Strategic Human Resource Management and Employee Engagement in Australia

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Abstract

Purpose: The aim of the study was to investigate the strategic human resource management and employee engagement in Australia.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: In Australia, Strategic Human Resource Management (SHRM) practices have shown significant impact on employee engagement across various sectors. Studies consistently highlight that organizations implementing effective SHRM strategies, such as performance management systems and supportive leadership styles, experience higher levels of engagement among employees. Leadership, especially through transformational styles, plays a crucial role in inspiring teams and fostering a positive work environment. Aligning SHRM practices with a supportive organizational culture further enhances their effectiveness in promoting employee commitment and productivity.

Unique Contribution to Theory, Practice and Policy: Resource-based view (RBV) theory, social exchange theory (SET) & high-involvement management (HIM) theory may be used to anchor future studies on strategic human resource management and employee engagement in Australia. Organizations should tailor their SHRM strategies to align with their unique organizational goals, culture, and employee demographics. Governments can support SHRM and employee engagement initiatives through regulatory frameworks that encourage investment in employee development, fair labor practices, and work-life balance.

Keywords: Strategic Human Resource Management, Employee Engagement

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INTRODUCTION

Employee engagement is crucial in developed economies like the USA, Japan, and the UK, where it directly impacts productivity and organizational success. Research indicates that engaged employees are more productive, contributing significantly to profitability and innovation. For instance, a study by Harter (2019) found that organizations with high employee engagement are 21% more profitable compared to those with lower engagement levels (p. 12). In Japan, where workforce engagement is deeply tied to cultural norms like job security and loyalty, companies like Toyota have demonstrated how fostering engagement through continuous improvement initiatives (like Kaizen) enhances productivity and quality output. In the UK, employee engagement practices have evolved with a focus on well-being and inclusive workplace cultures. According to a report by the Chartered Institute of Personnel and Development (CIPD, 2020), organizations that invest in employee well-being initiatives see a significant reduction in absenteeism and higher levels of discretionary effort among employees. These initiatives not only improve productivity but also contribute to employee retention and overall organizational resilience.

In Australia, employee engagement is a critical factor in organizational success, particularly in sectors like mining and healthcare. Companies such as BHP and Ramsay Health Care have implemented comprehensive engagement strategies that focus on safety, well-being, and continuous improvement (Kular, 2018). Research indicates that Australian firms with high levels of engagement report lower turnover rates and higher productivity, attributing these outcomes to inclusive leadership and robust communication practices (Dhar, 2020).

In developing economies, such as those in Southeast Asia, Latin America, and Eastern Europe, employee engagement plays a pivotal role in economic growth and organizational development. Countries like Brazil have shown how engagement strategies tailored to local contexts can enhance productivity and operational efficiency. For example, initiatives focusing on empowerment and recognition have been instrumental in improving employee morale and performance in Brazilian manufacturing sectors (Silva & Batalha, 2018). Similarly, in India, where the workforce is increasingly young and dynamic, companies leveraging engagement through digital platforms and flexible work arrangements have reported higher employee satisfaction and productivity gains (Rao & Tandon, 2017). These practices not only align with global trends but also cater to the unique challenges and opportunities in emerging market contexts. In Brazil, employee engagement is crucial in sectors such as agriculture and technology. Companies like Natura and Totvs have embraced engagement strategies that foster a sense of purpose and autonomy among employees, leading to enhanced creativity and productivity (Moura, 2019). Brazilian research underscores the importance of aligning engagement initiatives with local cultural values and societal expectations to maximize their impact on organizational performance (Paim, 2017).

In Nigeria, employee engagement is pivotal amidst economic challenges. Companies like Dangote Group have implemented robust engagement strategies focusing on talent development and empowerment, contributing to sustainable growth (Okolie, 2021). Studies emphasize the need for tailored engagement approaches that address local socio-economic factors and cultural dynamics to enhance productivity and organizational resilience in Nigeria (Ogabeibu & Osayi, 2018).

In South Africa, employee engagement is pivotal in sectors like telecommunications and finance. Companies such as Vodacom and Standard Bank have implemented engagement strategies...
focused on diversity, inclusion, and career development, which have contributed to higher employee satisfaction and organizational performance (Smit, 2021). South African research highlights the role of leadership and organizational culture in fostering engagement, emphasizing the need for continuous improvement and adaptive strategies in a competitive market context (Kotzé & Nel, 2019).

Human Resource Management (HRM) practices such as recruitment, training, performance management, and employee rewards play crucial roles in fostering employee engagement and enhancing productivity within organizations. Recruitment practices set the foundation by ensuring the right talent is hired, aligning skills and competencies with organizational goals. Effective recruitment strategies not only attract high-quality candidates but also contribute to higher levels of job satisfaction and commitment among employees (Guest, 2017). Once recruited, training and development programs become instrumental in nurturing employee skills and capabilities. Organizations that invest in comprehensive training initiatives not only enhance job performance but also empower employees, leading to increased engagement and motivation (Kehoe & Wright, 2013).

Performance management practices provide a structured framework for setting clear goals, providing feedback, and evaluating employee contributions. When implemented effectively, performance management systems facilitate regular communication and recognition, reinforcing a culture of accountability and continuous improvement (Guest, 2017). Moreover, employee rewards and recognition programs recognize and reinforce desired behaviors, motivating employees to achieve individual and organizational objectives. By linking rewards to performance outcomes and organizational success, companies can sustain high levels of employee engagement and productivity (Armstrong & Murlis, 2019). Overall, integrating these HRM practices creates a synergistic approach that not only enhances individual performance but also cultivates a positive organizational climate conducive to innovation and growth.

Problem Statement

In recent years, organizations have increasingly recognized the critical role of Strategic Human Resource Management (SHRM) in fostering employee engagement. However, despite growing emphasis on SHRM practices such as talent management, performance appraisal, and leadership development, challenges persist in effectively aligning these strategies with enhancing employee engagement levels. Research indicates that while SHRM aims to integrate HR practices with organizational goals to achieve competitive advantage (Boselie, 2005), the implementation of these strategies often faces barriers related to organizational culture, leadership commitment, and resource constraints (Guest, 2017). Moreover, the dynamic nature of today’s business environment necessitates a deeper understanding of how emerging trends such as digital transformation and remote work impact SHRM’s effectiveness in promoting sustained employee engagement and organizational performance (Henderson, 2020).

Theoretical Framework

Resource-Based View (RBV) Theory

Originated by Jay Barney in the 1980s, RBV focuses on how internal resources and capabilities contribute to sustained competitive advantage. Within the context of SHRM and employee engagement, RBV emphasizes the strategic deployment of human resources (HR) as valuable and rare assets that can enhance organizational performance through increased employee motivation.
and commitment (Barney, 1991). This theory is relevant as it highlights the role of HR practices in leveraging unique capabilities and fostering a competitive edge by aligning employee skills with organizational goals (Grant, 2019).

**Social Exchange Theory (SET)**

SET, developed by Peter Blau in the mid-20th century, posits that social relationships involve the exchange of resources based on mutual benefits and reciprocity. Applied to SHRM and employee engagement, SET emphasizes how HR practices that promote fairness, trust, and supportive relationships between employees and the organization lead to increased engagement and discretionary effort (Cropanzano & Mitchell, 2005). This theory is relevant as it underscores the importance of relational dynamics and psychological contracts in shaping employee attitudes and behaviors within strategic HR frameworks (Treviño, 2020).

**High-Involvement Management (HIM) Theory**

HIM theory advocates for empowering employees through participatory decision-making, skill development, and information sharing to enhance organizational performance. Originating from the work of John P. Kotter and others in the 1990s, HIM is pertinent to SHRM and employee engagement as it suggests that involving employees in strategic decision-making processes fosters ownership, commitment, and motivation, thereby improving engagement levels and organizational outcomes (Guest, 2017). This theory underscores the significance of HR practices that promote employee voice and autonomy in driving sustainable competitive advantage through enhanced engagement and performance (Wood, 2019).

**Empirical Review**

Jiang (2018) conducted a multinational study to investigate how SHRM practices impact employee engagement in various sectors of multinational corporations (MNCs). They employed a quantitative approach, administering surveys to employees and HR managers across different regions and sectors. The study found that strategic initiatives such as career development, performance management, and training significantly enhanced employee engagement levels across all sectors studied. Specifically, employees reported higher levels of job satisfaction and commitment when they perceived their organizations investing in their career growth and providing clear paths for advancement. Emphasized the strategic importance of aligning SHRM practices with organizational goals to foster a culture of engagement that contributes to overall organizational performance.

Carvalho (2019) focused on the role of leadership style as a mediator between SHRM practices and employee engagement in the hospitality industry. Their study utilized a mixed-methods approach, combining qualitative interviews with quantitative surveys among hospitality employees. The research highlighted that transformational leadership significantly mediated the relationship between SHRM initiatives, such as training programs and performance appraisals, and increased engagement levels among employees. Transformational leaders were found to inspire and motivate employees, fostering a work environment where employees felt valued and empowered, which in turn enhanced their engagement. Underlined the importance of leadership behaviors that emphasize vision, inspiration, and individualized consideration in leveraging SHRM practices to maximize employee engagement in hospitality settings.
Freeney and Fellenz (2018) investigated how organizational climate moderates the relationship between SHRM practices and employee engagement. They conducted a longitudinal study, collecting data through annual employee surveys over a three-year period in public sector organizations. The findings revealed that a positive organizational climate, characterized by trust, fairness, and supportiveness, strengthened the impact of SHRM interventions on sustained employee engagement over time. Employees in organizations with a positive climate were more likely to perceive SHRM practices, such as training and development opportunities, as supportive and beneficial, leading to higher levels of engagement. Suggested that public sector organizations should focus on cultivating a climate that supports SHRM initiatives to effectively enhance employee engagement and achieve organizational objectives.

Nguyen (2020) explored the influence of HR practices on employee engagement in Vietnamese manufacturing firms. Adopting a cross-sectional survey method, they collected data from employees and HR managers in a sample of manufacturing companies. The study highlighted that HR practices related to psychological empowerment, such as decision-making autonomy and skill development opportunities, significantly predicted higher levels of employee engagement. Employees who felt empowered in their roles reported greater job satisfaction, commitment, and willingness to exert extra effort to contribute to organizational success. Recommended that Vietnamese manufacturing firms invest in comprehensive HR practices that empower employees to enhance engagement levels, thereby fostering a more productive and motivated workforce.

Chen (2021) conducted qualitative case studies to examine the impact of SHRM practices on employee engagement during organizational change processes in Chinese technology firms. Through in-depth interviews with HR leaders and employees in technology companies undergoing significant changes, the researchers explored how effective communication, supportive leadership, and opportunities for employee participation influenced engagement levels amidst organizational transitions. The findings underscored the critical role of communication and employee involvement in maintaining high levels of engagement during periods of change. Highlighted the importance of SHRM practices that prioritize transparency, inclusiveness, and employee voice in managing organizational change effectively and enhancing overall employee engagement in technology-driven environments.

Albrecht and Breidahl (2019) investigated the relationship between SHRM practices, employee engagement, and organizational performance in Danish service firms. Using a quantitative survey approach, they collected data from employees and managers in service sector organizations. The study found a positive association between comprehensive SHRM practices—such as job design, training, and performance management—and engagement outcomes. Employees who perceived their organizations as investing in their development and well-being reported higher levels of engagement, which translated into improved organizational performance metrics. Suggested that Danish service firms should prioritize SHRM strategies that enhance employee engagement to gain competitive advantages in a dynamic and competitive market environment.

Jiang and Liu (2018) examined the moderating role of organizational culture in the relationship between SHRM practices and employee engagement in Chinese private enterprises. Using a quantitative survey methodology, they collected data from employees and HR managers across various private enterprises in China. The study revealed that a supportive organizational culture, characterized by openness, trust, and collaboration, strengthened the impact of SHRM practices on employee engagement. Employees in organizations with a positive culture were more likely to
perceive SHRM initiatives, such as performance appraisals and career development programs, as meaningful and supportive, leading to higher engagement levels. Emphasized the importance of aligning SHRM practices with organizational culture to optimize their effectiveness in enhancing employee engagement and achieving strategic objectives.

**METHODOLOGY**

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low-cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

**FINDINGS**

The results were analyzed into various research gap categories that is conceptual, contextual and methodological gaps

**Conceptual Gap:** While Jiang (2018) highlighted the positive impacts of various SHRM practices on employee engagement, there remains a need for further exploration into specific mechanisms and processes through which SHRM practices exert their influence. For instance, understanding how different types of leadership styles beyond transformational leadership (explored by Carvalho, 2019) mediate the relationship between SHRM and engagement could provide deeper insights into leadership behaviors that enhance engagement in different organizational contexts.

**Contextual Gap:** The majority of existing research has focused on developed countries and sectors such as multinational corporations (Jiang, 2018) and service industries (Albrecht & Breidahl, 2019), with less attention given to specific contexts like emerging economies or non-profit sectors. Exploring how SHRM practices tailored to local contexts in developing countries impact engagement could uncover unique challenges and opportunities not addressed in current literature.

**Geographical Gap:** Studies have predominantly focused on specific regions such as East Asia (Chen, 2021; Jiang & Liu, 2018) and Europe (Albrecht & Breidahl, 2019), while other regions like Africa, Latin America, and the Middle East remain underexplored. Investigating how cultural and institutional factors in these regions influence the effectiveness of SHRM practices on engagement could provide a more comprehensive understanding of global HRM dynamics.

**CONCLUSION AND RECOMMENDATIONS**

**Conclusions**

Strategic Human Resource Management (SHRM) plays a pivotal role in fostering employee engagement, which is crucial for organizational success in today's competitive landscape. The literature reviewed underscores that effective SHRM practices, such as career development, performance management, and leadership styles like transformational leadership, significantly enhance employee engagement levels across diverse sectors and geographical contexts. Studies have consistently shown that engaged employees exhibit higher levels of job satisfaction, commitment, and productivity, contributing to improved organizational performance metrics. Moreover, contextual factors such as organizational climate and culture play crucial roles in moderating the relationship between SHRM practices and employee engagement. Positive climates characterized by trust, fairness, and supportiveness amplify the impact of SHRM
initiatives, making them more effective in nurturing engagement over time. This highlights the importance of aligning SHRM strategies with organizational goals and cultural dynamics to maximize their effectiveness.

However, gaps remain in understanding the specific mechanisms through which SHRM practices influence engagement, especially in emerging economies and non-profit sectors. Future research should delve deeper into these areas to develop more nuanced theoretical frameworks and practical guidelines for implementing SHRM strategies tailored to diverse organizational contexts. In conclusion, while SHRM holds immense potential for enhancing employee engagement and organizational outcomes, continuous research and adaptation of practices to local contexts are essential for maximizing its impact in today's dynamic global environment. This ongoing exploration will further refine strategies that promote a culture of engagement, ultimately driving sustained organizational success and competitiveness.

Recommendations

Theory

Researchers should focus on developing comprehensive theoretical models that integrate various SHRM practices and their specific mechanisms of influence on employee engagement. This could include exploring how different leadership styles, organizational climates, and cultural contexts interact with SHRM initiatives to shape engagement outcomes. Conducting more cross-cultural studies will enhance theoretical frameworks by uncovering how SHRM practices differ in effectiveness across diverse global contexts. Comparisons between developed and developing economies, as well as different industry sectors, can provide insights into universal versus context-specific HRM strategies. Longitudinal studies are crucial for understanding the long-term impact of SHRM on employee engagement. By tracking engagement levels over time in response to strategic HR interventions, researchers can identify sustainable practices that promote lasting engagement and organizational resilience.

Practice

Organizations should tailor their SHRM strategies to align with their unique organizational goals, culture, and employee demographics. This customization ensures that HR practices resonate with employees, fostering higher levels of engagement and commitment. Enhancing leadership capabilities, particularly in transformational and inclusive leadership styles, can significantly enhance the effectiveness of SHRM practices. Leaders should be trained to inspire and empower employees, creating a supportive work environment conducive to engagement. Implementing robust feedback mechanisms can help organizations continuously assess the impact of SHRM initiatives on employee engagement. Regular surveys, focus groups, and one-on-one discussions enable HR departments to identify areas for improvement and adjust strategies accordingly.

Policy

Governments can support SHRM and employee engagement initiatives through regulatory frameworks that encourage investment in employee development, fair labor practices, and work-life balance. Policies promoting flexible working arrangements and career development opportunities contribute to higher engagement levels. Public sector organizations should integrate evidence-based SHRM practices into their policies to enhance employee engagement among civil servants. Emphasizing transparency, meritocracy, and employee well-being can improve public
sector service delivery and efficiency. Collaboration between academia and industry can facilitate knowledge exchange and innovation in SHRM practices. Governments can incentivize partnerships that promote research on effective HRM strategies and their implications for employee engagement.
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