

# Employee Retention & Engagement Solution

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## Abstract

The labor factor is most impotent factor of production factors, because it makes the difference. It makes the difference in the businesses environment in all organisations to become more profitable and sustained as completed ones. And also employee engagement becomes a popular topic of the workplace which is approved to affect the organizational outcome. Employee retention is a process in which the employees are encouraged to remain with the organization for life time or maximum period of time. It is a strategic tool for the success of the firm. Employee retention is a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements. Employees are the greatest asset for an organization. Therefore, every organization must treat their employees as ends and not means to ends, because they add value to the organization. The paper then shows how an organization can find and retain talents as well as engaged. The objective of the paper was to gauge the perception of employee's retention and engagement, solution in particular environment. The challenge of attracting and retaining talented employees has always been a matter of concern to the companies, because research showed time and again that while pay and benefits matter, one cannot solely depend on money to attract and retain qualified employees, especially those who get other employment opportunities. However, it is not that the companies are oblivious of the key drivers of attracting and retaining employees, like challenging and stimulating workplace environment, chance to learn and grow, a good supervision, and great people to work with. However, there is a gulf of difference between knowing and effectively applying that knowledge, because that requires systematic approach to the issue and under the present context of business environment, it is increasingly becoming difficult to formulate a viable plan towards attracting and retaining quality employees.

## Keywords

Engagement, Retaining, Attracting Human Resource Management

## 1. Introduction

The research question of this investigation (What can be the best solution for employee engagement and retention in Jordanian organizations?) commands a comprehensive review of all variables that are instrumental in employee engagement, attraction and retention, like company dimensions, job dimensions, and compensation system, before reviewing the role of HRM towards contributing to the best possible solution for employee engagement (Figure 1).

Accordingly this study, it reviews the following areas:

- 1) Company Philosophy/Culture;
- 2) Leadership Approach;
- 3) Motivation and Reward System;
- 4) Cultural Demographic Influence;
- 5) Role of HRM and its application tool HPWS.

Through the review of the above, this study aims to gain understanding about the drivers that influence employee engagement, retention and attraction. It would be pertinent to mention here that all the relevant components/factors are integrated, where one's condition can affect others; and thus they look like below when put together: Figure 2.

The above diagram shows that the research follows a pattern of review where it covers the key drivers of employee engagement and retention, before settling for literatures on the role of HRM under the present context.

### Present Situation

The recent recession around the world has raised several questions about the way business has so long been handled, and perhaps the most significant of them is the issue of employee engagement and retention, since many companies have suffered to a great deal due to huge employee turnover or due to the failure to

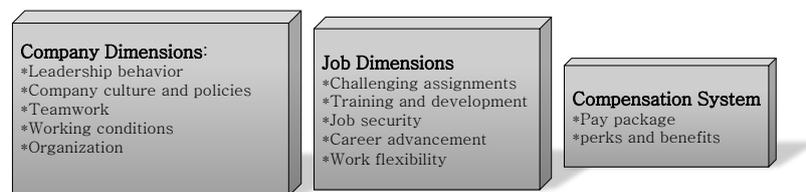


Figure 1. The dimension of problems.

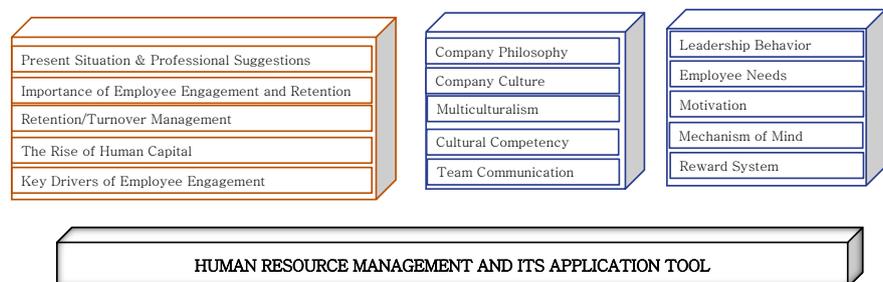


Figure 2. The significant of employee engaging retaining and attracting in business's environment.

engage the employees towards achieving the desired company outcome.

After the recession, when the situation is demanding that the companies should now produce more for less, the issue of engagement and retention has become more intense, since most of the companies now cannot afford to pay more to attract or retain quality employees, and from the employees' perspective, it looks extremely difficult to serve more for less amid the fear of losing their jobs. Altogether there is tremendous confusion regarding what could be ideal way to restore and maintain employee engagement.

## 2. Professional Suggestions

**Duncan Brown (2008)**, the director of HR services at Pricewaterhouse Coopers, has suggested that companies need to focus on the following four areas under the current circumstance:

- 1) Raising pay for the performers: According to **Brown (2008)**, the main question is how to link reward with performance, and *not* whether to link it.
- 2) Focusing on equal pay: "It is essential to ensure that pay differences are justifiable and non-discriminatory," argued **Brown (2008: p. 22)**, pointing at the importance of eliminating any discriminatory pay amid this crunch hour.
- 3) Ensuring employee engagement: To explain its significance, Brown cited references from Sears research (**Haskett et al., 1994**), where the research openly suggested that employee engagement is critical to corporate performance.
- 4) Effectiveness: **Brown (2008)** considered it as a tool to reduce the pressure of cost.

However, under the present context, it is doubtful how the companies would provide extra money for better performance, or to maintain a policy like equal pay. Therefore if the companies fail to cover the first two conditions, it is obvious that they would not be in a position to engage or retain their employees. Resultantly, the companies cannot be in a position to raise employee effectiveness and thus, to earn more!

There are other suggestions too to enhance the company performance amid the current downturn like **Wellins's (2008)** view that "It's now the responsibility of each employee who holds a great job to offer great value to the company in return," though not forgetting to add, "leaders should provide support for their staff without removing individual responsibility." This also serves as a pointer to the role of leadership, as it should pass on the art and science of producing more for less by being themselves as examples. This kind of suggestion too leads us nowhere, as the ways and means to enhance employee engagement should be a collective responsibility of the management, leadership and HRM of the company.

The above state of affairs shows that the experts too are realizing that it is time about providing more for less, but they are divided on the issue, where one group is charging management to provide more for less, which means company would pay more than it would earn to engage the employees, and the other group is asking the employees to be ready to provide more for less on their own,

ignoring the fact that employees as individuals easily differ on skills, opinions and requirements. The above situation clearly shows that on one hand the companies need to raise their earnings by engaging and retaining their employees and on the other hand, they cannot afford to spend money for it. However, to fathom the significance of employee engagement and retention, this study reviews a few relevant literatures.

#### Importance of Employee Engagement and Retention

According to Kahn (1990), employees feel happier when they are engaged, and state of condition generates more profit, besides generating high levels of creativity and less instance of absenteeism. Wagner and Harter (2006) observed that in such happy conditions employees even become less prone to job-related hazards and generate an overall positive influence on the business level outcomes.

Wildermuth and Wildermuth (2008), the executive partners of a consulting firm specializing in employee engagement, cited their client's view while explaining the significance of employee engagement: "Engagement is part of our values and training curriculum. We want to make sure our employees, leaders, and customers are engaged" (p. 51).

### 2.1. Retention Management

Wildermuth and Wildermuth (2008) also presented a 10-point solution to employee engagement, naming it as "10 Ms of engagement", and stated that nine components out of the ten operate in three dimensions like organization culture, the job, and personal issues, which are in a way connected to one another, while the final factor, which they named as "match" factor, occupies the spaces between culture, job, and personal issues. According to them, "engagement is built on time, commitment, and consistent monitoring" and "ultimately engagement requires that all employees operate from their own strengths and passions" (p. 51). A brief version of their 10-point suggestion would look like below:

1) Model: It symbolizes integrity and quality commitment to the ethical part of business that contains both reward and punishment for ethical violations.

2) Metropolis: Through this M they point at the importance of camaraderie, support, and respect, which eventually turn as a package of positive social interactions and bring acceptance and safety to workplace, which are vital for an engaging workplace environment.

3) Magnate: This M refers to the value of acknowledgement and appreciation, where the company includes all employees in its celebrations of significant achievements to formally inform the employees about the significance of their contributions.

4) Moderation: This term points at the need to check over enthusiasm to save the energy of the employees and instead focusing on a steady, controlled progress interspersed with energy recharging phase to maintain a consistent level of engagement.

5) Manager: These coinages represent the issue of empowerment of the employees with the view that employees feel more engaged and like to stay if they too have roles in decision-making.

6) Moon: This term points at the power of learning to boost employee confidence, where learning provides sense of accomplishment, which in turn enhances employee engagement/retention.

7) Mirror: A healthy self-esteem of the employees, i.e., a sense of self and pride about their achievements usually gets reflected and this coinage refers to that, highlighting its efficacy in attraction/retention/engagement of employees.

8) Malleability: This coinage highlights the factors like resilience and flexibility, and insists that developing such attitudes among employees generates high engagement in employees, as it helps bind employees with the organization.

9) Microphone: This M focuses on the ability of the employees to speak for themselves and identifying the areas they need help for improving their and company future. This generates a sense of belonging to the company and thus considerably enhances employee engagement and will to stay on.

10) Match: This M serves as the pointer to the need of recognizing each employee's personality traits and individual talents, which in turn facilitates the identification of the elements required to keep each individual engaged and willing to stay. For example, if an outgoing person is given outdoor job that would make the person happy and continue with the job.

## 2.2. The Rise of Human Capital

The recent research by the [Conference Board \(2005\)](#) further has provided a tangible evidence of the significance of employee engagement and retention by utilizing the proposition that with the expansion of knowledge economy, the value of intangible assets grows rapidly, and accordingly they have found that percentage of intangible assets out of the total value of the company has risen from 38 in 1982 to 85 in 2000, along with the startling facts like below:

1) The cost of losing a talented person in 2002/3 was between \$200,000 and \$250,000.

2) The end result of a bad recruitment was at least \$300,000.

3) The operating cost of without a key player (technical person) even at a low level stood around \$500,000 per annum.

The above findings establish the significance of employee engagement, retention and attracting quality employees. It also highlights the importance of managing such an important capital of business. It also justifies the rise of HR from the concept of personnel management to Human Resource Management (HRM) and subsequently to Strategic Human Resource Management (SHRM).

The "Sears case study" ([Ulrich, 1997](#)) substantiates the close link between the key drivers of business like employee commitment, customer commitment and bottom line performance, where, for example, even a five percent rise in employee commitment can generate a three percent rise in customer commitment

and resultantly, it can raise 0.25 percent in shareholder value. This represents a model of “employee value chain”, which many global players has recognized, besides recognizing the deep links between quality HR practice, employee commitment, and financial performance (Guest, 1997).

However, even back in 1990s, Allen and Meyer (1990) strongly suggested about the deep connection between affective commitment of the employees and organizational performance and their types as a) Affective, b) Continuous, and c) Normative.

Some suggested that employee engagement and employee commitment are all the same, but McBain (2006) put that debate to rest by stating that employee commitment is an outcome of employee engagement. Even a little before that, Towers Perrin (2004, 2005) underpinned the significance of employee engagement by two studies with the following outcomes:

i) Organizations with higher employee engagement enjoy 70 percent more chance of achieving their targets; ii) Such organizations also achieve higher operating margins, where a five percent increase employee engagement can generate 0.7 percent rise in operating margins; iii) Such organizations achieve high talent retention rate, as their employees are found to twice as eager as to remain with their employer; iv) Such organizations outperform industry sector growth by 6 percent.

### 3. Key Drivers of Employee Engagement

Shuck & Albornoz (2007) have underpinned four factors that influence employee engagement that are mentioned below:

1) Workplace environment: It comprises of elements like physical and emotional characteristics of the workspace, relationship among colleagues and typical job functions, which together provide the feeling about climatic conditions of workplace that affect employees’ level of engagement (Brown & Leigh, 1996).

2) Supervisor: Since the leadership is directly responsible to engage or retain the employees, the quality of leadership is a serious factor in it. According to Gopal (2003), “The root of employee disengagement is [often] poor management.”

3) Employee Characteristics: Shuck & Albornoz (2007: p. 6) have placed them in two categories like the need for challenge, and an entrepreneurial spirit, and suggested that the first one fuels the “esteem need” (Maslow, 1970) and the second one generates industriousness in employees.

4) Opportunity for learning: This is another strong factor in attracting, engaging or retaining employees, because learning brings “a change in behavior, cognition, or affect that occurs as a result of one’s interaction with the environment” (Werner & DeSimone, 2006: p. 33), and it is associated with any or all of the human needs.

According to Lavigna (2007), employees can be happy even in demanding situation, who points out that high level of employee satisfaction does not serve as an indicator to the facts like work is not demanding or employees are always

happy, and instead their survey showed that demanding workplace environments can have some of the most committed and productive employees.

Lavigna (2007) underpins three factors as the most influential drivers of workplace engagement, and they are:

- 1) Leadership;
- 2) The match between employee skills and the agency's mission;
- 3) Work/life balance.

Shuck and Albornoz (2007) also suggested that the choice to express or withdraw one's authentic self is the emotional, social and physical act of employee engagement, while explaining Kahn's (1990) theory of employee engagement and disengagement. Their suggestion aligns with Herzberg's two-factor theory (2007), which too speaks about the important roles of autonomy and meaningful understanding towards increasing the employees' intrinsic willingness to engage in work (Latham & Ernst, 2006), thereby highlighting the significance of the intrinsic factors in employee engagement and retention associated with employee engagement.

Thus the above review commands further review on the elements it discussed, like the employees' understanding of company philosophy/vision (without which accomplishment of the mission is impossible), employee motivation, reward system, company culture, or leadership.

Besides that, all of the above issues stand out as something to be managed continuously—for example, the issue of matching of the employee skills with the company mission points at the need to create and maintain a process of knowledge management that would include training as well as information exchange among employees, imbibing company vision among employees also needs to be managed, the leadership issue too needs to be managed in a specific direction.

Therefore, one can easily settle down to the idea that the process of employee engagement and retention cannot do without being organized in four areas like

- 1) Company vision/philosophy
- 2) Company culture
- 3) Appropriate leadership style
- 4) Appropriate SHRM tool to arrange for appropriate
  - a) Selection, recruitment and training
  - b) Reward structure
  - c) Monitoring of the entire process of human capital management.

Therefore, the above state of affairs automatically commands for a review of the main drivers of the issue, which can now be placed like below:

Company vision/philosophy: What kind of business philosophy can influence employee engagement?

Leadership: What kind of leadership under the present context, i.e., post global economic downturn would be appropriate.

Motivation & Reward System: What is motivation and how it works, and the types of rewards and how they can be effectively utilized to raise the level of mo-

tivation.

Company Culture: How the two essential ingredients of company culture like multiculturalism and team communication can affect employee engagement.

SHRM: What kind of application tool under the present context would be appropriated.

Understandably, the essence of the answers to the above queries could make way towards formulating a comprehensive action plan for effectively attracting, engaging and retaining employees in an organization under the present context.

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### **3.2. Company Culture**

#### *Multiculturalism and Cultural Competency*

The terrific improvement in science and technology, especially in the communication sector has truly made the world a global village where it eliminated all physical boundaries to do business. However, the business process of globalization is still dependent on the right cultural attitude of humans, because the business zones have extended beyond communities and now includes people from all races, religions and regions. Accordingly the concept of ideal business organizations too has elevated from the rank of monoculturalism to multiculturalism, because the workforces of the companies are now involve people from various countries and cultures.

There are three broad categories organizations like

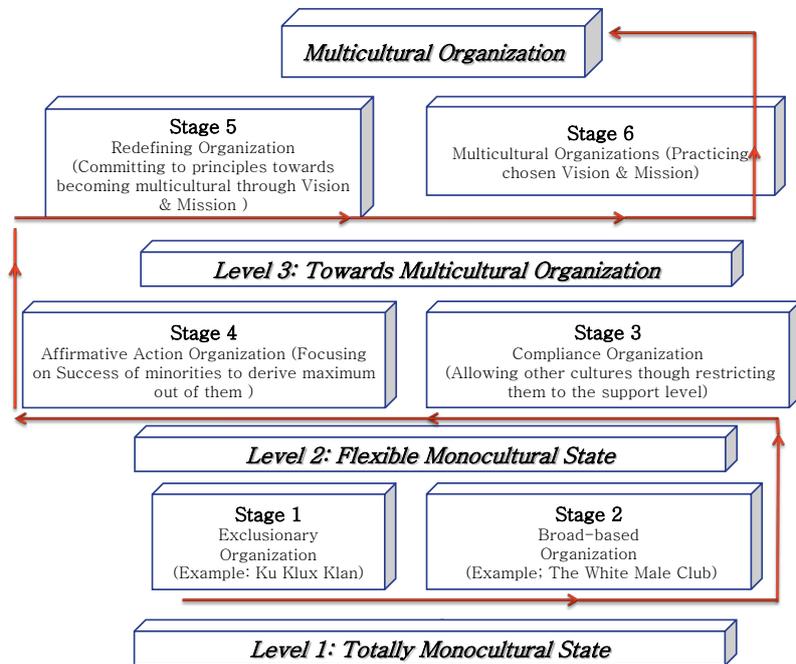
- 1) Organizations that evolve out of group sentiment and remain confined within fulfilling the aim of that group only.
- 2) Organizations that form to serve the humanity irrespective of any prejudice.
- 3) Organizations that evolve with business aims and want to expand across the globe.

The first one is an instance of mono cultural organization, and the other carry the example of multicultural organization with different aims. Mono cultural organizations can take many forms, ranging from religious groups to racial groups, where their aims can be open or hidden. For example, Ku Klux Klan openly declare their aim to safeguard their interest, the terrorist groups may hide their aims. Altogether, the members of these organizations have to be total follower of their aims and objectives irrespective of its alignment with ethics or other social implication (d'Errico, 1990).

Though the business organizations have nothing to do with such groups, yet it can face problem with human tendencies to form a group with the people belonging to same culture or belief, thereby creating undercover mono cultural groups in the companies with the aim to dominate or influence the company affairs. This can create a huge negative impact on the organizations and can act as a roadblock to attract, engage and retain quality employees who do not belong to such groups. Therefore, any organization aiming to achieve high level of employee engagement and retention in a multicultural set up, cannot afford to let such things take place. The journey of an organization thus can be explained through a diagram like below: **Figure 3**.

On the other hand, due to the influence of the regional culture that includes language, social customs and individual lifestyle of region, humans can be intolerant of other cultures, and this tendency too negatively impact any global business organization. For that matter, the companies need to equip their employees and managers as culturally competent with the active support of the company management. For that matter they can adopt various popular models of cultural competency training, like **Kwong's (2008) Model**, which has three distinctive sections of practice and application.

*Kwong's Model*



**Figure 3.** Journey of multicultural organization.

Miu Ha Kwong (2008) presented this model for acquiring multicultural skills that can help employees to develop a multicultural workplace ambience. This model has three sections like below:

1) A fundamental framework: This module aims to develop cultural sensitivity and awareness in learners while emphasizing on attitudinal and cultural development of them. Accordingly it includes bicultural experiences and application of communication theories.

2) Essential Components: This part initiates cultural competency practice.

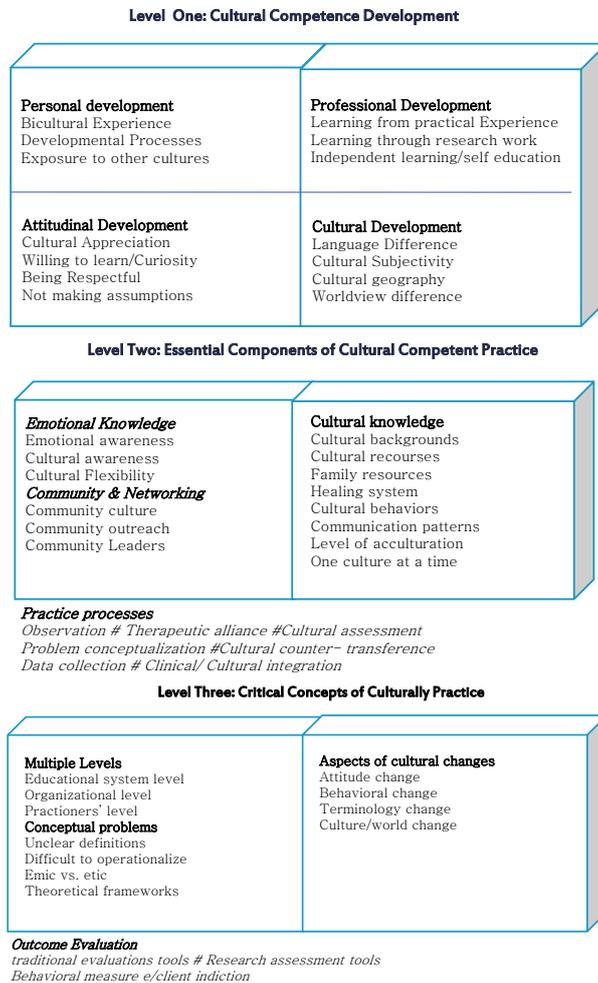
Assessment and Reorientation: This part evaluates the progress of the learners and under the required framework set by the company.

A framed version of Kwong's (2008) suggested model looks like below: **Figure 4.**

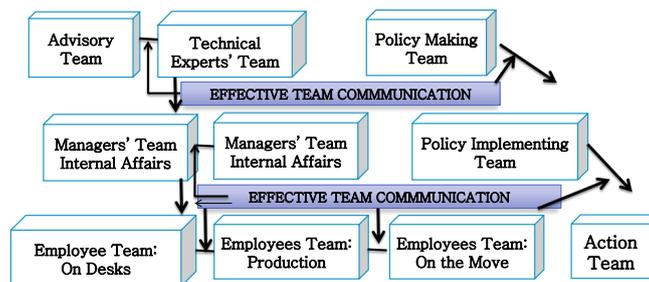
The above review shows that one of the essential ingredients of deserving company culture is multicultural environment and establishing the same could be a major step towards attracting, engaging or retaining quality employees irrespective of their social and regional standing.

### 3.3. Team Communication

Another important facet of company culture is team communication, which greatly helps to align employees perception regarding achieving a common goal and generating motivation to work together towards its achievement. The team communication can be of two types, viz. Inter-team communication, which works at macro level, and Intra-team communication, which work at micro level. Two diagrams below would explain the situation further: **Figure 5.**



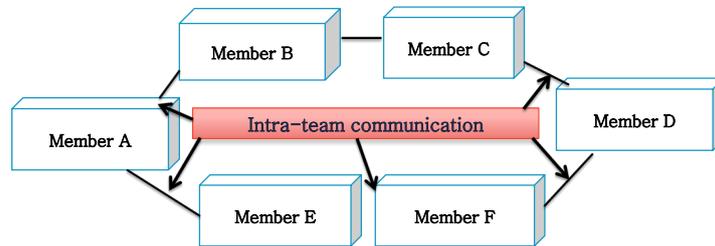
**Figure 4.** Kwong's (2008) model.



**Figure 5.** Inter-team communication.

The diagram above explains the mechanism of team communication in a company, where various teams operate in tandem in different capacities with the sole aim of achieving the company goal (Figure 6).

This diagram highlights the mechanism of intra-team communication, where its members have the same goals (like the background color of each member) that are governed by company goal and/or vision (the background color of the Advisory Team which is similar with all of the other such teams).



**Figure 6.** Intra-team communication.

This process not only enhances company performance, but also creates better inter personal relationships and greater understanding about the company, which can greatly influence employee engagement or retention.

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#### Benefits of Team Communication in General

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Each member is aware of the role of any member, that helps to perform his/her own task in less time	Each taking less time to do tasks increases productivity and to spare time for creative thinking	Enhances motivation among members to achieve the target
Job satisfaction rises	Level of mutual trust and support increases	Better action plans take place
Each member is aware of company objective	Diverse co-workers get along well to perform	OVERALL SUCCESS ATTAINED

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The days of traditional management practice are gone now, where the leaders would promise bonuses and promotions to those who go along with the change (the carrot) and punish those who did not with less important work and the potential loss of their jobs (the stick) (Koch, 2006), because the human capital has positioned itself to the center of the business, and accordingly new concepts have come up to meet the complexities of the modern times. For example, Fishbein's "Expectancy Value Theory," in which "people mould themselves to the world in accordance with their expectations/belief and evaluations", can prove handy to organizations, as this theory suggests that behavior or behavioral intentions or attitudes are the outcomes of expectancy and evaluation, where the expectancy is an idea about a situation or object and evaluation is one's estimation about the impact of that idea/situation/object on any plane. Therefore, "failure to share information is usually the result of not knowing what others need, or assuming what might happen if and when certain kinds of information are shared" (O'Berry, 2005). Accordingly the management and leadership of a company should ensure that

- 1) The workers should not work on assumptions;
- 2) The workers should confirm about their understanding on anything associated with company development;
- 3) The workers should recognize and appreciate their colleagues' contributions at every level of operation.

This approach aligns with Sookman's (2008) idea of creating and maintaining

a team structure that would bring great achievements for a team. Understandably, the members of a successful team seldom want leave the team, and that again points to the efficacy of company culture and highlights the significance of establishing an appropriate company culture to attract, retain and engage quality employees in an organization.

### 3.4. Some Common Mistakes

- The word “data” is plural, not singular.
- The subscript for the permeability of vacuum 0, and other common scientific constants, is zero with subscript formatting, not a lowercase letter “o”.
- In American English, commas, semi-/colons, periods, question and exclamation marks are located within quotation marks only when a complete thought or name is cited, such as a title or full quotation. When quotation marks are used, instead of a bold or italic typeface, to highlight a word or phrase, punctuation should appear outside of the quotation marks. A parenthetical phrase or statement at the end of a sentence is punctuated outside of the closing parenthesis (like this). (A parenthetical sentence is punctuated within the parentheses.)
- A graph within a graph is an “inset”, not an “insert”. The word alternatively is preferred to the word “alternately” (unless you really mean something that alternates).
- Do not use the word “essentially” to mean “approximately” or “effectively”.
- In your paper title, if the words “that uses” can accurately replace the word “using”, capitalize the “u”; if not, keep using lower-cased.
- Be aware of the different meanings of the homophones “affect” and “effect”, “complement” and “compliment”, “discreet” and “discrete”, “principal” and “principle”.
- Do not confuse “imply” and “infer”.
- The prefix “non” is not a word; it should be joined to the word it modifies, usually without a hyphen.
- There is no period after the “et” but a period after the “al” in the Latin abbreviation “*et al.*”.
- The abbreviation “*i.e.*” means “that is”, and the abbreviation “*e.g.*” means “for example”.

## 4. Leadership Behavior

Leadership is perhaps the next important influential factor in employee engagement, retention besides attracting quality employees for more than one reason. However, to achieve that state, the leaders too require possessing certain qualities besides the basic elements of leadership.

### *Basic Elements of Leadership*

1) Effective Communication: Leaders should be able to influence and direct people towards the chosen direction.

2) Vision: Leaders should be able to envision the near future, besides having full grasp over the current situation.

3) Application: The leaders should be able to find the shortest possible routes to the desired outcome and should be able to convince their followers about the efficacy of their plans.

In his book *Principle-centered Leadership*, Covey (1992) suggested that the factors like direction and goal have to be to the topmost agenda for the leaders, while Maxwell (Das, 2004) showed that leadership is a set of learnable and applicable principles in his book *21 Irrefutable Laws of Leadership*. Houston and Sokolow (2006) too presented a guideline towards qualifying for servant leadership, an improvised version of transformational leadership in their book *The Spiritual Dimension of Leadership: 8 Key Principles to Leading More Effectively*, which are briefly presented below:

- 1) Intention: The leaders must convince their followers about their intentions.
- 2) Attention: They must be attentive to all issues that are associated with the development of their team members and the organization.
- 3) Unique Gifts and Talent: Leaders must possess any special quality and should cultivate such natural talents and skills for the benefit of their followers.
- 4) Gratitude: They should use respect to enter the hearts of their followers and to boost their morale.
- 5) Exploiting real-life examples: Leaders should be adept to exploit real-life stories to interpret a situation or its possible outcome, thereby enriching their followers with knowledge and wisdom.
- 6) Holistic Perspective: Leaders should take holistic path to develop the spirit of the followers.
- 7) Openness: Leaders should accommodate the opinions and ideas of their followers and should be able to utilize them for the development of the organization.
- 8) Trust: Leaders must be able to build trust between them and the followers (Houston & Sokolow, 2006).

While the above qualities form the basic platform of leadership, in the sphere of business leadership, leaders can be classified into two main categories like transactional and transformational leadership. Transactional leadership usually takes the route of “give-and-take” principle and “seeks to maintain stability rather than promoting change within an organization through regular economic and social exchanges that achieve specific goals for both the leaders and their followers” (Lussier & Achua, 2004). Transactional leaders “use rewards and punishments to promote performance, thereby making the leader-follower relationship an economic exchange transaction” (Gellis, 2001; Jung & Avolio, 1999).

On the other hand, transformational leadership wants to transform the followers from the core, and its improvised version commands a 24/7 selfless service from the leaders following this style (Greenleaf, 1977). This concept visibly suits with the requirement of the current situation that asks about giving more

for less, and accordingly this study opts to review the qualities of servant leadership in brief

*A Brief Review of Servant Leadership.*

Servant leadership “involves ethics and sets long-term goals” (Northouse, 1997), and according to its mentor, Robert Greenleaf (1977), “leaders should be servant first.” Accordingly Greenleaf presented a list of 11 identifiable traits in a servant leader, which he thought is an assortment of inherent and acquired qualities.

1) Calling: The leaders should possess an intrinsic desire to serve, which would be the hallmark of their actions and their basic intentions.

2) Listening: The leaders should possess an inherent or acquired skill of listening and should be attentive and truly interested in the views of their followers.

3) Empathy: The leaders should possess a natural ability to empathize and earn confidence from their followers.

4) Healing: The leaders should be able to make space for their followers, thereby enabling them to give vent to their pent-up feelings or collect valuable guidance under crises.

5) Awareness: Leaders should keep abreast of the events taking place all around to prevent any possibility of getting misled by wrong information.

6) Persuasion: The leaders should be able to persuade their followers to do things instead of issuing orders for the same.

7) Conceptualization: The leaders should be able to know what is there inside the box and should be able to guess closely about what could be there outside the box by exercising their creativity.

8) Foresight: This more or less emphasizes the ability to look outside the box, i.e., envisioning the future with the help of logic and wisdom.

9) Stewardship: The leader should be capable to inspire, guide and groom their followers with the intention of seeing each of them as servant leaders in the future.

10) Growth: The leaders should be intrinsically committed to the growth of people, while believing in the unique potential of each individual.

11) Building Community: The leaders should consider their organizations as families and should be capable to create a bonhomie atmosphere.

According to Stone and others (2004), servant leaders are Type S leaders under a framework where servant leadership is considered as Theory S, and is distinctly different from three other theories viz., X, Y and Z as framed by McGregor (1967). The briefest description of them looks like as below:

*Theory X:* Considers workers as lazy and thus suggests that they need to be monitored and governed.

*Theory Y:* Considers workers as self-motivated and responsible and have deep interest in their work.

*Theory Z:* Applies both the ideas as and when necessary.

*Theory 5:* Takes care of leadership motivation and creates a bridge of trust between the leader and the workers, where the workers feel convinced that the leader is trying to empower them.

The above review shows that servant leadership aims to become a selfless catalyst for change, besides aiming to exploit all spiritual knowledge and sense of ethical axioms, which easily traverses beyond the material transaction of the world. Clearly this style of leadership is naturally committed to provide more for less, and which indeed is a good news for the recession-hit business world. The essence of the servant leadership can thus be realized through the following powerful set of words: **Figure 7**.

Each word of the above carries deep meaning to this leadership like below:

**Moral Love:** This is considered as the fountainhead of this leadership, where the leaders become constantly provide love and care to their followers (Winston & Hartsfield, 2004).

**Humility:** This is another hallmark of the servant leaders, who abstain from practicing anything related to self-interest, which, according to Hare (1996), is the top degree of modesty.

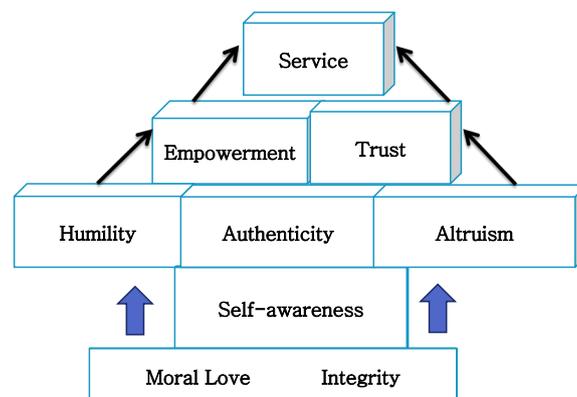
**Altruism:** Servant leaders are always concerned about others' well being (Patterson, 2003).

**Self-awareness:** It is identified through their "ability to recognize one feeling and determining the cause working behind it" (Baron, 2004: p. 15).

**Authenticity:** They possess a power to know and understand one's values (Kouzes & Posner, 2002), which can be seen as a "broad dimension, and which includes subdimensions of humility, security, integrity, vulnerability, and accountability" (Sendjaya & Sarros, 2002: p. 57).

**Integrity:** This refers to their ability to align their thoughts of doing good for the world with their actions, thereby reflecting their inner integrity (Wright, 2004).

**Trust:** They possess the power to build trust which is consistent with values (Kouzes & Posner, 2003).



**Figure 7.** Elements of servant leadership.

Empowerment: This quality totally separates the servant leaders from the rest of other leadership styles, by virtue of this they feel responsible to create servant leaders out of all the followers (Stanley & Clinton, 1992).

Service: This is an easily identifiable trait of a true servant leader, as its mentor Greenleaf says, a servant leader should himself be a servant first (Greenleaf, 1977).

Though the above review clearly establishes that fact that servant leadership style possesses certain qualities that are bound to be influential in engaging retaining or attracting quality employees, yet it would be pertinent to have a look at a brief comparative study of Transactional and Transformational Leadership would explain the latter's standing even better:

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Comparative Study of Transactional and Servant Leadership

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Transactional Leadership	Servant Leadership
Leadership of the status quo. Instrumental in maintaining order and stability in an organization	Leadership of change. May work well under difficult times
Focuses on social and economic exchanges using reward and steps to reinforce positive environment	Focuses on organizational objectives and organizational change by spreading new set of values
Leader-follower relationship is based on mutual satisfaction through transaction	Leader-follower relationship is based on the underlying principles of change
Motivation provided through tangible items of self-interest (money, rank)	Motivation provided by intangible items of self-interest (values)
Based on directive power acts	Based on interaction and influence
Follower response is based on compliance	Follower response is based on commitment
Leader and follower may not have a common goal pursue in strict sense	Leader and follower both are supposed to raise each other to higher levels of motivation and morality
Founded on immediate need of meeting the conditions of living	Founded on people's quest for the meaning of life
Focuses on situational authority and values appropriate to establish that	Focuses on the power of human values and aims to instill that in everyone
Based on daily affairs, tangible outcome	Based on long-term process, intangible outcome
Leader-follower relationship may take off quickly on the basis of ability	Leader-follower relationship might take time to take off due to the difference of understanding
Professional relationship and mostly transitory	Relationship based on the alignment of values and tends to last long
Tactical issues get priority	Missionary approach is preferred
Involves existing system	Stresses on redesigning
Supports proven structures and systems	Aligns structures and systems with values
Follower mentoring based on tangible evaluation	Follower mentoring based on value orientation
Works at micro level	Wants to extend to macro level

Based on the work of Hay (2007).

The above table of comparison clearly shows that servant leadership would be the best instrument towards engaging retaining or attracting quality employees. Altogether the review of leadership literature shows that servant leadership qualifies to take up the job of engaging the employees, while keeping intact the pre-condition of “serving more for less,” and it fits pretty well with the concept of OCE, which too has already qualified as an utility tool towards providing direction of the companies. Now it is to be seen whether the power of these can be effectively channeled to achieve the desired outcome.

#### Motivation

Motivation is the driver of all human actions that is fueled by needs, and humans have several subsets of needs stemming out of the primary need structure. Thus the organizations cannot engage, retain or attract employees without knowing the need structure of humans, and for that matter they have handy basic theories on human need, like Abraham Maslow’s “Hierarchy of Human Need” (Maslow, 1943), or its improvised version “ERG Theory” (ERG, 2007).

#### *Hierarchy of Needs*

Maslow (1943) divides the human needs into five broad based categories like below:

- 1) Physiological Needs: they refer to the basic needs like Air, Water, Nourishment and Sleep.
- 2) Safety Needs: these are related to safety and security in both living and in workplace.
- 3) Social Needs: these are associated with group activities, socialization, or enhanced interpersonal communication, through which humans form bondage with the society.
- 4) Esteem Needs: These stem from the desire to achieve recognition and social status.
- 5) Self-actualization: Every human life is ideally expected to pursue this need mostly at the end of life, when one becomes inclined to discover one’s true self.

#### *ERG Theory*

Clayton Alderfer (ERG, 2007) improvised Maslow’s model by adding more flexibility in it, thereby enabling all to determine the needs of an individual by redistributing the elements from Maslow’s model into three sections like below:

Existence (**E**)—It involves physiological and safety needs.

Relatedness (**R**)—It contains social and external esteem needs.

Growth (**G**)—Self-actualization and internal esteem needs (ERG, 2007).

Alderfer’s model allows to set the order of needs according to the existing need structure of an employee, besides providing the scope to pursue different needs simultaneously. Accordingly, company can separately motivate any individual on any of the **E**, **R** or **G** needs. This model does more than it meets the eye, because it promotes a frustration-regression principle, which refers to the situation where an individual placates his/her mind with the fulfillment of one need after failing to meet another higher need, like when the company fails to

fulfill the safety need of an employee (say, by arranging a decent housing) but makes up for it by recognizing her performance through incentives. This process can be instrumental in engaging/retaining the employees, as it reflects the positive intention of the management towards the welfare and development of the employees. However, it would be pertinent to review the mechanism of motivation, as that can serve enough clues to decide on what kind of motivation can be instrumental in employee engagement or retention.

#### 4.1. Mechanism of Human Mind

The Core of Motivation comprises of elements like Consciousness, Inverted and Absent Qualia, which causes various mental states, and where the consciousness has six major identifiable states like

- 1) State of awareness: When is aware of being in (Rosenthal, 1986).
- 2) Qualitative states: When one senses something out of something like enjoying a meal or experiencing a pain. These are referred to as “qualia”, which are regarded as “intrinsic, private, ineffable monadic features of experience” (Dennett, 1990).
- 3) Phenomenal states: It involves more than sensory qualia, as it covers spatial, temporal and conceptual organization of experience regarding the world and the person’s standpoint in it.
- 4) What-it-is-like states: It’s when one associates a sense of experience with another, like if there is something that it is like to be in that state.
- 5) Access consciousness: It’s when one deals with intra-mental relations, like one seeing a thing and ideating something and then deciding on something.
- 6) Narrative consciousness: It’s when someone is in the “stream of consciousness” that contain an ongoing, series of thoughts from the “perspective of an actual or merely virtual self” (Dennett, 1991).

Thus the mechanism of human mind can somewhat be like below: **Figure 8**.

This brings up the issue of effectively exploiting intrinsic motivation of humans, and for that matter adopting appropriate leadership styles and other essential management tools which augments this process, besides aligning the total endeavor with the dynamism of the global business environment (**Figure 9**).

Reward System and other Motivating Tools

“Every behavior comes out of ‘pain and gain’ principle,” observed Khera (2004: p. 110), while explaining the impact of rewards or recognition. This is more evident in the business world too, where reward system has a great bearing on the emotional plane of humans.

In general there are two types of rewards, like tangible and intangible rewards, where the tangible gains like money, vacations or gifts belong to the former category and intangible gains like recognition, appreciation, sense of achievement, growth, responsibility, sense of fulfillment, self-worth, etc., belong to the later.

Both the above types of rewards feature in a reward system under several titles like

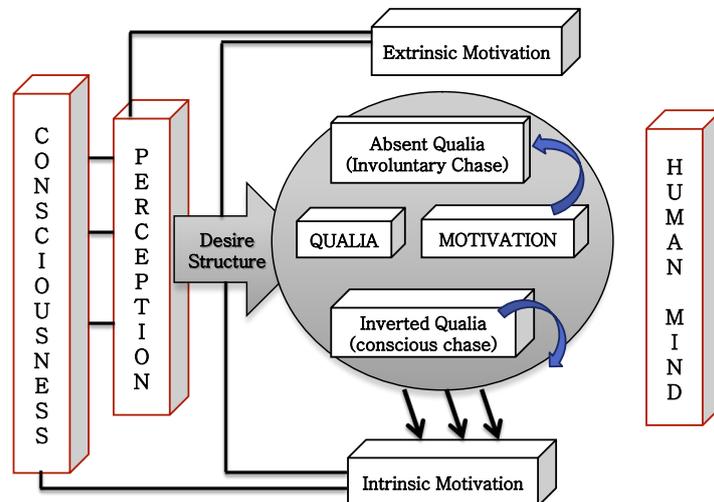


Figure 8. Mechanism of motivation.

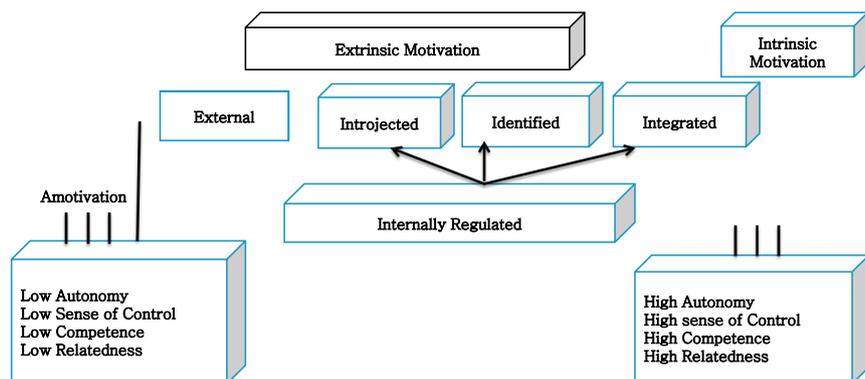


Figure 9. Journey of motivation.

1) Retention: “Retention is critical to the long term health and success of the company” (Heathfield, 2008), and this can be interpreted either intrinsic or extrinsic by both the employee and the management.

2) Morale: The elements like praise, love and faith can charge up anyone under any circumstance. This is a form of intrinsic reward.

3) Job Enrichment: It relates to the in-house grooming of the employees to become an expert in the related field, again this can be both intrinsic and extrinsic reward for both the employee and the employer.

4) Reinforcement. It’s actually a tool to control the employee behavior (Positive Reinforcement Exercise, 2008), which binds the company activities together. There can arguments regarding its efficacy as a reward, since it contains negative elements in it.

There are other three factors too that can help in motivating the employees, and they are: Job Satisfaction, Goal-setting and Performance appraisals. These elements boost self-belief, and belief is a thought that causes the power of subconscious to be distributed into all phases of life (Murphy, 2001).

The reward structure of a company can play a great role in enhancing employee motivation, as it “fuels the employee cooperation, effort and overall satisfaction of all members of the company” (Cacioppe, 1999). Other researchers like Hackman (1998), Shea and Guzzo (1987) too have endorsed this view, where they have clearly advocated for aligning rewards with group activities. The basic parameter of the formulating a reward structure, however, should apply the common logic like optimizing the ability of the workforce as a whole, though in practice it might go down to an individual, especially where the work patterns are not interdependent. This situation calls for some explanations about the nature of intrinsic and extrinsic rewards again, and thus they are placed below:

#### *Intrinsic Rewards*

Deci (1975) says that intrinsic rewards evoke a sense of personal causation - i.e., an inward mechanism serving as the guiding engine for the action, where its elements are usually intangible and working on the plane of one’s perception, where the journey is being enjoyed over the outcome.

#### *Extrinsic Rewards*

Extrinsic rewards are supposed to generate perceptions of external causation (Deci, 1975) by being mostly tangible in nature—a hike in salary or status, or material gains in other forms. However, researchers like Guzzo (1979) defy any division in the reward system and considers it a single, usable tool to tweak the frequency of desired response of the employees towards a desired direction.

The interesting research findings regarding the mechanism of employee engagement is that, the traditional practice of reward system, which is more based on extrinsic reward system, does not play a major role in raising employee engagement as commonly perceived. A survey clearly indicated that only 43 percent of organizations viewed their performance-related reward schemes as being successful (Tucker et al., 2005). Accordingly, strategic reward development process is fast taking over, which some researchers have termed as “total reward strategy” (Brown, 2006) that involves both extrinsic and intrinsic rewards with the following framework: **Figure 10**.

While the above model of total reward can serve as a pointer to “employer of choice”, John Robertson, the director of workplaces survey consultancy JRA, observed from his findings that there are some common features of great workplaces both large and small, and “one of the key attributes is the quality of the leadership” (Ruth, 2008).

Robertson underpinned six key drivers of employee engagement like below

- 1) Job giving a sense of personal achievement;
- 2) Work making full use of your knowledge and skills;
- 3) Being a fun place to work;
- 4) Communication being open and honest;
- 5) Being able to rely on the support of others
- 6) Career and personal development opportunities being available.

There are other influential drivers too, like sense of belonging and sense of

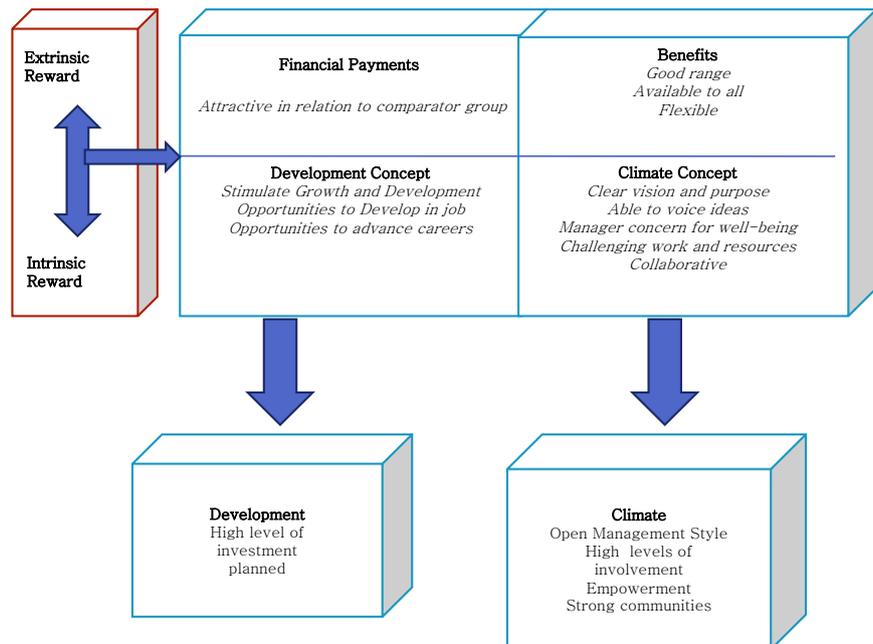
common purpose. However, if one wants to review the reward system in detail, one would obviously land up at creating a detailed structure with all possible variables finding their place in it, and then the structure might look like below:

**Figure 11**

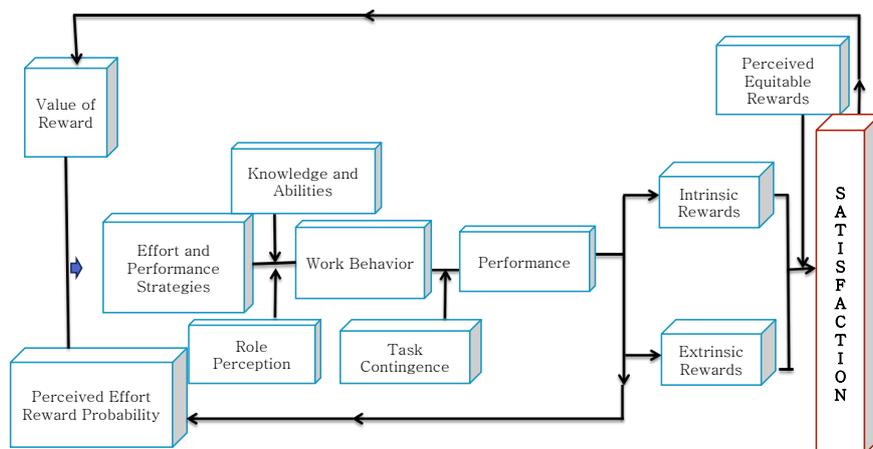
(Adapted from Hackman, 1976).

*Debates on Impact of Extrinsic Reward*

Both Intrinsic and Extrinsic reward share criticism from two schools of thought. For example, the critics of extrinsic motivation point at the hidden prices of such rewards, and maintain that extrinsic reward system intends to control the will of the employees, which could be detrimental to individual development as well as to the development of the company.



**Figure 10.** Total reward strategy.



**Figure 11.** Ideal reward structure.

However, researchers like Hull (1943) and Skinner (1953) refuted such allegations by simplifying extrinsic reward as a direct link between stimulus and response. This view includes punishment as a stimulus too, besides subscribing to the power of stimulus.

This assumed impact, however, is referred to as hidden cost of extrinsic reward system—researchers like Deci and Ryan (1985) used attribution theory and suggested that humans constantly reassess the reasons for their behaviors besides others. Before that, Lepper et al. (1973) had observed that reinforcement generates two effects for the management, like gaining control over activity or fastening the process; two, the backlash effect in absence of reinforcement. The example below would explain it better:

A group or an individual gets a reward of  $x$  amount of money for a period  $y$ , where  $x + y = m$ ,  $m$  being the increased rate of production. Before that, the situation was  $y = z$  where production was  $z$ . Now in the absence of reinforcement and with the influence of attribution theory, the situation would stand like  $y - x = n$ , where  $n < z$ .

Though it may invoke a fresh debate, yet this study feels that extrinsic reward system can be a veiled threat to the organizations in the long run.

The review of the literature on reward system confirms the fact that intrinsic motivation is more forceful than extrinsic motivation, besides highlighting negative potential of extrinsic rewards. It would be pertinent to remember here that servant leadership model too banks on intrinsic motivation, as its motto is selfless service, which does aim for any tangible personal gain. Thus, the correlation between servant leadership and motivation can be established like below: **Figure 12**.

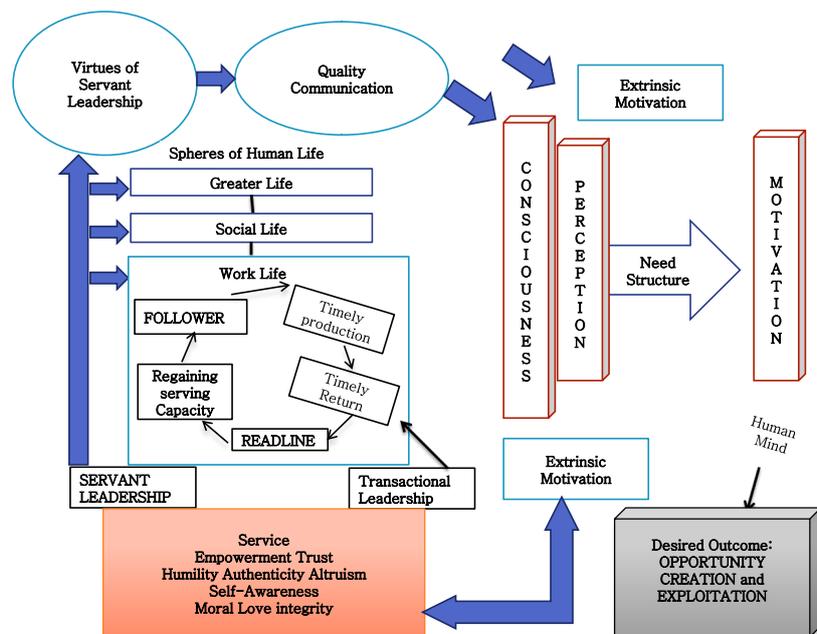


Figure 12. Mechanism of servant leadership.

The diagram shows that servant leadership covers all spheres of human life and intrinsically motivates them to garner best possible result, while the mechanism of transactional leadership cannot go beyond its chosen ghetto.

Armed with this inference, the study now goes on to review literatures on HRM to ascertain whether it is possible to create a model of application that would generate employee engagement even with less financial compensation or other benefits.

## 4.2. Identify the Headings

Headings, or heads, are organizational devices that guide the reader through your paper. There are two types: component heads and text heads.

Component heads identify the different components of your paper and are not topically subordinate to each other. Examples include Acknowledgements and References and, for these, the correct style to use is “Heading 5”. Use “figure caption” for your Figure captions, and “table head” for your table title. Run-in heads, such as “Abstract”, will require you to apply a style (in this case, non-italic) in addition to the style provided by the drop down menu to differentiate the head from the text.

Text heads organize the topics on a relational, hierarchical basis. For example, the paper title is the primary text head because all subsequent material relates and elaborates on this one topic. If there are two or more sub-topics, the next level head should be used and, conversely, if there are not at least two sub-topics, then no subheads should be introduced. Styles named “Heading 1”, “Heading 2”, “Heading 3”, and “Heading 4” are prescribed.

## 4.3. HRM

The key to a company’s economic success is the effective management of its human resources (Huselid, 1995), and companies across the globe are now busy to find that magical key to restore their positions after the downturn, as they have realized that they must continuously improve the way they manage their human capitals to become successful and to remain competitive. According to Kontoghiorghes (2003), “competitiveness will ultimately depend on their capability to configure people and design a system for optimal execution of strategy” (p.28), while from Laprade’s (2005) point of view, “without a well trained and well prepared labor force, businesses lose the ability to compete.”

HRM started evolving in the 21<sup>st</sup> century, when many researchers started investigating the relationship between specific organizational variables and firm level performance, like when examined “intangible” sources of competitive advantage including management capabilities, human and organizational resources and skills, and the firm’s external reputation. Wright and McMahan (1992) contended that human resources could provide a unique source of competitive advantage that is difficult for competitors to imitate. This form of “human capital” can add to the organizational competitive advantage when four basic require-

ments are met:

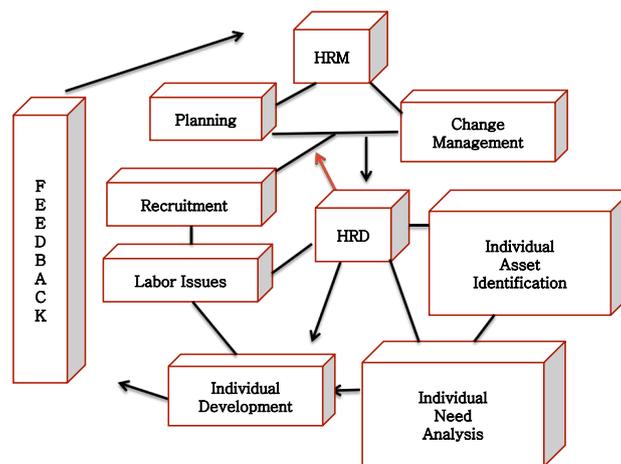
- 1) Employees must add value to the company’s production processes by virtue of their performance;
- 2) Employee should possess some skills that would be unique for the company;
- 3) Employees’ skills and knowledge should be company-specific and inimitable (Wright & McMahan, 1992).

Therefore, to keep the employees engaged with updated skills and confidence to deliver, the modern organizations stress on constantly fostering their employees to enhance their basic skills and knowledge requirements, and for that matter they include systems that could motivate and develop employees to perform at their best to bring competitive advantage for the company (Hatch & Dyer, 2004). It is this need that has expanded the horizon of HRM with newer sets of activities, where the companies started considering it as the pivot of their success and prosperity. One look at the diagram below would explain the evolved state of HRM further: **Figure 13**.

The diagram highlights the modern structure of HRM, where it integrates itself with every layer of company proceedings, like formulating the compensation package, evaluating performance of the employees, motivating them through training, monitoring their overall well-being and safety at workplace, identifying proper training for them, maintaining the flow of communication among all levels, etc. Such a long list of responsibility assigned to it has made HRM an integral part of the organizations.

The tremendous development in the information technology has eliminated the physical boundary and enabled the companies to do business across the globe. Such a situation has also created newer preconditions for business like below:

- 1) It has to contain global workforces with growing state of skills all around.
- 2) It has to match with the high speed of transmission of data and plethora of options in dealing any subject.



**Figure 13.** Evolved state of HRM.

3) It has to be equipped to explore the abundant business opportunities through the scope of endless networking.

4) It has to accommodate a knowledge-based economy, where intellectual capital can drive the value of products.

5) It has to accommodate democratized state of power, where an individual is empowered by the virtual Information Bank and one's own network.

6) It has to align with the newfound openness that advocates the recognition of free minds, free markets and free trade. In short, an open door for anyone to enter from anywhere.

7) It has to accept the fact that business success is no more dependent on financial capital.

8) It has to recognize the newfound scope for an individual to create and sell any product all by one's own, and to a high degree. This feature was a radical shift from the core concept of pre-Information Age, where the economy would revolve around "mass production, mass marketing and mass media" (Isaacson, 1997).

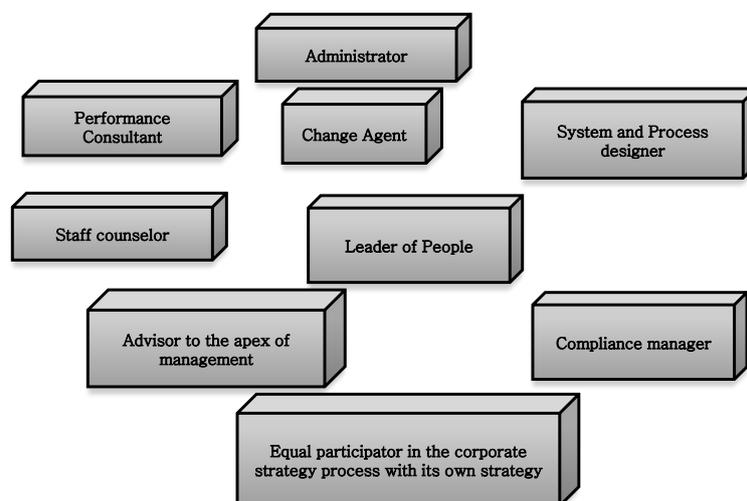
Accordingly, HRM too molded itself to the shape like below: **Figure 14.**

According to Jack Welch (2003), a company can garner competitive advantage if it is able to learn and quickly translate that learning into action. This in fact points at the efficacy of the HRM of a company too, as it is now assigned to increase institutional intelligence, or "Corporate IQ" (Rennie, 2003) in its newfound avatar of Strategic Human

Resource Management (SHRM).

Application of SHRM Tool

From the perspective of Jordanian business environment too, the need for applying SHRM application tool is evident, and thus the companies would do well to exploit the potential of SHRM application tool like HPWS (High-Performance Work System), which is a specific combination of HR practices, work structures, and processes that maximizes employee knowledge, skill, commitment, and



**Figure 14.** Face of modern HRM.

flexibility (Bohlander & Snell, 2004). The system has many interrelated parts that complement one another to achieve the desired outcome for the organization. As for example, System design consists of

Work Flow	HRM Practices	Support Technology
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These are linked with Strategy and Principles of High Involvement and then the process is implemented its outcome is observed in Organizational and in Employee levels. In short, this package of strategy aims to “create an environment within an organization where the employee has greater involvement and responsibility” (Brown, 2006).

According to Barnes (2001), HPWS evolved out of the crunch period of US manufacturing environment in the late twentieth century when it faced global competition and realized the need of reforming their manufacturing process. Thus HPWS emerged with a set of practical ideas to reform workplace behavior of the employees and initially started with three wings like “Involvement,” “Training” and “Incentives”, before adding the fourth, “Support technology” to become a full fledged system.

#### Elements of HPWS

In the parlance of HPWS, “Involvement” refers to the idea of providing the employees an “increased opportunity to participate in decisions” (Barnes, 2001). This is achieved by sharing information among the members of the company and for that matter HPWS stresses on creating a culture of information sharing for the greater interest of the company.

The second element, “Training”, aims to develop the employees’ knowledge and skill they need in their workplace. For that HPWS implements a culture of “on-site” or “real-time” training and encourages the employees to apply new approaches or ideas to develop every sector of company activity. HPWS aims to achieve this state through maintaining a constant flow of learning among the employees.

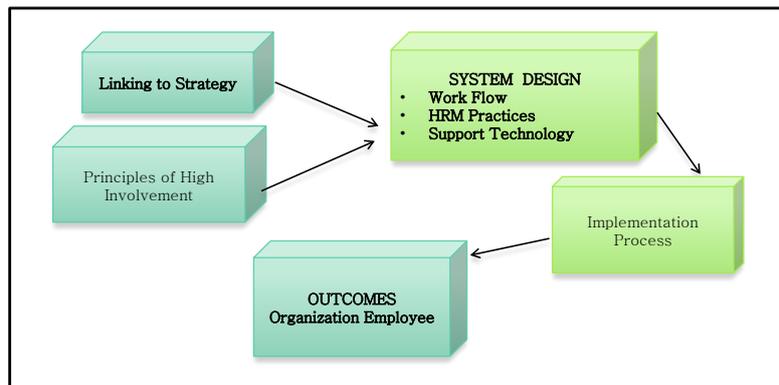
The third element, “Rewards” or “Incentives”, aims to align the individual goals of the employees to company goals by providing an open and fair reward structure, with the main objective of making both the company and the employees benefited out of it.

The fourth component is “Technology”, with the help of which HPWS exploits the advantage of modern technology to make the system further effective.

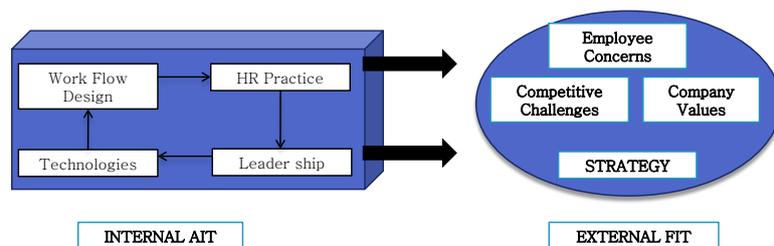
Altogether HPWS aims to create an egalitarian work environment that eliminates the status and power differences, and instead enhances collaboration and teamwork. The basic arrangement of HPWS, therefore, looks like below (Figure 15).

HPWS works on two layers, viz., internal and external where it ensures “Internal fit” and “External fit”. Internal fit refers to the situation where all the internal elements of the work system complement and reinforce one another. In the case of External fit, it refers to the situation where the work system supports the organization’s goals and strategies. It looks like below (Figure 16 & Figure 17).

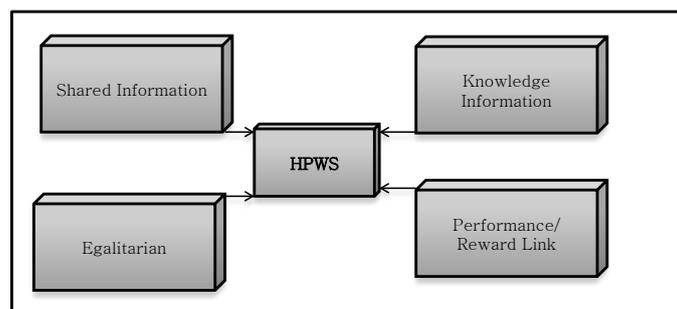
The above diagrams describe how HPWS takes all affairs of the organization into consideration and applies its strategy with three basic elements like Competitive Challenges, Company Values and Employee Concerns, by gathering inputs from the internal fit that contains elements like Leadership, Technologies, Work-flow Design and HR Practices. These elements work in tandem to produce inputs to external fit, which further contributes in determining the specific fits for a particular organization. Alongside it takes the help analyses like SWOT (Strengths, Weaknesses, Opportunities and Threats) for internal analysis and PEST (Political/Legal Economic/Social and Technological Factors) analysis for external situation. Therefore this study can apply HPWS in company situation to ascertain its efficacy towards employee engagement, retention and attraction,



**Figure 15.** HRM is the essential tools for retention and engagement as it deals with vital issues such as selection training appraisal and reward systems.



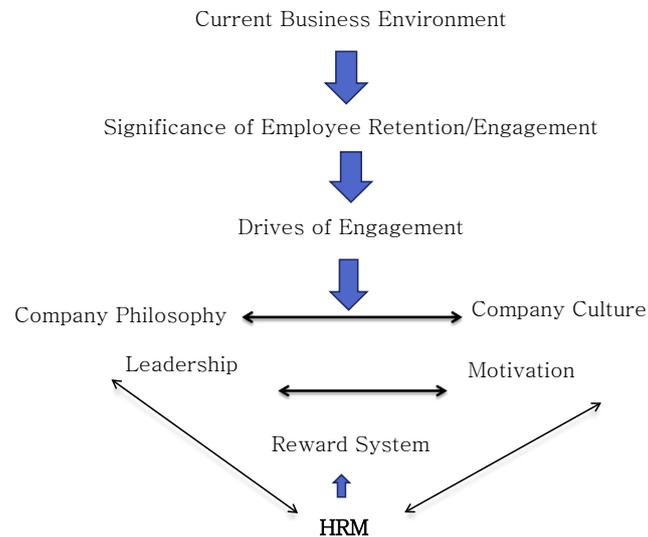
**Figure 16.** HPWS is an effective SHRM application tools toward solving the issues of engaging retaining and attracting qualified employers.



**Figure 17.** HPWS is the best SHRM to generate intrinsic motivation.

1) Evaluation of HPWS as an application tool towards solving the issue of engaging, retaining and attracting quality employees.

Theoretical framework of literature review



## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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