EXAMINING THE EFFECTS OF PERCEIVED ORGANIZATIONAL SUPPORT, A FAIR REWARDS SYSTEM, TRAINING AND DEVELOPMENT AND INFORMATION SHARING ON EMPLOYEES ENGAGEMENT IN SAUDI ARABIA TELECOM SECTOR

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ABSTRACT

Due to multiple outcomes of employee engagement, organizations have been emphasizing different techniques to enhance employee engagement in order to gain a competitive edge in the market. Therefore, purpose of this study is to investigate and empirically validate the relationship between employee engagement and other constructs, such as perceived organizational support, a fair rewards system, training and development, and information sharing. SPSS 18 was used to analyze the data and the findings of this study suggest that a fair rewards system is the most important construct to enhance employee engagement in Saudi Arabia’s telecom sector. Findings of this study will help professionals working in the sector to appreciate these factors when formulating programs to boost employee engagement. They will also be helpful in understanding the effects of these factors on organizations going through a major reform process at both macro and micro level.

Contribution/Originality: The paper’s primary contribution is its findings on the role of perceived organizational support, a fair rewards system, training and development, and information sharing in enhancing employee engagement within the context of Saudi Arabia’s telecom sector.

1. INTRODUCTION

Businesses which have significant interaction with customers require well trained and engaged employees because in these types of business such employees are considered to be a source of competitive advantage (Bhatti et al., 2018). Nazir and Islam (2017) believe that employee engagement is a key factor which has multiple benefits like job satisfaction, creativity, and organizational commitment. Kahn (1990) defined employee engagement as “the harnessing of an organization’s members’ selves to their work roles”, concluding that engaged employees are more likely express themselves physically, cognitively, and emotionally in the performance of their duties. Luthans and Peterson (2002) contended that when employees develop meaningful connections with co-workers and managers, they feel empathy and have concern for the feelings of others. These suggest an employee is emotionally engaged. Where an employee is fully aware of their purpose and function, it means they are cognitively engaged.

Bal et al. (2013) suggested that highly engaged employees are deeply involved with organizational processes and goals. Aktar and Pangil (2018) argued that disengaged employees are less dedicated. Rapid changes in technology and new challenges in the business world force organizations to enhance their performance by using different techniques and strategies. These factors naturally influence top management in Saudi Arabian organizations to also engage their employees using contemporary techniques and strategies.
The purpose of this study is to cover multiple gaps in the existing research. Previous studies have focused on employee engagement and exploring different influences that affect employee engagement. That notwithstanding, there is still much work required to fully understand the nature of employee engagement and its antecedents. In this regard, Bhatti et al. (2018) highlighted that past research on employee engagement is limited and lacks consensus. This calls for further investigation to fully understand the role of these factors in employee engagement (Shuck et al., 2014). Secondly, the concept of employee engagement was introduced in 1990, but no study has concentrated on Saudi Arabia’s telecom sector. Thirdly, rationale for examining employee engagement in this context is that Vision 2030¹ brought major changes at macro and micro level. Previously, the Saudi Arabia's telecom sector had a mixed workforce (Saudi and Non-Saudi) but now only Saudi employees are permitted. This brings a new challenge for management in hiring, training and engaging new graduates. The purpose of Vision 2030 is to bring structural reforms to the country and these reforms are not possible without effective employee engagement. Lastly, due to gaps in the research, professionals have lacked understanding concerning the role of employee engagement in a country undergoing major reform. The purpose of this study is therefore to examine and empirically test the relationship between employee engagement and other constructs such as perceived organizational support, a fair rewards system, training and development, and information sharing.

2. LITERATURE REVIEW

2.1. Perceived Organizational Support and Employee Engagement

Employees obtain a sense of safety and trust from support received from their organization and management. Kahn (1990) suggested that this would motivate employees to be more innovative and reduce fear of failure. Therefore, when employees perceive that their organization values their contribution and provides opportunity for personal development, they have a positive reaction expressed by engagement and job satisfaction. Eisenberger et al. (1986) define perceived organizational support as the “extent to which an employer cares about their employees’ well-being and values their contributions”. In order to understand employee engagement, appreciating the sources of employee engagement is crucial. According to Bhatti et al. (2018) a job-demand and resource model can be used for this purpose. This model suggests that perceived organizational support is considered an important resource that improves intrinsic and extrinsic motivations among employees which result in higher engagement. In this regard, Kurtessis et al. (2015) suggested that when employees perceived that their organization supported and cared about them, they found their workplace more acceptable and became more involved. Furthermore, Nazir and Islam (2017) found that perceived organizational support had a positive influence on employee engagement in higher educational institutions.

H1: Perceived organizational support positively influences employee engagement in Saudi Arabia’s telecom sector.

2.2. Training and Development and Employee Engagement

With the development of human resource management practices, organizations now perceive training and development activities as investments which bring about returns through better employee performance. Researchers investigating multiple outcomes of training and development activities have found that training and development not only improve employee performance, but also enhance employee engagement. According to Aktar and Pangil (2018) this is because training and development activities result in employees perceiving that their organization cares about their development resulting in higher level of engagement with the organization (Ling and Nasurdin, 2014). In addition, Luthans et al. (2008) found that training and development activities improve employee’s psychological health and by extension their level of engagement (Gruman and Saks, 2011).

¹Saudi Vision 2030 is a plan to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, recreation and tourism.

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Furthermore, Taneja et al. (2015) argued that training and development is important for employees coming from outside of the organization, helping them to engage through understanding of the organizational culture and vision.


2.3. A fair rewards system and Employee Engagement

Aktar and Pangil (2018) claimed that organizations often use rewards as a tool to motivate employees to achieve organizational goals, and that a lack of rewards may build an unpleasant working environment and diminish employees’ motivation (Karatepe, 2013). Although appropriate rewards can motivate employees, if they are not given based on actual performance the effects can be reversed. Therefore, organizations should not only have a system of rewards, but ensure that rewards are fairly endowed and perceived to be so. In this regard, Ling and Nasurdin (2014) concluded that rewards will not positively influence employee engagement if they perceive that rewards do not reflect actual performance. Similarly, Karatepe (2013) found that when employees receive expected rewards from their organization against their performance, they feel obligated to their organization which enhances their engagement.

H3: A fair reward system positively influences employee engagement in Saudi Arabia’s telecom sector.

2.4. Information Sharing and Employee Engagement

Kahn (1990) explained that engaged employees are more cognitively and emotionally connected with others, and that such connectivity is experienced when performing daily tasks. By contrast, disengaged employees show less cognitive and emotional connection with others which may result in incomplete tasks and poor performance.

Managers can build cognitive and emotional connection by sharing information on daily bases or before the commencement any new task. Wood and Wall (2007) highlighted information sharing practices as providing the right information to employees about business outcomes, customer feedback and quality. These practices explain that an organization’s trust its employees will in turn increase employee engagement (Paré and Tremblay, 2007). Furthermore, information sharing also affirms that employees are working hard to achieve their goals and there is an absence of mistrust and uncertainty (Chughtai and Buckley, 2008). In this regard, Tomlinson (2010) suggested that information sharing can be improved by using multiple tools such as employee briefings on quarterly bases about performance management and other key information.

H4: Information sharing positively influences employee engagement in Saudi Arabia’s telecom sector.

3. METHODOLOGY

3.1. Measurement

Employee engagement was measured using nine items developed by Schaufeli and Bakker (2004). Sample items include: “At my work, I feel bursting with energy”. Perceived organizational support was measured with five item scale developed by Eisenberger et al. (1986). Sample items include “My organization provides every possible support required to perform my job”. Training and development was measured four using items developed by Saks (2006). Sample items include “Extensive training and development programs are offered by the organization to improve my job skills”. A fair rewards systems were measured with seven items developed by Saks (2006). Sample items include “employees in this organization receive rewards for improving the level of performance”. The Likert scale was used to measure these variables from 1=strongly disagree to 5= strongly agree.

3.2. Data Collection and Sampling

Data was collected from 289 employees working in three major telecom companies in Saudi Arabia: STC, Mobiley and Zain. This study is deductive in nature due to the fact that past researchers have already developed the concepts canvassed in the literature review section. The purpose of this study is to empirically test these concepts in...
the context of Saudi Arabia’s telecom sector. Due to the deductive nature of the study, a quantitative method using a more specific survey technique was employed to collect the data. By using stratified random sampling, the survey was distributed to 350 respondents. 305 completed and returned the survey, and 16 survey were discarded due to incomplete and illogical responses. 289 completed surveys were ultimately included in this study.

4. ANALYSIS AND RESULTS

Multiple regression analysis was used to examine the relationship between variables but before performing regression analysis, the reliability of the scales was assessed.

Table 1 explains that all variables’ reliability is above 0.6. Hair et al. (2006) suggested that Cronbach alphas more than 0.6 predict variable is reliable. Table 2 explains mean, standard deviation and correlation among constructs (perceived organizational support, training and development, fair rewards system, information sharing, employee engagement). There are meaningful correlations between all variables.
Table 3 reported descriptive statistics and correlations of the studied variables. Descriptive statistics of the collected data explained that fair rewards systems have the highest mean value of 4.01 with S.D = 0.29. In addition, employee engagement, information sharing, perceived organizational support and training and development scored mean values of 3.89, 3.55, 3.11 and 2.99 respectively. Table 3 also shows that there is significant correlation among all studied variables.

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>t-values</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived organizational support</td>
<td>289</td>
<td>2.890</td>
<td>0.019</td>
</tr>
<tr>
<td>Training and development</td>
<td>289</td>
<td>3.120</td>
<td>0.015</td>
</tr>
<tr>
<td>A fair rewards system</td>
<td>289</td>
<td>3.589</td>
<td>0.014</td>
</tr>
<tr>
<td>Information sharing</td>
<td>289</td>
<td>2.110</td>
<td>0.017</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>289</td>
<td>2.254</td>
<td>0.016</td>
</tr>
</tbody>
</table>

Notes: t-value> 1.96; p-value < 0.05 (Hair et al., 2006).

Hair et al. (2006) suggested that t > 1.96 represents differences and higher t-values represent higher differences. Similarly, p < 0.05 represents difference that is significant. Table 4 showed that the t-test of significant differences reported significant difference between perceived organizational support, training and development, a fair rewards system, information sharing, and employee engagement.

Based on the literature review, this study proposed and empirically tested the theoretical framework in Figure 1. Therefore, Figure 1 explains that training and development, a fair rewards system, information sharing and perceived organizational support positively influence employee engagement.

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Beta</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived organizational support</td>
<td>0.54</td>
<td>3.12</td>
</tr>
<tr>
<td>A fair rewards system.</td>
<td>0.68</td>
<td>4.15</td>
</tr>
<tr>
<td>Training and development</td>
<td>0.71</td>
<td>3.89</td>
</tr>
<tr>
<td>Information sharing</td>
<td>0.61</td>
<td>3.55</td>
</tr>
<tr>
<td>F-value</td>
<td>59.6</td>
<td></td>
</tr>
<tr>
<td>Durbin Watson</td>
<td>1.89</td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>0.89***</td>
<td></td>
</tr>
<tr>
<td>Adjusted R square</td>
<td>0.58***</td>
<td></td>
</tr>
</tbody>
</table>

Notes: ***p<0.01; t-value> 1.96 (Hair et al., 2006).
Using the multiple regression output to test between perceived organizational support, training and development, a fair rewards system, information sharing and employee engagement, variables tested resulted in a statistically significant correlation with \( p < 0.001 \); (Hair et al., 2006) as presented in Table 5. The regression results showed that 89 percent variation (R square 0.89) in employee engagement can be explained by perceived organizational support, training and development, a fair rewards system, and information sharing. In addition, a bell shape histogram and P-P plots fulfilled the normality requirement of the sample. The Durbin-Watson coefficient of 1.89 was between the acceptable limits of 1.5 to 2.5.

The results of regression analysis reported that tested relationships are significant at \( p < 0.001 \) (Hair et al., 2006) and suggested that the tested hypothesis should be accepted. The beta value (standardized coefficient) of perceived organizational support \( (\beta = 0.54; \ t-value=3.12) \) showed that the perceived organizational support positively influenced engagement among employees working in Saudi Arabia’s telecom sector. In addition, a fair rewards system \( (\beta = 0.68 \ t-value=4.15) \) positively influenced engagement of employees working in Saudi Arabia’s telecom sector. Similarly, regression results showed that training and development \( (\beta = 0.71 \ t-value=3.89) \) positively influenced engagement among employees working in Saudi Arabia’s telecom sector. Lastly, the results also showed that the information sharing \( (\beta = 0.61 \ t-value=3.55) \) influenced engagement of employees working in Saudi Arabia’s telecom sector.

5. DISCUSSION

Engaged employees help organizations to improve performance by performing their job task effectively, and past literature has endorsed the role of employee engagement in organizational development. Therefore, employees express higher levels of engagement by showing high levels of willingness to help the organization achieve its goals and gain a competitive advantage. Bhatti et al. (2018) and Taneja et al. (2015) argued that organizations can gain competitive advantage through efficiently and effectively enhancing employee engagement. Therefore, organizations should continuously strive for higher employee engagement to gain and maintain a competitive edge in the market.

Past researchers have been investigating many factors that influence employee engagement, but findings are not consistent due to different work settings, organizational policies and human resource practices. Furthermore, there is limited research examining the influence of multiple factors on employee engagement in the context where the organization is going through major structural and policy reforms. Although past research may have explained the effects of different factors (perceived organizational support etc.), to the best of our knowledge there is no research which examines the effects of these variables on employee engagement in a situation where an economy and/or sector are undergoing major structural and policy reforms.

Findings of this study revealed that perceived organizational support positively influences employee engagement, and these findings are consistent with Saks (2006), and Joo and Lee (2017). Findings also suggested that when management trusts their employees and builds good relationships that create sense of safety, employees feel that their organization cares about them and values their contribution. This sense of safety and supportive relationship promotes innovative behavior and commitment to the organization. Therefore, when employees feel committed, they get more involved and engaged with their job tasks which in return helps the organization to achieve goals and gain competitive advantages. Findings of this study suggest that in a situation where an organization or economy is going through major reforms, if management provide continuous support, employees will remain engaged and perform better in an uncertain situation. This typically explains that Saudi Arabia’s telecom sector is undergoing major changes due to vision 2030 which required employees and organizations to adopt new methods and techniques to perform job tasks which are not possible without organizational support. In this regards, Nazir and Islam (2017) suggested that when an organization explains the importance of perceived organizational support, employees feel sense of duty towards their job and show higher engagement.
Findings of this study suggest that training and development is an important antecedent of employee engagement, and a positive relationship exists between both variables (training and development, and employee engagement). These findings are consistent with Aktar and Pangil (2018). Findings of this study suggest that when organizations provide training to help employees perform their job task effectively and also provide development opportunities, employees feel their organization cares about personal development which makes them more engaged with their job and organization. Simmons (2002) and Bhatti et al. (2018) suggested that it is difficult to replace knowledge, skills and abilities, so organizations should focus on retaining current employees. This is particularly so in Saudi Arabia’s telecom sector where old employees (non-Saudis) are leaving their jobs and being replaced by new graduates and employees.

Findings of this study revealed that a fair rewards system positively influence employee engagement in Saudi Arabia’s telecom sector and these findings are consistent with Aktar and Pangil (2018). Findings of this study suggest that a fair rewards system indirectly delivers a message to all employees that rewards will be given on fair bases so that those who have desire to obtain these rewards need to work hard. A fair rewards system ensures that employees receive rewards based on performance. When organizations reward their employees for their increased performance and productivity, in return, employees shows higher levels of engagement and importantly perceive that these rewards are fairly endowed.

Finally findings of this study revealed that information sharing positively influences employee engagement in Saudi Arabia’s telecom sector and these findings are consistent with Maden (2015). Findings of this study suggest that when managers and co-workers share information about organization vision, goals, strategies and techniques, employees feel more comfortable in the workplace and integral to the organization. This sense of attachment enhances employee engagement and improves their involvement in job tasks. Findings of this study specifically suggest that information sharing with co-workers in a situation when organization is going through rapid changes reduces uncertainty among employees because continuous updates about changes and new policies make employees aware of their job which enhances their involvement in job tasks.

6. IMPLICATIONS

Past researchers have highlighted the importance of employee engagement, but it has become more challenging for managers to maintain employee engagement when an organization or economy comes under major structural and policy reforms. Findings of this study contribute towards theory and practice in multiple ways. Firstly they strengthen the body of knowledge by empirically validating the relationship suggested by past researchers. For example, findings of this study suggest that training and development positively influences employee engagement and these findings are consistent with past research. Past researchers have examined these relationships in the context of normal working conditions, but this study seeks to explain that relationship from different perspective, namely that training and development becomes more vital for employee engagement when new employees are joining the organization and old employees are leaving.

Another theoretical contribution of this study is related to a fair rewards system, finding this is positively related to employee engagement. The contribution to theory is made by empirical validation of this relationship, that is employees should perceive the reward system is fair. Additional findings suggest that perceived organizational support is positively related to employee engagement, and theory is contributed to by empirical validation of this relationship. Lastly, findings of this research contribute towards theory by empirically validating the relationship between information sharing and employee engagement.

This study has several practical implications as well, such suggesting that managers and professionals should encourage old employees to share information with new employees as much as possible so that new employees get to know more about organizational culture, values, missions and strategies. Furthermore, it is suggested that managers should provide more opportunities for training and development because new employees might possess
lower skills, abilities and aptitudes. Managers should provide emotional and job-related support to new employees to encourage innovative behavior and enhance employee engagement. Finally, it is suggested that a fair rewards system coupled with a perception of its fairness is positively related to employee engagement, and that this research may also be helpful for those organizations working towards merger or acquisition.

7. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This study has several limitations and points to possible future research directions. Firstly, the data was collected from Eastern part of Saudi Arabia (Dammam, Al-Hasa, Al-Khubar). Future research should collect data from other geographic locations in Saudi Arabia to increase applicability of the findings. Secondly, this research focused on perceived organizational support, a fair rewards system, training and development and information sharing which may not provide complete picture of employee engagement. Future research should focus on other human resource management practices like performance appraisal, career advancement and recruitment to examine the level of employee engagement. Thirdly, this study only evaluates employee engagement, but future researchers should further examine the multiple outcomes of employee engagement like job satisfaction and job performance. Fourthly, data was collected from single source where respondents evaluated their own engagement which might create common method bias. Future researchers should collect data about employee engagement from other sources like supervisors and co-workers. Finally, these variables should be tested in other sectors of Saudi Arabia in order to validate these relationships, since many other sectors in Saudi Arabia are going through similar situations where the government is trying to replace non-Saudi employees with Saudi employees in order to reduce unemployment among Saudi nationals. Testing these variables in other sectors like banks, shopping malls and gold shops will help researchers and managers to understand the nature of perceived organizational support, a fair rewards system, information sharing and training and development and their effects on employee engagement.

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