased number of sources of data would enable us to further assess the causality of the hypothesized relationships. Second, the study has used thirty-five HR practices that are selected by experts and researchers. Hence a different set of experts may choose some other practices or may neglect some practices taken in the present study. Finally, although regression models have been developed, but it does not preclude the existence of other models that with different practices or different contributions.

REFERENCES

- Agarwala, T. (2003). Innovative human resource practices and organizational commitment: An empirical investigation. *International Journal of Human Resource Management*, 14(2), 175-197.
- Applebaum, E., Bailey, T., Berg, P., & Kallerberg, A. (2000). *Manufacturing advantage: Why high performance work systems pay off*. New York, NY: Columbia University Press.
- Arthur, J. B. (1994). Effects of human resource systems on manufacturing performance and Turnover. *Academy of Management Journal*, 37(3), 670-687.
- Asad, A., Hussain, R. I., Nayyab, H., Ashraf, M., & Adnan, S. (2011). Impact of HR practices on employee engagement in banking sector of Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, 3(1), 409-416.
- Bakker, A. B., & Demerouti, E. (2008). Towards a model of work engagement. *Career Development International*, 13(3), 209-223.
- Bhatnagar, J. (2007). Talent management strategy of employee engagement in Indian ITES employees: Key to retention. *Employee Relations*, 29, 640-663.
- Blau, P. (1964). *Exchange and power in social life*. New York: Wiley.

- Boddy, D. (2008). *Management - An introduction* (4th ed.). Essex: Pearson Education Limited.
- Brown, J. S., & Duguid, P. (1991). Organizational learning and communities of practice. *Organization Science*, 2(1), 40-57.
- Cropanzano, R., & Mitchell, M. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874-899.
- Daft, R. L. (2006). *The new era of management*. Thomson South-Western: Ohio.
- Datta, D. K., Guthrie, J. P., & Wright, P. M. (2005). HRM and labor productivity: Does industry matter? *Academy of Management Journal*, 48, 135-145.
- Gardner, T., Moynihan, L., & Wright, P. (2007). The influence of human resource practices and collective affective organizational commitment on aggregate voluntary turnover. CAHRS Working.
- Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25(2), 161-169.
- Gould-Williams, J. S. (2003). The importance of HR Practices and workplace trust in achieving superior performance: A study of public-sector organizations. *International Journal of Human Resource Management*, 14, 1-27.
- Gould-Williams, J. S., & Davies, F. (2005). Using social exchange theory to predict the effects of HRM practice on employee outcomes: An analysis of public sector workers. *Public Management Review*, 7, 25-47.
- Guthrie, J. P. (2001). High-involvement work practices, turnover, and productivity: Evidence from New Zealand. *Academy of Management Journal*, 44, 180-190.
- Hackman, J. R., & Oldham, G. R. (1975). Development of the job diagnostic survey. *Journal of Applied Psychology*, 60(2), 159-170.
- Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, Employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87, 268-79.
- Hughes, J. C., & Rog, E. (2008). Talent management: A strategy for improving employee recruitment, retention and engagement within hospitality organizations. *International Journal of Contemporary Hospitality Management*, 20, 743-757.
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38, 635-672.
- Ichniowski, C., Shaw, K., & Prennushi, G. (1997). The effects of human resource management practices on productivity. *American Economic Review*, 87, 291-313.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 692-724.
- Kernaghan, K. (2011). Getting engaged: Public-service merit and motivation revisited. *Canadian Public Administration*, 54, 1-21.
- Kinicki, A. J., Carson, K. P., & Bohlander, G. W. (1992). Relationship between an organization's actual human resource efforts and employee attitudes. *Group & Organization Management*, 17(2), 135-152.
- Koys, D. J. (1991). Fairness, legal compliance and organizational commitment. *Employee Rights and Responsibilities Journal*, 4, 283-291.
- Kumar, N. R., & Krishnaveni, R. (2008). Role of HRD Practices in building organizational commitment. *Journal of Contemporary Research in Management*, 59-68.
- Kuvaas, B. (2008). An exploration of how the employee-organization relationship affects the linkage between perception of developmental human resource practices and employee outcomes. *Journal of Management Studies*, 45(1), 1-25.
- M. (2006). Measuring the impact of human resource management practices on hospitality firms' Performances. *International Journal of Hospitality Management*, 25(2), 262- 277.
- MacDuffie J. P. (1995). Human resource bundles and manufacturing performance: Organizational logic and flexible production systems in the world auto industry. *Industrial and Labor Relations Review*, 48, 197-221.
- Masroor, A. M., & Fakir M. J. (2009). Level of job satisfaction and intent to leave among Malaysian nurses. *Business Intelligence Journal*, January, 123-137.
- Mauss, M. (1954). *The gift*. London: Cohen and West.
- May, D. R., Gilson, R. L., & Harter, L. M. (2004). The Psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology*, 77(1), 11-37.
- Meyer, J. P., Becker, T. E., & Vandenberghe, C. (2004). Employee motivation and Commitment: A conceptual analysis and integrative model. *Journal of Applied Psychology*, 89, 991-1007.
- Meyer, J. P., & Allen, N. J. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review*, 1(1), 61-89.
- Miles, R. E., & Snow, C. C. (1984). Designing strategic human resource systems. *Organizational Dynamics*, 13, 36-52.
- O'Regan, C. L. (2011). The impact of high performance work systems on innovation performance: A study of Irish companies. Master of Business Studies thesis, Dublin

- City University.
- Paille', P., Bourdeau, L., & Galois, I. (2010). Support, trust, satisfaction, intent to leave and citizenship at organizational level. *International Journal of Organizational Analysis*, 18(1), 41-58.
- Paul, A. K., & Anantharaman, R. N. (2004). Influence of HRM Practices on organizational commitment: A study among software professionals in India. *Human Resource Development Quarterly*, 15, 77-88.
- Payne, S. C., & Huffman, A. H. (2005). A longitudinal examination of the influence of mentoring on organizational commitment and turnover. *Academy of Management Journal*, 48, 158-168.
- Pfeffer, J. (1994). *Competitive advantage through people: Unleashing the power of the workforce*. Boston: Harvard Business School Press
- Punia B. K., & Garg, N. (2012). High performance work practices: Exploration and employees' Awareness. *Asia-Pacific Journal of Management Innovation & Research*, 8(4), 509-516.
- Punia B. K., & Garg, N. (2014). Organizational analysis of high performance work practices. *Asian Journal of Management*, 5(3), 318-324.
- Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21, 600-619.
- Sardar, S., Rehman, A., Yousaf, U., & Aijaz, A. (2011). Impact of HR Practices on employee engagement in banking sector of Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, 2(9), 378-389.
- Schaninger, W. S., & Turnipseed, D. L. (2005). The workplace social exchange network: Its effect on organizational citizenship behavior, contextual performance, job. In Turnipseed, D.L. (ed), *Handbook of Organizational Citizenship Behavior: A Review of 'Good Solder' Activity in Organizations*. New-York, NY: Novasciences Publisher.
- Shahnawaz, M. G., & Juyal, R. C. (2006). Human resources management practices and organizational commitment in different organizations. *Journal of the Indian Academy of Applied Psychology*, 32(3), 171-178.
- Stewart, G. L., & Brown, K. G. (2011). *Human Resource Management* (2nd ed.). USA: John Wiley & Sons.
- Takeuchi, R., Lepak, D. P., Wang, H., & Takeuchi, K. (2007). An empirical examination of the mechanisms mediating between high-performance work systems and the performance of Japanese organizations. *Journal of Applied Psychology*, 92(4), 1069-1083.
- Torrington, D., Hall, L., & Taylor, S. (2008). *Human Resource Management*. Prentice Hall: Essex.
- Valerius, L. (1998). Supervisor-Subordinate-Relationships. Retrieved from <http://www.the.freelibrary.com/Supervisor-subordinate+relationships.-a020210086> on 30 July 2014
- Verma, A., & Sharma, B. (2013). Confirmatory factor analysis of employee attrition intent scale. *International Journal of Multidisciplinary Educational Research*, 13(2), 161-181.
- Whitener, E. M. (2001). Do high commitment human resource practices affect employee commitment? A cross-level analysis using hierarchical linear modeling. *Journal of Management*, 27, 515-535.
- Wright, P., Szeto, W., & Geory, G. (2000). Changing the management mindset: Management style and coping with world-class competition. *Management Decision*, 38(9), 607-611.
- Wright, P. M., Gardner, T. M., & Moynihan, L. M. (2003). The impact of HR practices on the performance of business. *Human Resource Management Journal*, 13, 21-36.
- Zaitouni, M., Sawalha, N. N., & ElSherif, A. (2011). The impact of human resource management practices on organizational commitment in the banking sector in Kuwait. *International Journal of Business and Management*, 6(6), 108-123.