Mediator Analysis of Employee Engagement: Role of Perceived Organizational Support, P-O Fit, Organizational Commitment and Job Satisfaction

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Given the multi-determinability of individual affect and attitudes, this paper seeks to explicate their display through some construct that captures the cognitive, emotional, and behavioural components of work-related roles. Employee engagement is found to be one such explanatory variable.

This paper assesses the mediating role of employee engagement between perceived organizational support (POS) and person-organization fit (P-O fit) as the antecedents and organizational commitment and job satisfaction as the consequences. It tests the path model by using data from six Indian organizations and a sample of 246 Indian managers. The findings help find a direct effect of P-O fit and POS, which affects employee engagement and leads to variance in organizational commitment and job satisfaction.

Further, the paper attempts to establish discriminant validity between employee engagement and organizational commitment. Yet, because of the similarity of wordings of the items measuring the employees’ ratings of the two constructs, the authors conducted a confirmatory factor analysis leading to discriminant validity establishment to examine whether employee engagement and organizational commitment were distinct. AMOS software (version 17.0) was used to compare the fit of two nested models: (a) a one-factor model incorporating both the constructs and (b) a two-factor model distinguishing employee engagement and organizational commitment. It also provides empirical support to job satisfaction and its linkage with employee engagement.

The findings suggest that when individuals perceive positive levels of organizational collaboration, they are intrinsically encouraged towards exerting considerably higher levels of effort. The notion that P-O fit deals with the congruence between employees’ personal values and those of the organization makes for greater meaningfulness and psychological safety leading to higher levels of employee engagement. Furthermore, when individual values are perceived to fit organizational norms, the former are entrusted with greater responsibilities and are made to feel more empowered. A high level of employee engagement reflects a greater trust and loyal relationship between the individual and the organization. This suggests the building up of higher degree of commitment by the employee towards their employing organization.

The paper contributes to theory building in the employee engagement and organizational commitment domains.
In the recent past, a maxim which most human resource (HR) managers adhered to was that ‘happy employees are productive employees’. On the face of it, it was assumed that if the index of workplace happiness, measured mostly as a composite of positive levels of employees’ job satisfaction and organizational commitment and negative levels of their intention to quit, was tolerably high, it would result in successful levels of individual performance and, by summation, organizational performance. While this is a rather unambiguous line of reasoning, it has its own lacunae namely,

a) it attributes individual and organizational performance to a few attitudinal variables;
b) it does not take into account several contingent factors which are responsible for individual and organization related criteria; and,
c) it fails to provide clarifications regarding the origin of the expounding variables such as commitment and satisfaction.

As a result, along with the growing complexity, dynamism, and uncertainty of the contemporary business environment, the traditional approaches to explain individual and organizational outcomes have been called into question (Pasmore & Khalsa, 1993). Evidently, while the link between high levels of satisfaction and commitment and low levels of intention to quit on the one hand and individual and organizational performance on the other is fairly straightforward, we believe that there exists a need to consider these hitherto exogenous variables as endogenous and inquire about their causations.

We start our investigation by assuming that there exists a particular motivational course of action which is manifested in the display of individuals’ affect and attitudes at the workplace (Griffin, Parker & Neal, 2008; Rotundo & Sackett, 2002). Given the multi-determinability of individual affect and attitudes, we seek to explicate their display through some construct that captures the cognitive, emotional, and behavioural components of work-related roles. We find employee engagement to be one such explanatory factor which focuses on employees’ perceptions of psychological availability, safety, and meaningfulness in discharging their formal role requirements (Kahn, 1990; May, Gilson & Harter, 2004; Saks, 2006; Bhatnagar, 2007; Bhatnagar, 2009). Moreover, within the ambit of the social exchange theory (SET), employee engagement appears to mediate the norms of reciprocity by pledging individual loyalty and attachment for organizational support and sustenance. Further research indicates that employees tend to display positive affect and involvement, when they feel a fitment of temperament between themselves and their organizations (Kahn, 1992; Schneider, 1997). Tying the threads of research together, in the current study, we investigate perceived organizational support (POS), and person-organization fit (P-O fit), as the antecedents to organizational commitment and job satisfaction, mediated by employee engagement.

**CHANGING HRM PERSPECTIVE: THE NEED FOR THE STUDY**

Bhatnagar and Sharma (2009) stated that, both, in Western and Indian literature, there was a spate of studies on honing high commitment work systems (Parkes et al., 2007; Nazir, 2005; Agrawala, 2003) amongst HR managers and consultants, since the work on Talent Management published by McKinsey Quarterly in 1998 (see, Elizabeth, et al., 1998). However, with liberalization, the organizations faced the challenges of globalization, diversification, technology acquisition, introduction to new systems and professional culture, greater power sharing and participative management (Bhatnagar, 2006). There was a change in the landscape of people management practices across all sectors of the Indian industry with the focus on upcoming themes of strategic innovative HR, talent management, six-sigma in HR function, and commitment-based HR which, the ‘best-place-to-work-in’ organizations implemented (Bhatnagar, 2009). Talent, one of the most important assets needed for an organization to run smoothly, witnessed a flow towards the MNCs, which offered not only better compensation packages but also a good-place-to-work-in culture (Bhatnagar & Som, 2010).

Recently, Nair & Vohra (2010), in a study on 1,142 knowledge workers, found lack of meaningful work, inability of work to allow for self-expression, and poor quality work relationships, to be the predictors of work alienation in the Indian IT sector. The study indicates that one in every five knowledge workers is likely to be alienated. It suggests practitioners and organizations to take preventive measures against workforce alienation, in order to ensure an enthused workforce. The current study findings will help find a direct effect of person-organization fit and perceived organizational support, which may affect employee engagement and lead to variance in organizational commitment and job satisfaction. This may lead to
a better adjusted, more enthused, and less alienated workforce.

Within this context, the Line and HR Managers in India need to focus on issues of harnessing talent towards low work alienation and high commitment, and identify who are more job-satisfied and engaged in meaningful work. Further, a stronger person-organization fit may lead to merging of identities with the organization and hence may have higher engagement. In a recent study, Nair (2010) reported a paper which demonstrated the manner in which individual identity got fused with organizational identity to strengthen employee identification with the organization. These nuances have practical implications and need to be investigated in detail at the ground level.

**Perceived Organizational Support (POS) and Person-Organization (P-O) Fit**

Today, business environments in most of the advanced as well as emergent economies are experiencing the characteristics of the post-industrial society. Accordingly, their social ecology is underscored by an interdependence of personal and social development (Bell, 1973; Emery & Trist, 1973). To explain this situation, we have to fall back on the organizational support theory which conjectures that in order to encourage augmented levels of performance, diminished absenteeism, and such other affirmative behaviours, organizations must acquire anthropomorphic qualities which respect employees’ overall beliefs regarding their intent to meet the latter’s socio-emotional needs through appropriate support systems (Eisenberger, Huntington, Hutchison & Sowa, 1986; Rhoades & Eisenberger, 2002; Shore & Shore, 1995). This perception of organizational support enables employees to develop adaptive and innovative ways of coping with environmental exigencies (Macey & Schneider, 2008).

In this connection, prior research (Byrne & Hochwarter, 2008; Erdogan & Enders, 2007; Ristig, 2009) has indicated that when an employee perceives organizational support, it strengthens his/her cognitive and emotional evaluation of his/her job and organization. Indeed, POS not only assures employees of extrinsic resources such as pay and fringe benefits but also ensures organizational endorsement, faith, regard, and status (Blau, 1964; Fuller, Barnett, Hester & Relyea, 2006). In view of this dyadic interaction between employees and their organization, it may be posited that higher levels of POS allow employees to exploit their abilities without any threat to their self-esteem, social standing, or occupation. When employees perceive such psychological safety, they are also able to make better sense of their job and experience healthier interpersonal interactions. Clearly, POS inculcates a belief in the incumbents that they have the necessary physical, cognitive, and emotional reserves to fulfill their role-related responsibilities and is in consonance with nearly all aspects of their work conditions (Saks, 2006). Consequently, employees feel excited to be a member of the organization and ‘throw’ themselves into their job. Based on this discussion, we present our first study hypothesis:

**Hypothesis 1:** POS will be positively related to employee engagement.

Contemporary managerial philosophies provide greater empowerment to employees to make decisions and discharge their duties (Biswas & Varma, 2007); and, Indian managers in performing a strategic role in HR, provide a sense of psychological empowerment (see Bhatnagar & Sharma, 2005, Bhatnagar, 2007). However, as research suggests, employees utilize such autonomy to fulfill their role-related responsibilities when they perceive a ‘fit’ between themselves and their employing organizations (Arthur, Bell, Villado & Doverspike, 2006). Conversely, organizations on their part recruit, retain, and develop those employees who they feel conform to their norms (Adams, Elacqua & Collarelli, 1994; Bowen, Ledford & Nathan, 1991; Rynes, Brown & Colbert, 2002).

Conceptually, the association between person and organization, labeled as P-O fit in organizational behaviour literature, can be looked at both from the point of view of being ‘complementary’ as well as ‘supplementary’. Complementary fit occurs as a result of fulfilling the needs-supplies and the demands-abilities criteria, whereas supplementary fit arises when there is an actual (indirect) and a perceived (direct) congruence of values between the person and the organization (Cable & DeRue, 2002; Cable & Judge, 1996; Kristof, 1996; Ostroff, Shin & Kinicki, 2005). Consequently, we find that employees displaying positive affect and attitudes, are more involved and attached with their job and their organization, and overtly look forward to in-role and extra-role obligations when they anticipate a similar temperament between themselves and their employing organizations, which is a
supplementary fit (Kahn, 1996; Schneider, 1997). Thus, we may infer that while supplementary fit assembles and strengthens the relation between a person and his organization within the domains of SET, complementary fit is responsible for operationalizing the outcomes of this relationship. If we examine Kristof’s interpretation (1996), ‘complimentary fit occurs when the individual and the situation meet each other’s needs’ (cf., Carless, 2005). Further, in this connection, relevant literature shows that employees intend to be positively associated with their job and their employing organizations and this intention is further reinforced when there is an alignment between the individual and the organizational values and expectations (Cooper-Thomas, Vianen & Anderson, 2004; Ostroff & Kozlowski, 1992). We observe that a strong P-O fit has an important bearing on the behaviour and well-being of the former in terms of organizational identification, organizational commitment, and job performance (Lauver & Kristof-Brown, 2001; Meglino, Ravlin & Adkins, 1989; Meyer & Herscovitch, 2001; O’Reilly, Chatman & Caldwell, 1991; Saks & Ashforth, 1996). As a result, we find that the construct of P-O fit has been widely employed in the context of a variety of organizational research such as marketing, corporate branding, recruitment and selection, job satisfaction, and group behaviour (Adkins, Russel & Werbel, 2006; Ng & Burke, 2005; Kirkman, Tesluk & Rosen, 2004; Richins, 1994; Tarique, Schuler & Gong, 2006; Taris, Feij & Van Vianenm 2008; Yaniv & Farkas, 2005). Van Vuuren, Veldkamp, Jong & Seydel (2007) suggest that the importance of studying the concept of P-O fit lies in the fact that it indicates the way in which employees develop a sense of communality of purpose with their employing organization. This ultimately leads to a clarity for the individual regarding the purpose of their job and increases the intensity of their focus on their work assignments. Further, it inculcates a sense of in-group belongingness among employees which heightens their sense of psychological safety. On the basis of the discussion above, we propose,

**Hypothesis 2:** Employees who experience stronger P-O fit vis-à-vis their organization will display higher levels of engagement.

**Organizational Commitment**

Employee engagement entails a notion of ‘flow’. According to Csikszentmihalyi (1975), the notion of ‘flow’ implies a balanced impression of the environment and this occurs when individuals are in absolute consonance with their surroundings. People who are in the state of ‘flow’ experience oneness between self and the environment. However, May et al., (2004) provide a caveat in interpreting employee engagement as a ‘flow’. They say that the notion of ‘flow’ is primarily concerned with the cognitive involvement of the employee whereas employee engagement comprises cognitive, emotional, and behavioural components. Thus, engagement at work not only facilitates cognitive interpretation of in-role activities, but also paves way for affective and psychological attachment to one’s job and organization (May et al., 2004; Kahn, 2004; Saks, 2006). So much so that when there is a disconnect between one’s felt emotion and emotions as desired by one’s organization, individuals are put under emotional labour; they suffer from stress as a result of which they shy away from their work and their workplace (Hochschild, 1983; Morris & Feldman, 1996).

Still, within the boundaries of SET, we may surmise that engaged employees feel an intrinsic obligation to be socioemotionally attached to the source of such engagement namely, their work and their employing organization. Thus, employees who perceive themselves to be engaged append a lot of personal meaning to their affiliation with their job and their organization. Ergo, they are willing to prolong their vocational as well as organizational membership. This line of reasoning corroborates with findings of prior research (cf. Cropanzano & Mitchell, 2005; Maslach, Schaufeli & Leiter, 2001; Saks, 2006; Schaufeli & Bakker, 2004). Accordingly, we propose our third study hypothesis.

**Hypothesis 3:** Employees who are effectively engaged will exhibit a higher level of commitment towards their organization.

**Job Satisfaction**

In connection to the discussion above, employee engagement may be identified as a construct which is primarily concerned with those psychological incidents at the workplace that adds greater linkage between them, their job, and their organization (Buckingham & Coffman, 1999; Kahn, 1992; Luthans & Peterson, 2004). Research shows that employees who are not engaged display apathy, disenchantment, and social aloofness (Hochschild, 1980). This is contrary to engaged employees, who experience a pleasurable emotional state at work, indicating high level of job satisfaction.
Additionally, employee engagement which is connected to self-efficacy, leads employees to better mobilize their cognitive and emotional faculty in order to undertake work-related courses of action (Stajkovic & Luthans, 1998). We may further construe that since employee engagement is an affective-motivational construct, employees experiencing it get a sense of fulfillment in discharging their duties and responsibilities (Xanthopoulou, Bakker, Demerouti & Schaufeli, 2009). Besides, engaged employees are found to be brisk and ardent about their tasks, and are wholly engrossed in their vocation (Schaufeli, Taris & Van Rhenen, 2008; Macey & Schneider, 2008; May, Gilson & Harter, 2004). Under the circumstance, we may recall Hobfoll (1989) and others’ (cf. DeLange, Taris, Kompier, Houtman & Bongers, 2004; Demerouti, Bakker, Nachreiner & Schaufeli, 2001) argument that since engaged employees are highly absorbed with respect to their role responsibilities, they shall invoke all possible means to get their work done and in the process attain their work goals. We may extend this premise and assert that as work objectives are attained, individuals may encounter a feeling of inherent well-being and gratification. Thus, we may put forth our fourth hypothesis as follows:

Hypothesis 4: Employee engagement shall have a significantly positive influence on an employee’s level of job satisfaction.

Evidently, our discussion above juxtaposes our study variables namely, POS, P-O fit, employee engagement, organizational commitment, and job satisfaction through the four hypotheses which we intend to test empirically. However, merely hypothesizing as the outcome of POS and P-O fit or as the predictor of organizational commitment and job satisfaction does not preclude employee engagement as a mediator between these variables. For the purpose of assessing the mediating role of employee engagement between POS and P-O fit as the antecedents and organizational commitment and job satisfaction as the consequences, we propose to test the path model presented in Figure 1. Further, we put forward Hypothesis 5 which we conjecture as the representative of the entire path model.

Hypothesis 5: Employee engagement will mediate positive relationships of POS and P-O fit with organizational commitment and job satisfaction.

METHOD

Sample and Procedure
We surveyed three hundred full-time employees belonging to organizations located in north-central India. The employees completed the survey of their own accord during their regular scheduled work hours at their respective work sites. To encourage employees to share free and frank opinion, we assured them of anonymity through both verbal and written means. We further guaranteed that only group data will be communicated to the organizations. Survey questionnaires were distributed and retrieved by the researchers in sealed envelopes. Eighty-two percent (N = 246) of the participants returned the questionnaires.

Based on the survey participants’ responses, we found that their average age was 33.33 years. Of the 221 respondents, 87.10 percent were males and 12.90 percent were females. On an average, the employees had 12.28 years of work experience.

Measures
POS. Previous studies involving diverse occupations and organizations indicated a high reliability and unidimensionality of the POS Survey (Rhoades & Eisenberger, 2002; Shanock & Eisenberger, 2006; Shore & Tetrick, 1991). Respondents rated their POS using the eight items comprising the short form of the POS Survey (Items A, B, C, D, E, F, G and H; Eisenberger et al., 1986). In keeping with the suggestions of Rhoades and Eisenberger (2002), we included those items which we felt covered the aspects of the definition of POS (i.e., estimation of employees’ role and concern about employees’ welfare). Sample items included “My organization really cares about my well-
being” and “My organization is willing to help me if I need a special favour”. Respondents indicated the extent of agreement with each statement on a 4-point scale (1 = Strongly disagree to 4 = Agree).

**P-O Fit.** The variable P-O fit was measured using the three items developed by Cable and Judge (1996). The responses to these scales were measured on a 4-point scale (1 = Strongly disagree to 4 = Agree). A sample item of the scale was “My values match those of the current employees in this organization”.

**Employee Engagement.** Employee engagement was measured using 11 items of the scale developed by Saks (2006). This measure took into consideration two factors of employee engagement, that is, job engagement and organizational engagement comprising five and six items respectively. Items were measured on a 4-point scale (1 = Strongly disagree to 4 = Agree) and included statements such as “I am highly engaged in this job” and “One of the most exciting things for me is getting involved with things happening in this organization”.

**Organizational Commitment.** The construct of organizational commitment was measured using the scale developed by Rhoades, Eisenberger & Armellini (2001). The scale comprised six items which were exacted on a 4-point scale (1 = Strongly disagree to 4 = Agree). “Working at my organization has a great deal of personal meaning to me” is a sample of the questionnaire items.

**Job Satisfaction.** Job satisfaction was measured with Camman, Fichman, Jenkins & Klesh’s (1983) three-item scale. Respondents indicated the extent of agreement with each statement being measured on a 4-point scale (1 = Strongly disagree to 4 = Agree).

**Control Variables:** In keeping with prior studies (Ang, Dyne & Begley, 2003; Avolio, Zhu, Koh & Bhatia, 2004), age, tenure, amount of time spent with immediate supervisor, and educational level of respondents were treated as control variables for all statistical analyses.

**Common Method Bias**

We noted that since the respondents providing the measures for the variables were the same, our study could potentially suffer from the problem of common method bias (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). We therefore conducted Harman’s single-factor test to address the concern. The procedure required that an unrotated factor analysis be performed on all of the variables studied. In case a single factor emerged or one general factor explained most of the covariance in the independent and dependent variables, it would be reasonable to conclude that a significant CMV is present. Accordingly, we included all the indicators of all the latent constructs in the study into a factor analysis to determine whether a single factor claimed a disproportionately large variance. We thus conclude that common method bias is not present in our study.

**RESULTS**

**Discriminant Validity of the Employee Engagement and Organizational Commitment Constructs**

While every effort was made to conceptually differentiate near-identical or overlapping constructs, it was essential to make the same discrimination operationally as well. It was for this purpose that discriminant validity tests were carried out such that the operationalization of one construct was different from that of another construct. In social science research in general, and OB/HR research in specific, there are quite a few constructs that would appear synonymous in lay terms. To establish construct difference definitionally, it is therefore practically advisable to carry out a discriminant validity analysis and ascertain the precise connotation of that construct – both, conceptually as well as mathematically. Prior research provides evidence of the distinctiveness of employee engagement and organizational commitment. Yet, because of the similarity of wordings of the items measuring the employees’ ratings of the constructs, we conducted a confirmatory factor analysis leading to discriminant validity establishment to examine whether employee engagement and organizational commitment were distinct. We used AMOS software (version 17.0; Arbuckle & Wothke, 1999) to compare the fit of two nested models: (a) a one-factor model incorporating both the constructs and (b) a two-factor model distinguishing employee engagement and organizational commitment. Based on the sequential chi-square difference test (James, Mulaik, & Brett, 1982), the two-factor model, $\chi^2 (19, N = 246) = 166.04$, fitted the data significantly better than the one-factor model, $\chi^2 (20, N = 246) = 198.06$; $\Delta \chi^2 (1, N = 246) = 32.02, p < 0.01$. The two-factor model also showed better fit to the data according to the comparative fit index (two-factor model = 0.83, one-factor model = 0.80), the goodness-of-fit index (two-factor model = 0.84, one-factor model = 0.81), and the Tucker-
Lewis index (two-factor model = 0.75, one-factor model = 0.72). Therefore, we treated the two constructs separately in subsequent statistical analyses.

**Descriptive Statistics and Correlation**

The means, standard deviations, internal reliabilities, and intercorrelations among the variables are reported in Table 1. All measures show high internal reliabilities, with coefficient alphas ranging from 0.55 to 0.84. The pattern of correlation is consistent with the hypothesized relationships. That is, POS and P-O fit has a statistically positive relationship with the potential mediator namely, employee engagement, and with the outcome variables of organizational commitment and job satisfaction. Additionally, employee engagement has statistically significant positive relationships with organizational commitment and job satisfaction respectively.

**Relationships of POS and P-O Fit with Employee Engagement, Organizational Commitment, and Job Satisfaction**

We used AMOS (version 17.0; Arbuckle & Wothke, 1999) to assess the degree to which POS and P-O fit were related to employee engagement, organizational commitment, and job satisfaction, and to see whether employee engagement mediated the relationship of POS and P-O fit with organizational commitment and job satisfaction.

The standardized regression estimates presented in Table 2 allowed us to examine the direct association between the study constructs. We note that the level of significance is based on the critical ratio (CR) of the regression estimate (Biswas, Giri & Srivastava, 2006; Byrne, 2001). Thus, when CR values are greater than or equal to 2.58, it indicates a 99 percent level of significance. However, when CR values are greater than or equal to 1.96 but less than 2.58, it indicates a 95 percent level of significance. Accordingly, we report that employee engagement regresses significantly and positively on POS (standardized $\beta = 0.36$, C.R. = 3.70) and P-O fit (standardized $\beta = 0.48$, CR = 4.67). This is consistent with Hypotheses 1 and 2. The standardized regression coefficients for the relationships are designated by $\beta$. Further, organizational commitment (standardized $\beta = 0.82$, CR = 6.72) and job satisfaction (standardized $\beta = 0.85$, CR = 4.22) are significantly and positively associated with employee engagement. Consequently, we accept Hypotheses 3 and 4.

A mediator is instrumental in accounting for the influence of the independent variable on the dependent variable (Cohen, Cohen, West & Aiken, 2003). To test the mediation of employee engagement, we followed the suggestion of Wood, Goodman, Beckmann and Cook (2008)

### Table 1: Means, Standard Deviations, Alpha Reliabilities, and Intercorrelations Among Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>$M$</th>
<th>$SD$</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. POS</td>
<td>3.16</td>
<td>0.43</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. P-O Fit</td>
<td>3.32</td>
<td>0.61</td>
<td>0.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Employee engagement</td>
<td>3.37</td>
<td>0.36</td>
<td>0.23</td>
<td>0.33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Organizational commitment</td>
<td>3.47</td>
<td>0.51</td>
<td>0.52</td>
<td>0.54</td>
<td>0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Job satisfaction</td>
<td>3.53</td>
<td>0.51</td>
<td>0.48</td>
<td>0.47</td>
<td>0.32</td>
<td>0.55</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** $N = 246$. Alpha reliabilities are reported on the diagonal. ** $p < 0.01$.

### Table 2: Regression Estimates

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Standard Error</td>
<td>$\beta$</td>
</tr>
<tr>
<td>POS $\rightarrow$ Employee engagement</td>
<td>0.18</td>
<td>0.05</td>
<td>0.36</td>
</tr>
<tr>
<td>P-O fit $\rightarrow$ Employee engagement</td>
<td>0.23</td>
<td>0.05</td>
<td>0.48</td>
</tr>
<tr>
<td>Employee engagement $\rightarrow$ Organizational commitment</td>
<td>1.51</td>
<td>0.22</td>
<td>0.82</td>
</tr>
<tr>
<td>Employee engagement $\rightarrow$ Job satisfaction</td>
<td>1.07</td>
<td>0.25</td>
<td>0.85</td>
</tr>
</tbody>
</table>

**Note:** $N=246$; The C R (Critical Ratio) is the commonly recommended basis for testing statistical significance of SEM components with C R values beyond ±2.58 establishing significance at $p < 0.01$ level.
and applied structural modeling equation (SEM) procedures using the maximum likelihood estimation (MLE) algorithm. It has been previously argued that in the area of mediation analysis, when variables with multiple indicators are taken into account (Iacobucci, Saldanah, & Deng, 2007), or conditions of confirmatory analyses are met (James & Brett, 1984), or when models incorporate latent variables (Kenny, Kashy, & Bolger, 1998), SEM offers a better alternative to traditional multiple regression tests of mediation. However, conceptually, our procedure of testing mediation using SEM is akin to Baron and Kenny’s (1986) approach. We consider two competing models namely, model 1 and model 2, where model 1 includes the potential mediator, that is, employee engagement in this case, whereas model 2 constrains the potential mediator and examines the direct relation between the predictor and the criterion variables.

Although, as per literature (Byrne, 2001), values of GFI ≥ 0.90 are considered to be representative of a well-fitting model, we considered the advised cut-off of 0.95 as suggested by Hu and Bentler (1995). Furthermore, in order to compare model 1 and model 2, we calculated the comparative-fit-index (CFI), the normed-fit-index (NFI), the relative-fit-index (RFI), and the Tucker-Lewis index (TLI). According to Hair, Andersen, Tatham, and Black (1998), the recommended fit values for CFI, NFI, RFI, and TLI, are ≥ 90. A model, which has a higher value of the proportionate fit indices, is accepted as a better fitting model. We also considered the parsimony of model 1 and model 2 by calculating the respective root mean square of approximation (RMSEA) values. A lower RMSEA indicates a better model with the suggested maximum being 0.06 (Biswas & Varma, 2007). Finally, we also used the Akaike Information Criteria (AIC) (Akaike, 1974) for model selection and buttressed our claims by using the Browne-Cudeck (1989) Criteria. Based on the SEM analysis, results of which are presented in Table 3, we accept Hypothesis 5 which stated that employee engagement will mediate the positive relationship of POS and P-O fit with organizational commitment and job satisfaction. Even though one might reasonably object that the actuality of a causal model cannot be established by non-experimental data and accept that there may be other causal models that might fit the data equally well, we maintain that given the theoretical premises of our present study, model 1 is the best-fitting model.

Although the use of SEM establishes employee engagement as a mediator and precludes problem of correlated measurement error, we further conducted the Sobel’s (1982) test, the Aroian’s (1944) test, and the Goodman’s (1960) test. These tests were conducted in line with the z-prime method (MacKinnon, Lockwood, Hoffman, West & Sheeets, 2002) to check for the statistical power of our models and discount the possibility of Type I error while exploring the strength of mediation. Results of these tests are provided in Table 4.

Finally, we also performed the two-step procedure suggested by MacKinnon, Warsi and Dwyer (1995) to categorize the status of employee engagement as a full- or a quasi-mediator and to find out the corresponding percent of mediation caused by it. Considering employee engagement as the mediator variable, we tested the following two conditions: (i) whether the direct paths from the antecedent to the consequents were greater than the paths under the condition of mediation, and, (ii) whether the direct path from the predictors to the criteria under the mediated condition was significant. As we see from Table 4, condition (i) is negative and condition (ii) is positive; we therefore conclude that employee engagement is a full-mediator between the predictors, i.e., POS and P-O fit and the criterion variables, i.e., organizational commitment and job satisfaction.

**Table 3: Fit Indices**

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Normed $\chi^2$</th>
<th>GFI</th>
<th>CFI</th>
<th>NFI</th>
<th>RFI</th>
<th>TLI</th>
<th>RMSEA</th>
<th>IC</th>
<th>Browne-Cudeck Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Model 1</strong></td>
<td>1.20</td>
<td>0.94</td>
<td>0.99</td>
<td>0.93</td>
<td>0.88</td>
<td>0.98</td>
<td>0.03</td>
<td>386.38</td>
<td>407.73</td>
</tr>
<tr>
<td><strong>Model 2</strong></td>
<td>3.67</td>
<td>0.79</td>
<td>0.78</td>
<td>0.73</td>
<td>0.68</td>
<td>0.75</td>
<td>0.10</td>
<td>695.52</td>
<td>703.96</td>
</tr>
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</table>

*Note:* GFI = Goodness-of-Fit Index; CFI = Comparative Fit Index; NFI = Normed Fit Index; RFI = Relative Fit Index; TLI = Tucker-Lewis Index; RMSEA = Root Mean Square Error of Approximation; AIC = Akaike Information Criteria
DISCUSSION

The results of the present study provide ample support for the proposed theoretical model (Figure 1). In this section, we discuss the implications of each of the hypotheses as well as those of the overall model vis-à-vis the empirical outcomes as detailed above.

Our first hypothesis postulated a positive relationship between POS and employee engagement. The results of the data analysis support such a postulation. Organizations need to go beyond the specified contractual relationships and provide individuals with economic and psychological backings in order to extract optimum efforts. A positive evaluation of affective experiences expounded by a favourable organizational stance is an essential prerequisite to enhance cognitive and behavioural evaluation by an employee vis-à-vis his or her situation at work. Thus the acceptance of our first hypothesis suggests that when individuals perceive positive levels of organizational collaboration, they are intrinsically encouraged towards exerting considerably higher levels of effort.

The second hypothesis of our study stated that P-O fit would be a significant correlate of employee engagement. This is borne out by the study results. Conceptually, P-O fit is the alignment between organizational and individual norms and values. Prior research (O’Reilly III, Chatman & Caldwell, 1991; Posner, 1992; Vancouver & Schmitt, 1991) has reported that P-O fit leads to positive attitudinal outcomes, reduces anxiety, and increases individual commitment and involvement. The notion that P-O fit deals with the congruence between employees’ personal values and those of the organization makes for greater meaningfullness and psychological safety leading to higher levels of employee engagement. Furthermore, when individual values are perceived to fit organizational norms, the former are entrusted with greater responsibilities and are made to feel more empowered. Laschinger and Finegan (2005) have described these conditions as apt to make employees more engaged. As such, the acceptance of our second hypothesis corroborates previous research in that, high levels of P-O fit serve as strong antecedent to foster high levels of employee engagement.

Additionally, such an affirmative appraisal of organizational approaches confirms the individual’s belief that their employing organization appreciates their contribution and thinks about their well-being. Consequently, individuals reciprocate to these organizational efforts through superior discretionary and non-discretionary performances. Furthermore, perceptions of organizational support by the individuals improve their job-related attitudes such as intrinsic motivation and perceived job security. As a result, a larger share of their job efforts are now devoted towards performance enhancing endeavours manifested through higher levels of job involvement and employee engagement. Moreover, within the boundaries

<table>
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<th>Table 4: Analysis of Employee Engagement as a Mediator</th>
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<td>Whether</td>
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<td>direct path &gt;</td>
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<tr>
<td>POS → Employee engagement → Organizational commitment</td>
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<tr>
<td>p-o Fit →</td>
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<tr>
<td>POS → Employee engagement → Job satisfaction</td>
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<td>P-O Fit → Employee engagement → Job satisfaction</td>
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** p ≤ 0.01.
of the social exchange theory and with employees ascribing anthropomorphic traits to their organizations (Gouldner, 1960; Levinson, 1965), POS creates a sense of felt obligation among employees which the latter exhibit through a greater degree of emotional as well as transactional engagement.

In the third hypothesis, it was postulated that an employee’s engagement with his or her job and organization would have a positive association with his or her job satisfaction level. Our results are consistent with this hypothesization. This implies that when individuals experience a certain level of engagement, they find their work to be more fulfilling and motivating. As a result, they perceive their work and workplace to provide them a pleasant environment. Consequently, they are more satisfied with their job. This line of reasoning is corroborated by previous research (Schaufeli & Bakker, 2004; Sonnentag, 2003)

Our fourth hypothesis stated that employee engagement and organizational commitment would be positively related. The acceptance of this hypothesis indicates that a high level of employee engagement reflects a greater trust and loyal relationship between the individual and the organization. This suggests the building up of higher degree of commitment by the employee towards their employing organization.

Our study provides theoretical implications and builds on the theoretical conjecture provided by Macey & Schneider (2008). Further, the study builds on the importance of employee engagement as an important mediator between the reported antecedents and outcomes. It also provides empirical support to job satisfaction and its linkage with employee engagement. This study supports earlier work carried out in the Western context, on the emerging importance of employee engagement in the Indian context. It corroborates the findings of Aryee, Chen and Budhwar (2004) that Indian organizations emphasize stimulating personal growth and development, sometimes ahead of organizational performance. In return, employees reciprocate with increased commitment and lower levels of absenteeism and turnover. Aligned with employee engagement and job satisfaction literature (Saks, 2006), our study finds both as important predictors of employee engagement, which, to our knowledge, no other Indian research study has explored.

For practitioners, this study gives insight into the importance of employee engagement, its antecedents and outcomes in the Indian context. HR practitioners need to provide organizational support and person-organization fitment which would lead to a highly engaged workforce. They need to pay attention to the person-organization fit, and how it dynamically affects employee engagement, organizational commitment, and job satisfaction. Person-organization fit may be checked/tested at the recruitment stage and later at the project/team formation stage to be able to garner the maximum advantage from the process. Dynamic perceived organization support may be evident through more understanding, empathic and emotional intelligent coaching behaviour, from the senior leadership. Coaching and mentoring process sensitivity needs to be built into the organization through customized OD interventions at the individual level. Senior management may be sensitized towards the coaching behaviour which may lead to higher engagement and commitment from the employee perspective. HR practitioners may experiment with tools such as workplace alienation scale (Nair & Vohra, 2009) to zero in on the exact remedial measures and customized OD interventions. Workplace alienation scale provides a robust measure for its use in testing worker alienation and facilitating any required correction to ensure enhanced employee well-being. Those organizations which trigger engagement, commitment, and satisfaction levels, are more likely to have a happier workforce.

Limitations and Areas for Future Research

The study deals with cross-sectional data. Though the researchers have found through supporting analysis that there is no effect of common method factor, yet the model fit appears to be meaningful. However, a mixed method approach, employing case studies and empirical data could have given better results. The sample size for this study is 276. Increasing the sample size and pursuing industry specific studies may give interesting generalizable results. Further, besides mediator analyses, a moderator analysis could have given richer insights, which future studies can look into. Future research studies may also examine how employee engagement triggers innovation at the firm level. A cross-level research design may give interesting results.
REFERENCES


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