THE MEDIATING ROLE OF PERSON-ORGANIZATION FIT IN THE RELATIONSHIP BETWEEN SOCIALLY RESPONSIBLE-HRM PRACTICES AND EMPLOYEE ENGAGEMENT

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Abstract

Purpose of study: This study investigates the relationship between employee engagement and Corporate Social Responsibility (CSR), which draws insights from social exchange theory. Specifically, it examines the effect of socially responsible human resource management practices (SR-HRM) on employee engagement.

Methodology: The empirical work in the present study was conducted in Malaysia. The measurement instruments for Socially Responsible HRM Practices, P-O Fit, and employee engagement were adopted. The analysis in this study is based on a sample of 94 MBA students in a well-known public university in Malaysia.

Result: The results emphasize that SR-HRM practices are positively related to employee engagement. Besides, P-O fit partially mediates this relationship.

Implications: Thus, this study contributes to the literature by clarifying the relationship between CSR practices and employee's attitudes. In addition, it explores the mediation mechanism to provide a better understanding of the relationship.

Keywords: Corporate Social Responsibility (CSR), Employee Engagement (EE), Socially Responsible HRM (SR-HRM), person-organization Fit (P-O fit), Social exchange theory.

INTRODUCTION

Employee engagement (EE) positively affects vital outcomes as financial performance, work-life balance, perceived organizational support, job satisfaction, commitment, and retention (Saks, 2006; Besieux et al., 2013; Mahon et al., 2014; Hewitt, 2015). Besides, serious negative outcomes accompany disengagements such as high burnout and low performance (Salanova et al., 2005; González-Romá et al., 2006). In response, growing interest has arisen in the literature toward employee engagement. However, paychecks and monetary rewards are not the most influential forces to recruit or motivate employees. As they request for a value for their work (Cave, 2002) and for an employer who cares about and contributes to the community.

Therefore, beyond the traditional job task that has been linked to employee engagement. Scholars started to shed light on corporate social responsibility (CSR) as a new source of meaningfulness for the employees (Geldenhuys et al., 2014; Raub & Blunschi, 2014). And provided evidence on the positive impact of employees' perceptions of their organization's CSR on their engagement (Glavas & Piderit, 2009; Tsourvakas & Yfantidou, 2018). Furthermore, a significant positive relationship revealed between employee engagement and both internal and external CSR practices (Obeidat, 2016) and dimensions of internal CSR (Albdour & Altarawneh, 2012). Whereas, (Ferreira & Real de Oliveira, 2014) showed that the influence of internal CSR practices on employee engagement is greater than the external CSR practices.

On the other hand, relevant studies indicated the importance of person-organization fit (P-O Fit) on employees’ behaviors and attitudes such as satisfaction and commitment (Westerman & Cyr, 2004). Moreover, strong P-O fit gives employees a source of psychological attachment and meaningfulness that in turn will lead to a higher level of employee engagement (Saks & Gruman, 2011; Biswas & Bhatnagar, 2013; Memon et al., 2014; Peng et al., 2014). Furthermore, with the daunting gap that businesses face in employee engagement (Mirvis, 2012). There is a scarcity in research that clarifies when and how employee engagement is related to CSR (Glavas, 2016).

Correspondingly, the current study contributes to the emergent body of knowledge by providing further insights into the effect of CSR on employee engagement. Second, adopting Socially Responsible HRM practices are used as different practices of CSR and to examine this relationship beyond the internal and external dimensions of CSR. Third, clarify how employee engagement is related to CSR by exploring the mediation effect of P-O fit in this relationship.

LITERATURE REVIEW

Employee Engagement

Engagement is a positive employee’s attitude toward their employing organization and its values. It has been identified as “the harnessing of organization members’ selves to their work roles” (Kahn, 1990), p. 694). And characterized by vigor, absorption, and dedication (Schaufeli et al., 2002). Growing literature positively linking employee engagement to pivotal outcomes such as perceived organizational support (Mahon et al., 2014), work-life balance (Hewitt, 2015), financial performance (Besieux et al., 2013), job satisfaction, commitment, and retention (Saks, 2006). Besides, serious negative
outcomes accompany the disengagement such as high burnout and low performance (Salanova et al., 2005; González-Romá et al., 2006).

Corporate Social Responsibility (CSR) & Socially Responsible HRM

CSR Has been regarded as a pivotal issue that affects the workplace (Below, 2014). (Carroll, 1979) identified CSR as the economic, legal, ethical, and discretionary value that community expects from organizations at a particular time. The extended literature indicated the significant positive impact of CSR on stakeholders such as consumers, investors, managers, and employees (Petersen & Vredenburg, 2009; Kim et al., 2010; Groza et al., 2011; Du et al., 2013; Wang et al., 2013). In addition, to its positive effect on the organization's public image and profitability (Bertels & Peloza, 2008; Quazi et al., 2015).

On the other hand, human resource management (HRM) has been considered to have a significant role in implementing organization sustainable strategy and CSR initiatives (Bučiūnienė & Kazlauskaitė, 2012; Manroop et al., 2014). An increased number of organizations are now using HRM as a key driver to enhance the business performance in social responsibility and to get their managers ready for social, and ethical issues (Newman et al., 2016; Cohen, 2017). Consequently, CSR has been extended to HRM foundation, which in turn promotes the existing knowledge of both kinds of literature.

The term of socially responsible HRM (SR-HRM) has been introduced by (Orlitzky, 2006a). SR-HRM is identified as CSR strategies and practices directed at employees to underpin the effectiveness of the implementation of CSR (Shen & Benson, 2016). SR-HRM may include employee's social contributions in recruitment, promotion, performance appraisal, remuneration, and retention. Besides, to provide them with training in social issues (Orlitzky, 2006b; Shen & Jiuhua Zhu, 2011). Literature has established that SR-HRM positively influences organization citizenship behavior (Newman et al., 2016), intention to quit (Kundu & Gahlawat, 2015), and employees’ work-related attitudes (trust, motivation, affective commitment) (Kundu & Gahlawat, 2016).

Person-Organization Fit (P-O fit)
P-O fit referred to the congruence between employees and their employing organization in terms of value and goal compatibility (Audia et al., 1996). Relevant literature showed strong evidence about the impact of P-O fit on both employees and organization such as job satisfaction, commitment, lower turnover intentions, and Organizational Identification (Cooper-Thomas et al., 2004; Ambrose et al., 2008; Mete et al., 2016). Furthermore, employees-employee value misfit caused ethical strife and led to negative employee work outcomes such as stress, commitment loss, absenteeism, and intention for turnover (Schwepker Jr, 1999; Edwards & Shipp, 2007; Thorne, 2010).

CONCEPTUAL MODEL & HYPOTHESIS DEVELOPMENT

Hypothesis Development

CSR & Employee Engagement

Employees have been identified as a key stakeholder part (Greenwood, 2007). However, paychecks and monetary rewards are not the most influential forces to recruit or motivate employees. They request meaning for their work (Cave, 2002) and want their employer to care about and contribute to the community. Consequently, beyond the traditional job task that has been linked to employee engagement. CSR provided a new source of meaningfulness for the employees (Geldenhuys et al., 2014). Initially, the volunteering program which is provided or supported by organization reported a positive relation to job absorption (Rodell, 2013) and it is predicted their employee's work engagement (Caligiuri et al., 2013).

Furthermore, many previous studies have shown the positive influence of CSR practices on employee's attitudes (Barnett, 2007) such as organizational commitment, job satisfaction, and organizational citizenship behaviors (Brammer et al., 2007; Turker, 2009; Lin, 2010). Moreover, organization responsible practices have been approved as a source for attracting and inspiring employees (Cave, 2002; Zappalà, 2004). Therefore, scholars started to shed light on the CSR - employee engagement relationship. And provided a piece of evidence on the positive impact of employees' perceptions of their organization's CSR on their engagement (Glavas & Piderit, 2009). A recent study by Tsourvakas and Yfantidou (2018) on two multinational organizations in Greece, showed a positive link between CSR and employee engagement. As organization's caring image makes employees proud to identify with it. Besides, a significant positive relationship has been revealed between employee engagement and both internal and external CSR practices (Obeidat, 2016) and dimensions of internal CSR (Alboul & Altarawneh, 2012). Whereas, (Ferreira & Real de Oliveira, 2014) showed that the influence of internal CSR practices on employee engagement is greater than the external CSR practices.

However, with the daunting gap that businesses face in employee engagement (Mirvis, 2012). There is a scarcity in the research that clarifies when and how employee engagement is related to CSR (Glavas, 2016). Therefore, considering the proved influence of employees' perceptions of their employer socially responsible practices on their behaviors and attitudes. And how it identifies them with their organization. In addition, to the evidence from previous studies on the positive relationships between employee engagement and CSR. The current study aims to expand the literature by
exploring the impact of socially responsible HRM practices, which represent different practices of CSR on employee engagement.

<table>
<thead>
<tr>
<th>Article</th>
<th>Related findings</th>
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<tbody>
<tr>
<td><strong>CSR – Engagement</strong></td>
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<tr>
<td>(Obeidat 2016)</td>
<td>A positive relationship between (internal and external) CSR and employee engagement</td>
</tr>
<tr>
<td>(Albdour, &amp; Altarawneh 2012)</td>
<td>A significant relationship between dimensions of internal CSR and employee engagement</td>
</tr>
<tr>
<td>(Ferreira, &amp; de Oliveira 2014)</td>
<td>The influence of internal CSR practices on employee engagement is greater than the external CSR practices</td>
</tr>
<tr>
<td>(Tsourvakas, &amp; Yfantidou 2018)</td>
<td>CSR is positively related to employee engagement</td>
</tr>
<tr>
<td>(Yousaf et al., 2016)</td>
<td>Internal CSR directly affects employee engagement</td>
</tr>
</tbody>
</table>

**CSR & P-O Fit**

Scholars have positively related corporate ethical culture and values to P-O fit (Ruiz-Palomino et al., 2013). In addition, they indicated that employee perceptions of organization ethical values generate a sense of employee-organizational fit (Coldwell et al., 2008). However, previous studies showed that CSR practices indicate organization ethics and values for its employees. And that employees perceived CSR as an important condition for ethical fit with their organization (Coldwell et al., 2008; Kim & Park, 2011). Furthermore, CSR has been associated with increased value-fit commitment (Valentine & Godkin, 2017). Also, P-O ethical fit proved to be related to employees’ attitudes such as job satisfaction and commitment (Andrews et al., 2011). Moreover, P-O fit mediated CSR-organizational attractiveness relationship (Kim & Park, 2011).

Providing that organization ethical culture and values relate positively to P-O fit. And as CSR practices highlight Organization ethics and values for its employees and positively relate to perceived P-O fit. Thus, socially responsible HRM practices as dimensions of CSR are probably likely to predict and positively relate to Person-Organization Fit.

<table>
<thead>
<tr>
<th>Article</th>
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<tr>
<td><strong>CSR -- P-O fit</strong></td>
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<tr>
<td>(Coldwell et al. 2008)</td>
<td>Presented an exploratory model that indicates how employee perceptions of organization ethical values generate senses of employee - organizational fit</td>
</tr>
<tr>
<td>(Andrews et al., 2011)</td>
<td>Organization ethical values impact to P-O fit positively. Then, P-O fit linked to both commitment and job satisfaction</td>
</tr>
<tr>
<td>(Ruiz-Palomino et al., 2013)</td>
<td>Ethical culture linked P-O fit positively. And that P-O fit partially mediated the relationship between ethical culture and employee job satisfaction, affective commitment, and intention to stay</td>
</tr>
<tr>
<td>(Kim, &amp; Park 2011)</td>
<td>Employees perceived CSR as a significant requirement for ethical fit with an organization. And that the relationship between CSR and corporate attractiveness is mediated by P-O fit</td>
</tr>
<tr>
<td>(Valentine, &amp; Godkin 2017)</td>
<td>Perceived CSR was related to increased employees’ fit with and commitment to their employer and lead to lower turnover intentions</td>
</tr>
<tr>
<td>(Hudson et al., 2017)</td>
<td>Employee assessments of CSP are positively attached to perceived P-O fit</td>
</tr>
</tbody>
</table>

**P-O Fit & Employee Engagement**

Payment level is not enough or a sustainable reason for employee’s happiness nowadays (Ahuvia, 2008). However, employees consider the P-O fit and congruence with employer values as a source of happiness that affects their outcomes (Ambrose et al., 2008; Cha et al., 2014). P-O fit provides employees with a sense of congruence of purpose with their employer which in turn clarifies for them their job meaning. In addition, they ultimately improve their focus on their job tasks (Van Vuuren et al., 2007). Literature indicated the importance of strong P-O fit on employees' behavior and attitudes such as satisfaction and commitment (Westerman & Cyr, 2004). Moreover, value misfit between employees and their employer cause ethical strife and lead to negative employee work outcomes such as stress, commitment loss, absenteeism, and intention for turnover (Schwepker Jr, 1999; Edwards & Shipp, 2007; Thorne, 2010).

Relevant literature enforced that the strong person-organization fit gives an employee with a source of psychological attachment and meaningfulness that in turn will lead to a higher level of employee engagement (Saks & Gruman, 2011; Biswas & Bhatnagar, 2013; Memon et al., 2014; Peng et al., 2014). In the same vein, (Kahn, 1990) indicated that individuals fit with their social system lead to a greater sense of meaning that derive individuals to get more engaged, whereas it's hard for them to engage when organization values misfit their values. Accordingly, we propose that employee sense of fit with their employer tend to demonstrate a higher level of engagement.
### Social Exchange Theory

The theoretical structure for the current study hypothesis will be reinforced in terms of the social exchange theory (SET). According to Blau (1964), reciprocity is the main rule for social exchange theory. If one part (employer) provides a benefit, the receiving party (employee) would respond in a benefit in return. Based on this, SET can explain the relationship between employee perception of CSR practices and their engagement (Albdour & Altarawneh, 2012). Those employees reciprocate to their employer ethical and responsible practices in positive behavior such as higher engagement levels.

Besides, SET explains the P-O fit link with employee engagement. That employees fit with their organization provides them with a sense of meaningfulness and congruence. Thus, in response, they will reciprocate in becoming more engaged. Various studies used SET to explain how P-O fit links to employees' positive behaviors such as job satisfaction, organizational citizenship behavior, and employee engagement (Jiménez Suárez-Mendoza & Zoghbi-Manrique-de-Lara, 2008; Liu et al., 2010; Memon et al., 2014).

Based on the above, the following hypothesis can be stated:

**Hypothesis 1**: There is a direct positive relationship between SR-HRM practices and Employee Engagement.

**Hypothesis 2**: P-O fit will mediate the relationship between SR-HRM and Employee Engagement. Specifically, (a) SR-HRM is positively related to P-O fit, and (b) P-O fit is positively related to Employee Engagement.

### Conceptual Model

Drawing on the above studies, which have been conducted by reviewing the literature for this study, Figure 1 shows the conceptual model of the relationships among study variables.

![Conceptual Model](https://example.com/figure1.png)

**Figure 1: Conceptual Model**

### METHODOLOGY

#### Participants and Procedures

The empirical work in the present study was conducted in Malaysia, consisted of gathering data from 94 MBA students in a well-known public university. Using a non-probability sampling technique (Sekaran & Bougie, 2016) through closed-ended survey questionnaires. The gathered data was analyzed using SPSS Regression analysis (Baron & Kenny, 1986) to test the study hypotheses.

The measurement instruments for Socially Responsible HRM Practices, P-O Fit, and employee engagement were adopted from Shen & Benson (2016), Cable & Judge (1996) and Schaufeli et al. (2006) respectively. The response was measured using Likert five-point scale. The distribution and characteristics of the sample showed that the sample included both public (28.7%) and private sectors (71.3%). The sample consisted of both male (44.7%) and female (55.3%) employees. The average age of the respondent was 31.04 years. And the average for respondent years of experience was 2.1.

### RESULTS AND FINDINGS

Means, standard deviations and the correlation between the variables are reported in Table 1. The correlations results support the proposed link between SR-HRM practices, P-O fit and employees’ engagement. It shows that the variables are significantly correlated. Correlations among all the variables were below 0.9 which shows there is no sign of multicollinearity (F. Hair Jr et al., 2014).

<table>
<thead>
<tr>
<th>Article</th>
<th>Main Findings</th>
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<tbody>
<tr>
<td>P-O Fit ---- Engagement</td>
<td></td>
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</table>
Another limitation is that the data were gathered only from MBA student in Malaysia. To get a more comprehensive representative result future research should not be limited only to MBA students and may consider different cultures or countries. Finally, the cross-sectional design is another limitation of this study. A longitudinal study is suggested for further research to provide robust generalized results.

**Table 1** Mean, Standard deviation, and Correlation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Means</th>
<th>Standard Deviation</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Socially Responsible Human Resource Management (SRHRM)</td>
<td>3.53</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>Person–OrganizationFIT (P-O FIT)</td>
<td>3.72</td>
<td>0.64</td>
<td>0.36*</td>
</tr>
<tr>
<td>Employees Engagement (EE)</td>
<td>3.65</td>
<td>0.62</td>
<td>0.30*</td>
</tr>
</tbody>
</table>

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

Table 2 shows the findings of using regression analysis. The results showed that SR-HRM was significantly related to employee engagement (p<0.01, t=3.01, β=0.30). Hence, H1 was accepted. The R-square value estimated was 0.09, means that 9 % of employee engagement was explained by SR-HRM.

To test the mediation effect according to Baron and Kenny (1986) we went through three regression steps: Step1, regressing P-O fit on SR-HRM; step2, regressing employee engagement on SR-HRM and P-O fit. The R-square of the first regression step was 0.13, (p<0.01, t=3.75, β=0.36) in this step SR-HRM was a significant predictor of P-O fit. The R-square of the second regression step was 0.09, (p<0.01, t=3.01, β=0.30) this step indicated that SR-HRM significantly affected employee engagement. The R-square of the third regression step was 0.25, (p<0.01, t=1.47, β=0.14) in this step P-O fit was a significant predictor of employee engagement, that SR-HRM was a significant predictor of employee engagement when P-O fit was controlled for. The effect of SR-HRM on employee engagement (β=0.14) was less in the third step than in the second step (β=0.30). Thus, based on Baron and Kenny (1986), partial mediation conditions were met. P-O fit partially mediate the relationship between SRHRM and employee engagement.

**Table 2**: Results of regression analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>R-Square</th>
<th>F</th>
<th>Standardized Coefficients Beta</th>
<th>T</th>
<th>Sig.</th>
<th>Decisions of results</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRHRM to EE</td>
<td>0.09</td>
<td>9.01*</td>
<td>0.30</td>
<td>3.01</td>
<td>0.00*</td>
<td>Supported</td>
</tr>
<tr>
<td>SRHM to P-O FIT</td>
<td>0.13</td>
<td>14.06*</td>
<td>0.36</td>
<td>3.75</td>
<td>0.00*</td>
<td>Supported</td>
</tr>
<tr>
<td>P-O FIT to EE</td>
<td>0.23</td>
<td>27.12*</td>
<td>0.48</td>
<td>5.21</td>
<td>0.00*</td>
<td>Supported</td>
</tr>
<tr>
<td>SRHRM, P-O FIT to EE</td>
<td>0.25</td>
<td>15.81*</td>
<td>0.144</td>
<td>1.47</td>
<td>0.00*</td>
<td>Supported</td>
</tr>
</tbody>
</table>

**, Significantly at the 0.05 level (2-tailed).

**DISCUSSION**

In line with findings from previous literature, the results of the current study indicated that the employee’s perception of their organization socially responsible practices positively influences their engagement level. It can be seen from the employee's consideration for CSR as a new source of meaningfulness (Geldenhuys et al., 2014). That positively impact their engagement (Glavas & Piderit, 2009; Tsourvakas & Yfantidou, 2018). Therefore, an organization should consider the importance of SR-HRM practices on its employee attitudes and, consequently, their performance. These findings are consistent with previous studies that showed the positive impact of SR-HRM practices on employees' work-related attitudes (trust, motivation, affective commitment) (Kundu & Gahlawat, 2016), intention to quit (Kundu & Gahlawat, 2015) and organizational citizenship behavior (Newman et al., 2016). Moreover, employee engagement is also affected by P-O fit. As it provides employees with a sense of congruence of purpose with their employer and ultimately improves their focus on their job tasks (Van Vuuren et al., 2007). The finding is also in line with previous scholars that P-O fit impact employee engagement (Saks & Gruman, 2011; Biswas & Bhatnagar, 2013; Memon et al., 2014; Peng et al., 2014).

**CONCLUSION**

Based on the findings and discussion, it can be concluded that employee engagement is significantly affected by their perception of their organization’s SR-HRM practices. Moreover, P-O fit has a significant mediating effect on the relationship between SR-HRM and employee engagement. Therefore, an organization should invest in and improve their SR-HRM practices in the future. As a result, they can increase employee engagement. However, this study has some limitations. First, it only focused on employee engagement as a positive employee outcome. Future research may consider other different positive employee attitudes and outcomes as employee satisfaction and performance. Furthermore, it may consider the effect of SR-HRM on negative employee outcome such as deviant behavior. Another limitation is that the data were gathered only from MBA students in Malaysia. To get a more comprehensive representative result future researches should not be limited only to MBA students and may consider different cultures or countries. Finally, the cross-sectional design is another limitation of this study. A longitudinal study is suggested for further research to provide robust generalized results.


