

# High Performance Work Systems and Employee Outcomes in Indian Call Centres: A Mediation Approach

## Abstract

**Purpose:** This study empirically examines the relationships between high performance work systems (HPWS) and four employee outcomes—job satisfaction, employee engagement, presenteeism and wellbeing in Indian call centres.

**Design/methodology:** A path model is developed to investigate the direct and mediation effects between the assessed variables. The study utilised a survey of 250 call centre employees working in five business process management firms based in India.

**Findings:** The findings indicate that HPWS have a positive relationship with job satisfaction, engagement, and wellbeing. Job satisfaction also had a positive relationship with engagement and presenteeism, and engagement was positively related to presenteeism and wellbeing. However, there was no significant direct effect of HPWS on presenteeism. Mediation analysis showed that HPWS has an indirect effect on wellbeing via engagement and also via job satisfaction and engagement combined.

**Research implications:** HPWS significantly increases job satisfaction and employee engagement and indirectly influences employee wellbeing via these outcomes. However, job satisfaction and employee engagement was also found to increase presenteeism, which in turn can reduce employee wellbeing. These findings contribute to HPWS theory and the literature on employee wellbeing and have implications for HR personnel and call centre management.

**Originality/value:** Given the well-established challenges with employee retention in Indian call centre environments, one solution may be the adoption of a more strategic approach to HRM using HPWS. Such an approach may enhance employees' perceptions that HPWS practices would have a positive influence on job satisfaction, employee engagement and employee wellbeing.

## **Introduction**

It is well established that call centres in the Indian business process management (BPM) sector generally operate under formal, structured and rationalised human resource management (HRM) systems (Ananthram, Teo, Connell and Bish, 2017; Budhwar, Luthar & Bhatnagar, 2006) despite several weaknesses in those systems (D’Cruz & Noronha, 2012). Raman, Budhwar and Balasubramanian (2007) noted in a sample of Indian knowledge process outsourcing firms that the human resource (HR) function tends to perform a strategic role in relation to employee involvement and commitment work practices. Common HR measures used in BPM firms include: structured recruitment and selection practices; formal performance appraisals and associated compensation systems; as well as specialised needs-based training (Budhwar, Luthar & Bhatnagar, 2006, p.355), which were similar to the HR practices found in other industry sectors (Budhwar, Varma, Singh & Dhar, 2006). The similarity with other industry sectors provides impetus for the suitability of BPM as a context for adding to the theory of HPWS.

Within the BPM sector, Indian call centres characterised by the provision of low cost services are an important industry to examine (Russell 2008) to further the understanding of the applicability of HR practices in such environments and thereby provides the relevant context for our study. Compared with Western call centres, Indian call centre employees are expected to follow more scripted conversations and are exposed to greater levels of work simplification. Moreover, despite being exposed to Western influences, Indian organisations do not function in the same way as organisations in the West, given that “the Indian ethos continues to prevail, with Indian workplaces reflecting a confluence between Indian culture and western industrialism” (D’Cruz and Noronha, 2012, p.188). The authors specifically refer to issues relating to high power distance and control in relation to the Indian workplace culture which impact employee outcomes. These issues as well as the high levels of absenteeism and

attrition experienced in Indian call centres (Thite & Russell, 2010) informs this study to develop an approach with an HPWS foundation that may help to improve employee outcomes (Fan et al., 2014). Thus, employee related issues confronting Indian call centres provides impetus for a better understanding of work systems and their influence on employees.

Van de Voorde and Beijer (2015, p. 62) acknowledge that “although research has shown that the use of high-performance work systems (HPWS) is associated with employee outcomes, our knowledge of the meanings employees attach to HPWS systems and how these shape employee outcomes is still limited”. Fan et al. (2014, p.934) contend that the majority of past research argues for a positive association between HPWS and employee outcomes, suggesting such practices “benefit employees through higher skills, more meaningful work, better income, greater task discretion, improved communication channels, more secure jobs and more family-friendly measures”. The HPWS described by Fan and colleagues have been found to result in more satisfied employees (Holman, 2002), who are engaged (Lee, Lee, & Kang, 2012), and more likely to have a positive perception of wellbeing (Wood & de Menezes, 2011). Fan et al. (2014) also indicated that limited research has examined constructs that intervene or interact with the relationship between HPWS and employee wellbeing.

We conceptualise HPWS similarly to Fan et al. (2014), proposing that such practices may result in positive outcomes for employees and their employing organisations. However, we add to the positive model proposed by Fan et al. (2014). Specifically, we contribute to the theory of HPWS by suggesting that the context of Indian call centres, characterised by low flexibility, low autonomy, long work hours, pressurised environments, and unprecedented job insecurity, is likely to create an environment that also increases employee perceptions of pressure to come to work even when unwell (i.e. presenteeism). Such a proposition fits with the potential dark side of a highly engaged workforce, wherein, highly engaged employees may burnout over time if their expectations are not met (Maslach, 2011; Bakker, Albrecht & Leiter,

2011). Schaufeli and Salanova (2011) suggest when there is an imbalance between employee effort (i.e. engagement) and their expectations of the employers, the result in the long-term is likely to be employee burnout. In the short-term, as proposed by Bakker et al. (2011), we suggest that engaged employees will seek to manage their job demands and resources, as one approach to conserve resources in a constrained environment. As a result, engagement within a pressurised workplace may lead to employees feeling that they should be at work when unwell, so to be able to achieve their work goals.

While a plethora of studies have examined the impact of HPWS in call centres on work related employee outcomes in Western economies (Batt, 2002; Hutchinson et al., 2000; Holman, 2002), few to date (Thite & Russell, 2010) appear to associate HPWS with work related employee outcomes other than employee retention in Indian call centres. Thite and Russell (2010) conclude that HPWS was a necessary, but not sufficient condition, for the retention of call centre workers. Budhwar, Varma, Singh and Dhar (2006) and Taylor and Bain (2005) confirm that there is a paucity of empirical research on this association within an Indian call centre context. Considering the employee related issues in Indian call centres and the lack of research within the Indian context, we propose an examination of employee related work outcomes, as opposed to higher level organisational outcomes. Specifically, our first research question seeks to develop an understanding as to whether HPWS in Indian call centres will influence call centre workers' job satisfaction, presenteeism, employee engagement, and wellbeing.

In addition, we also aim to develop a better understanding of the HPWS theory by examining how job satisfaction and employee engagement intervene between HPWS and presenteeism, and the spill over effect onto employee wellbeing. As discussed, Fan et al. (2014) proposed limited research examining the intervening variables between HPWS and employee wellbeing. We contend that a mediation model provides further insight into how HPWS

directly and indirectly influence employee wellbeing. Thus our second research question specifically addresses whether employee outcomes mediate the impact of HPWS on employee wellbeing. Specifically, a mediation model provides insight into the path from HPWS to job satisfaction and employee engagement, the potential negative spill over onto presenteeism, and the resulting direct and indirect influence on employee wellbeing. Taking into consideration, the contentions posited by Van de Voorde and Beijer (2015) and Fan et al. (2014), we aim to contribute to the theoretical understanding of HPWS.

### **Literature Review**

HPWS provides employees with the necessary platform for increased participation in decision making, increased employee motivation, improvement in knowledge and skills, and an increased ability to perform their duties, which ultimately is purported to improve an organisation's performance (Chang, 2015; Lepak, Liao, Chung & Harden, 2006). Batt (2002) elucidated that HPWS features in call centres include, but are not limited to, teamwork, relatively skilled work and incentivised remuneration systems. Hutchinson et al. (2000) added initiatives such as team building activities, focussed training regimes and employment security. In this study, HPWS includes four measures relevant to call centres; namely, *workload manageability*, *job skill*, *work teams* and *workplace socialisation* (see Thite & Russell, 2010). *Workload manageability* refers to "perceptions around required work effort and its reasonableness" (Thite & Russell, 2010, p. 361). The authors contend that workloads judged to be fair and realistic will impact on work related outcomes such as employee retention; while heavy, pressurised work situations are more likely to induce employee turnover. *Job skills* are skills that the worker brings to the job and depend on a number of job related factors such as job complexity, autonomy, the nature and level of work (Cappelli, 1993; Rose, 1994) and the type of training provided to enhance certain skill sets (Houlihan, 2002).

The utilisation of *work teams* has also been identified as a critical HPWS measure in BPM environments where work teams are an essential feature, as they provide learning and problem solving opportunities for call centre workers (Thite & Russell, 2010). Indeed, working in teams can enhance the possibility of worker engagement and empowerment, provide leadership support and potentially improve performance by reducing unwanted peer pressure (van den Broek, Callaghan & Thompson, 2004). The fourth measure of HPWS employed in this study is *workplace socialisation*. Studies on call centres (Russell, 2002; Thite & Russell, 2010) have reported the use of cultural and workplace socialisation initiatives in call-centre work. Such initiatives are intended to alleviate highly demanding and repetitive work roles for call centre workers which have been related to stress and negative outcomes (Castanheira & Chambel, 2010; Dormann & Zapf, 2004) by making work socially enjoyable.

To date, call centre work in India has reported negative influences on employee retention and wellbeing. Although some literature suggests that increased flexibility is being introduced in contemporary call centres, Russell (2008) argues that Indian call centre employees have limited flexibility and discretion in how they undertake their jobs. Moreover, Indian call centres have been criticised for exacerbating problems for call centre employees. Issues include working long hours, shift work and overtime, lengthy travel time (Taylor, D'Cruz, Noronha, & Scholarios, 2013) and an unprecedented growth in job insecurity (Taylor, D'Cruz, Noronha, & Scholarios, 2014). Further, Thite and Russell (2010) found a mismatch between call centre workers' required job skills and educational qualifications in the majority of Indian call centres. They reported that semi-skilled positions were held by some employees who were highly educated and overqualified for their current positions, another factor attributed to high levels of attrition and absenteeism. Nonetheless, they concluded that relevant strategic HR initiatives may be effective in reversing the problem of attrition and absenteeism

in call centres. These arguments inform our study rationale and we elucidate the postulated relationships between HPWS and the assessed employee outcomes next (see figure 1).

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## **Hypotheses Development**

### *HPWS, job satisfaction and wellbeing*

There is empirical support for the claim that HPWS will influence employee wellbeing. Wood and de Menezes (2011) examined four dimensions of HPWS–enriched jobs: high involvement management; employee voice and economic involvement and their impact on wellbeing and found that enriched jobs were positively associated with wellbeing. The results depict that HPWS is likely to be positively associated with wellbeing, but high involvement may result in extra work that can have a negative effect on anxiety-contentment. Brunetto et al. (2011) outline ‘employee wellbeing’ encompasses an employee’s emotional response to workplace practices and processes, including tangible and intangible components of the job. Supporting the assertions by Brunetto et al. (2011), Elovainio et al. (2015) reported that stressful workplace environments, characterised by increasing job demands, negatively impacts employees’ wellbeing. Additionally, Holman (2002) found HPWS was positively related to wellbeing in a call centre context in the United Kingdom.

HPWS can also play an important role in employees’ job satisfaction. Holman’s (2002) study of call centre employees found that HPWS had a significant positive impact on job satisfaction. Other research by Berg (1999, p. 111) showed that employees subject to HPWS resulted in workers “who are able to use their skills and knowledge on the job, those who report positive employee-management relations; and those who believe the company helps them balance work and family responsibilities having relatively high probabilities of being

very satisfied with their jobs.” Similarly, Guzzo and Noonan (1994) found that employees experience higher levels of job satisfaction when organisations provide them with opportunities to participate in decision-making, provide training to increase their knowledge base and job skills and afford clear communication between hierarchies.

Studies have indicated the importance of employees’ happiness and satisfaction with their jobs (Fisher, 2010) kindling interest in the notion of wellbeing (Boxall and Macky, 2014; Elovainio et al., 2015). In a study of police officers, Brunetto et al. (2012) found that job satisfaction was positively and significantly related to police officers psychological wellbeing. While there is support for the link between HPWS and job satisfaction (Guzzo & Noonan, 1994), HPWS and employee wellbeing (Wood & de Menezes, 2011), and job satisfaction and wellbeing (Brunetto et al., 2012), no studies have previously examined how such connections may result in job satisfaction mediating the relationship between HPWS and employee wellbeing. Underpinned by HPWS theory, the following is hypothesised:

*Hypothesis1: Job satisfaction will mediate the relationship between HPWS and employee wellbeing in Indian call centres*

#### *HPWS, engagement, job satisfaction and employee wellbeing*

Another reported consequence of HPWS is employee engagement (Cooke et al., 2016; Jenkins & Delbridge, 2013). Employee engagement has been referred to as an employee’s enthusiasm and ability to help the organisation achieve their goals, largely because they find their work meaningful (Kahn, 1990). Lee, Lee and Kang (2012) found that HPWS had a significant positive relationship with employee reactions in relation to attitudes and degrees of engagement determined by perceived organisational support, politics, compensation systems, structure, work activities and goals. Similarly, job satisfaction and employee engagement was found to mediate the relationship between HPWS and affective commitment of three out of four



healthcare employee groups (e.g. nurses, management/administration, medical services, and clinical support) employed in Australian hospitals (Ang et al., 2013). In the case of frontline hotel employees and their managers working in Romania, work engagement mediated the relationship between HPWS and job performance (Karatepe 2013). The evidence aligns with the theoretical notion that HPWS provide employees support and resources (e.g. workload manageability, skills, teamwork, and socialisation) required to successfully complete a job, and with such support and resources, the result is likely to be employees with a more positive attitude towards their job (i.e. job satisfaction), and a greater ability and enthusiasm to work towards organisational goals (i.e. employee engagement). While in a general organisational context, the relationship between HPWS and employee engagement has been established, there is a lack of empirical research to date examining the path between HPWS and employee engagement in a call centre context.

Furthermore, there is a lack of research examining the impact of employee engagement on psychological wellbeing. Psychological wellbeing is referred to as an employee's personal perception of their wellbeing (Diener, 2000). Although many researchers have identified that job satisfaction and work engagement are dimensions of an employee's work-related wellbeing (e.g. Rothmann, 2008; Schaufeli, Taris, & Van Rhenen, 2008), few studies have indicated the importance of employees' happiness and satisfaction with their jobs (Fisher, 2010). This has led to interest in the notion of wellbeing (Boxall and Macky, 2014; Elovainio et al., 2015) which incorporates elements of happiness and job satisfaction (Ryan & Deci, 2001). Sonnentag (2003) proposes numerous reasons why work engagement is an important dimension of employee wellbeing. For example, work engagement is related to positive factors, better health and a positive work affect, it can help employees to derive positive outcomes from stressful work, and is positively related to organisational commitment and performance.

A study by Klansman, Hunter, Trautwein, Lüdtke and Baumert (2008) found that an adaptive self-regulatory style associated with work engagement and resilience had a significant positive relationship with job satisfaction and emotional exhaustion. More specifically, Klusmann et al. (2008) concluded that resilience, in relation to work demands and engagement are two imperative factors for fostering the positive occupational wellbeing of teachers. Furthermore, in research on policing in the UK, Hesketh, Cooper and Ivy (2016) reported linkages between engagement, wellbeing and discretionary effort. Hakanen, Bakker and Demerouti (2005) also reported that dentists were engaged in their work even during times of high job demands, as long as their job resources were relatively high. Their study further elucidated that a central hypothesis of the job demand-resource (JD-R) model is that job resources will moderate the relationship between job demands and psychological wellbeing. They also identified that high levels of work engagement can contribute positively to psychological wellbeing.

There is no consensus in the literature concerning the relationship between job satisfaction and engagement. For example, Saks (2006) explained that the burnout inventory developed by Maslach, Schaufelli and Leiter (2001) treated engagement as a mediating variable for the relationship between work conditions and a number of work outcomes. Further, Saks (2006) proposes that similar to burnout, engagement should be related to various work outcomes including job satisfaction. Their findings indicate that engagement was positively related to job satisfaction and engagement factors (e.g. job and organisation).

In addition, Giallonardo, Wong and Iwasiw (2010) reported that work engagement is a predictor of job satisfaction. A meta-analysis conducted by Harter et al. (2002) provided further support that employee engagement positively influences job satisfaction. Notwithstanding, there is some support for job satisfaction as a predictor of employee engagement. For example, Visser, Smets, Oort and De Haes (2003) suggest that job satisfaction has a protective effect on

employee outcomes. That is, if stress is high and job satisfaction is low, the chances of employees being disengaged are greatly increased. Rothmann (2008) identified that job satisfaction and engagement were positively and significantly correlated. However, there is no indication as to the direction of the relationship from the study although it was indicated that job satisfaction affects employee engagement. From a review of the literature, it is clear that job satisfaction and employee engagement are related, but there is less agreement on the direction of the relationship. Therefore, further research is required as to whether job satisfaction predicts employee engagement in the context of call centre employees. Based on the nature of call centre work, it is contended that satisfied employees will be more engaged.

In summary, past studies have concluded significant and positive links between HPWS and employee engagement (Lee, Lee, & Kang, 2012), HPWS and employee wellbeing (Wood & de Menezes, 2011), and employee engagement and wellbeing (Hakanen, Bakker & Demerouti, 2005). Similar to hypothesis 1, with prior research providing evidence to the significant dyadic connections between each of the constructs, utilising the relevant theoretical underpinning of HPWS theory, we propose the following:

*Hypothesis 2a: Employee engagement will mediate the relationship between HPWS and employee wellbeing in Indian call centres*

*Hypothesis 2b: Employee engagement and job satisfaction will mediate the relationship between HPWS and employee wellbeing in Indian call centres*

#### *HPWS, presenteeism and employee wellbeing*

Although absenteeism has long attracted the attention of researchers and practitioners alike, presenteeism has only recently been examined (Johns 2010). Presenteeism has been operationalised as the opposite of absenteeism, and measures the extent that employees go to work despite being sick (Demerouti et al., 2009). Hence, there is a paucity of understanding

and empirical evidence about "...the impact of presenteeism on individual and organisational performance and well-being" (Baker-Mclearn, et al., 2010, p.311). Past research has examined the impact of numerous job-related factors, which could be construed as HPWS upon the presenteeism of 237 employees from a Canadian public service organisation (Caverley et al., 2007). The results indicate that increased overtime with decreased job security, trust, supervisor support, career opportunities and job satisfaction increased presenteeism. Moreover, a number of contextual factors (e.g. job demands, job security, reward systems, absence policies, teamwork and ease of replacement) and personal factors (e.g. work attitudes, personality, perceived justice, stress, perceived absence legitimacy), are suggested to moderate the relationship between sickness and presenteeism/absenteeism.

There has been some support over the past few years for the notion that presenteeism reduces the psychological wellbeing of employees. While Demerouti et al. (2009) do not specifically examine the relationship between presenteeism and psychological wellbeing, they examine the impact of presenteeism on two factors associated with poor wellbeing (emotional exhaustion and depersonalisation). They conclude from an empirical examination of nurses that presenteeism is negatively related to employees' wellbeing. Moreover, a study by Munir et al. (2007) examined employees from manufacturing firms in Europe, suffering chronic illnesses and reported that presenteeism is positively related to general psychological distress.

Baker-Mclearn, et al. (2009) propose attendance (presenteeism) is greater for those who felt strongly committed to serving clients or their absence would have negative consequences. Moreover, when the perceived negative consequences are added to monitoring systems, and other forms of management and demands that reflect a pressurised work environment, employees are more likely to feel that the organisation does not care about their wellbeing (Samuel and Wilson, 2007). If employees begin to perceive the organisation does not care about their wellbeing, and their productivity is reduced and they have increased the length or

severity of a sickness through presenteeism, all of these factors are likely to contribute to a perception of loss (e.g., organisational support, work performance, health), and as such we propose that such perception of loss in a pressurised environment will reduce an employee's emotional response to workplace practices and processes (i.e., reduce their wellbeing).

In summary, there is some evidence that presenteeism reduces factors associated with employee wellbeing (Demerouti et al., 2009; Munir et al., 2007). There is also limited support regarding the link between HPWS and presenteeism with Caverley et al. (2007) reporting that a range of HR/organisational practices increased presenteeism. We propose that due to the work environment within Indian Call Centres, characterised by high work pressure situations, the HPWS will increase presenteeism, which will result in a reduction of employee wellbeing. Thus, we expect presenteeism to mediate the relationship between HPWS and employee wellbeing:

*Hypothesis 3: Presenteeism will mediate the relationship between HPWS and employee wellbeing in Indian call centres*

#### *Job satisfaction and presenteeism*

Prior studies have also found direct and significant links with job satisfaction (Biron et al., 2006) and employee engagement (Jenkins and Delbridge, 2013) to presenteeism, supporting the notion that presenteeism is likely to increase with engagement and job satisfaction. Therefore, it appears that HPWS will be positively related to employee outcomes such as job satisfaction and engagement, although such engagement and satisfaction may result in a form of work intensification where employees also feel pressured to attend work when they are unwell.

There is empirical support for the notion that job satisfaction is a predictor of employee presenteeism, but such notions have yet to be tested in the context of call centre employees. A

study of Dutch workers on their first day of sick leave identified that workers who were very satisfied with their colleagues found it more difficult to take sick leave and thus would be more likely to exhibit presenteeism (Notenbomer, Roelen & Groothoff, 2006). The findings also depict that employees, who form occupational groups where employee replacement is difficult, also had an increased likeliness of presenteeism. A study of Australian employees from ten diverse organisations revealed that, amongst a number of other factors, job dissatisfaction had a significantly positive correlation with presenteeism (Musich, Hook, Baaner, and Spooner& Edington, 2006). Supporting the previous research, Caverley et al. (2007) found that, as job satisfaction increases, presenteeism is likely to decrease, which aligns with the argument that job satisfaction has a negative relationship with presenteeism. In summary, there is currently limited convergence on the topic within the literature.

While the majority of research identifies that job satisfaction predicts presenteeism, there is also some indication that the relationships proposed might not be so simple. For example, Biron et al. (2006) found employees who took a low number of sick days and who perceived their workplace relationships as satisfactory and trustworthy, were more likely to report higher levels of presenteeism. Thus, it is clear that the empirical results are mixed. Moreover, to our knowledge no reported studies have examined the path from job satisfaction to presenteeism in a call centre context. In this study, we propose that intense workloads and other work demands will increase presenteeism (Biron et al., 2006), and that such an environment is likely to be reflective of Indian call centres (Russell, 2008). Hence, if employees are satisfied with their jobs, they are more likely to feel obligated to meet work demands, a situation which in turn, is more likely to result in heightened levels of presenteeism.

*Hypothesis 4: There is a positive association between job satisfaction and presenteeism in Indian call centres.*

### *Employee engagement and presenteeism*

Research relating to the impact of presenteeism on employee engagement in the workplace is limited. For example, research examining a random sample of English employees revealed that a one unit increase in engagement resulted in a half-unit decline in presenteeism (Admasachew & Dawson, 2011). Another study of American and Indian employees, from a range of different industries, identified differences between physical (e.g. cancer) and mental (e.g. depression) presenteeism. The authors conclude that mental presenteeism is more likely to have a significant negative association with work engagement because taking a sick day due to a physical ailment is more likely to be accepted in the workplace (Garczynski, Waldrop, and Rupprecht & Grawitch, 2013). Though research concerning the relationship between employee engagement and presenteeism is limited, there currently appears to be agreement that employee engagement is negatively related to presenteeism.

In this study, we adhere to Jenkins and Delbridge's (2013) notion that discretionary efforts associated with employee engagement may intensify work and stress and increase presenteeism. It is also important to acknowledge the dark side of employee engagement. The argument that employee engagement will increase presenteeism can be considered from an HPWS perspective. That is, HPWS will often include reward schemes for employees that are attached to specific organisational goals, and engaged employees will strive to achieve such goals. For example, Jenkins and Delbridge (2013) report that many of the employees they studied increased their discretionary efforts, which for some, resulted in increased workloads. In common with job satisfaction, we propose that increased workloads will increase an engaged employee's feelings of obligation to attend work when they are ill (Biron et al. 2006) because they are enthusiastic and driven to achieve organisational goals. The contribution of this study is centred on the notion that employee engagement is positively related to presenteeism, and such a hypothesis has yet to be tested empirically.

*Hypothesis 5: There is a positive association between engagement and presenteeism in Indian call centres.*

The three mediation and two direct hypotheses are represented in a path model (Figure 1).

## **Research Methods**

### *Sample Characteristics*

A well-reputed market research company was employed to collect data from Indian BPM firms located in Mumbai and Delhi. These firms were purposively identified to include both Indian and foreign-owned companies and dealt with multiple clients. In our sample, call centre employees handled both inbound and outbound calls to and from the UK and USA. A total of 250 call centre employees employed in five call centres participated in this study. Participants were selected using a non-random purposive sampling technique, considered to be representative of call centre populations and the sample group was fairly representative of call centres in India (see Batt, 2005; Raja & Basin, 2014).

The surveys were conducted using computer-assisted telephonic interviews (CATI), a method identified by the market research company as the most effective way of collecting data in an Indian context. Most of the respondents were young (between 18-21 years old, 61.6%) and male (79.6%). The majority (approximately 93%) held at least a diploma/degree. Moreover, 82.8 per cent were permanent full-time and 50 per cent worked more than eight hours per day. Slightly more than half of the respondents had less than two years tenure in the call centre.

Data were analysed using *Smart PLS* version 3.0 (Ringle, Wende & Will, 2005). Validated scales were employed and the items were checked for appropriateness in the Indian call centre context and ease of understanding with a group of current and former Indian call centre employees prior to finalising the questionnaire. All of the items were rated on a 7-point



Likert scale, ranging from '1' Strongly Disagree to '7' Strongly Agree. Average variance estimates and composite reliability coefficients are reported in Table 1.

## **Measurement**

### *Call centre HPWS*

Following Thite and Russell (2010), this construct comprised four sub-scales which have been found in Indian call centres, including work load manageability (11 items), job skills (9 items), work teams (5 items), and workplace socialisation (6 items) practices. A sample item for workload manageability includes 'I have sufficient time to read e-mails from my team leaders and managers'. A sample item for job skills includes 'This job makes full use of my education and experience'. The next set of HR practices, that is, work teams includes 'The other members of my team are an important source of social support for me in the workplace'. The fourth set of HR practices is workplace socialisation (sample item includes 'I usually participate in the organised social activities of the call centre'). A reflective, second order latent variable was created for data analysis.

*Engagement.* We used the nine-item Schaufeli and Bakker (2003) scale to measure the engagement of call centre operators. A sample item includes 'At my work, I feel bursting with energy'.

*Job satisfaction.* Following Warr, Cook and Wall (1979), we used 15 items to measure job satisfaction. Sample items include 'The physical work conditions' and 'Your rate of pay'. These were rated using a point 7-point Likert scale (ranging from '1' extremely dissatisfied to '7' extremely satisfied), such that higher value signifies job satisfaction.

*Presenteeism.* We used the seven-item scale reported in Xanthopoulou and Demerouti (2009) to operationalise presenteeism. A sample item includes 'When I feel sick on a workday, I

usually go to work'. Higher value signified employees went to work when they should take a sick day off work.

*Wellbeing.* Following Brunetto, Farr-Wharton and Shacklock (2011), wellbeing was measured with a four item scale. A sample item includes 'Overall, I am reasonably happy with my work life'.

### *Validity and Reliability*

Prior to data collection, the questionnaire was checked by several call centre employees to ensure the wording was understood by the target audience. A small number of the questions were revised after considering feedback and comments provided by them.

To minimise common method bias, several checks were adopted. Firstly, the design and structure of the questionnaire was guided by Chang, van Witteloostuijn and Eden (2010). Secondly, two different post-hoc tests were conducted in order to examine the effect of common method bias. First, Harman's ex-post one factor test was used to ensure that common method variance was not evident in this study (Podsakoff & Organ, 1986) whereby all the variables were entered into an unrotated factor analysis. The resultant analysis indicated there were six factors (with eigen values greater than 1.0) and the largest factor explained 14.5 per cent of the variance, again indicating that common method variance was not present in this current study. The second test for common method bias was conducted using a method factor (see Podsakoff, MacKenzie, Lee & Podsakoff, 2003). Specifically, following Crowne and Marlowe (1960) a 10 item social desirability scale (Crowne & Marlowe, 1960) was used as the method factor. Findings indicated there was no statistical significance in any of the paths from this method factor in relation to any of the constructs in the model.

Discriminant validity was also established by undertaking the Fornell and Larcker test (see Hair et al., 2013) and the heterotrait-monotrait ratio of correlations (HTMT) criterion

results. In addition, we conducted a number of confirmatory factor analyses (CFA) using IBM AMOS v. 24 to determine whether the measures used in the study are distinct (Podsakoff et al., 2003). A full measurement model was created by loading all items on their respective factors in the hypothesised five factor model ( $\chi^2/df = 2.169$ , CFI= 0.92, TLI= 0.91, RMSEA= 0.07, SRMR= 0.08). We then compared this model with a four factor, three factor, two factor and single factor model ( $\chi^2/df = 6.267$ , CFI= 0.61, TLI= 0.56, RMSEA= 0.16, SRMR= 0.14).  $\chi^2$  comparison tests showed that the best fit model was the proposed five factor model ( $\Delta\chi^2(10)=1365.67$ ,  $p<.001$ ). In summary, the analyses provided additional support that common method bias variance was not evident.

The quality of the proposed structural model was assessed with the effect size (R-square of the dependent variable) of the model. Multicollinearity was checked by calculating the variance inflation factor (VIF) index.

## **Findings**

Table 1 shows the descriptive statistics and intercorrelations. The Fornell and Larcker test showed that the square roots of the AVE of the construct were greater than the intercorrelations of the correlations between each pair of constructs (see Table 1). This suggests that our analysis shows that the HTMT values in the present study ranged between 0.12 to 0.62, which are below the cut-off of 0.90 thereby providing statistical confidence that discriminant validity has been established between each pair of reflective constructs (Henseler, Ringle, and Sarstedt, 2015). Multicollinearity is not of concern as the VIF for the independent variables against the dependent variable, wellbeing, ranged between 1.11-1.28. The path analysis shows that the model has a high goodness of fit (fit index of 0.464), as indicated by the global goodness of fit index, developed by Tenenhaus, Vinzi, Chatelin, and Lauro (2005). R-square for the dependent variable, wellbeing, was 57.5 per cent. The model also met the cut-offs for predictive relevance,

as indicated by the Stone-Geisser Q-square test (see Chin, 2010). In addition, power analysis using G\*Power indicated that the sample size has sufficient statistical power (at medium effect size and alpha of 0.05).

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Insert Table 1 about here  
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The results of the path analyses are reported in Table 2 and Figure 2. Hypothesis 4 and 5 were supported as the paths from job satisfaction to presenteeism and engagement to presenteeism were found to be positive and statistically significant. The mediation analyses were undertaken using the PROCESS macro (Hayes 2013) in SPSS (Table 3). We used model 6 in the PROCESS macro (bootstrapping with 10,000 sub-samples at 95% confidence interval) to test the mediating effect of job satisfaction, employee engagement and presenteeism on the relationship between HPWS and wellbeing. Mediation analysis showed that while job satisfaction did not mediate HPWS and wellbeing (Hypothesis 1), HPWS had an indirect effect on wellbeing via job satisfaction and engagement combined, thus supporting Hypothesis 2b. Moreover, engagement mediated the relationship between HPWS and wellbeing (Hypothesis 2a). However, presenteeism did not mediate HPWS and wellbeing (Hypothesis 3).

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Insert Table 2 about here  
Insert Figure 2 about here  
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## **Discussion**

The study of Indian call centre employees provides support and adds new insights into the direct and mediation linkages between HPWS and employee outcomes – job satisfaction,

employee engagement, presenteeism and wellbeing. Indeed, HPWS in call centres helps align employees' tasks and responsibilities with an organisation's objectives. This alignment is brought about through focussed training programs and increased employee security (Kinnie et al., 2002) with a view to reducing employee turnover - a prominent feature of call centres. HPWS in call centres can help alleviate some of these challenges by creating a supportive work environment and offering career management and development opportunities, manageable workloads, flexible working arrangements, supportive leadership and performance based incentives (Bhatnagar, 2007; Batt, 2002). Thus, the utilisation of HPWS in a call centre environment is likely to support increased job satisfaction levels among employees.

Clearly, one of the aims of HPWS in a call centre environment is to increase employee retention, as call centres, particularly in India are notorious for high turnover rates. As noted by Lepak et al. (2006), HPWS are aimed at motivating employees through empowerment and engagement by increasing participation in decision making. In addition, HPWS provide opportunities for working in teams, a feature of call centres (Thite & Russell, 2010; Batt, 2002) that potentially further increases engagement among employees. HPWS initiatives, such as cultural and social engagement activities, may also help to develop a culture of camaraderie. While studies in healthcare and hotel industries have reported this relationship between HPWS and engagement, there has been a lack of studies in call centre environments that have empirically assessed this linkage to date. Our findings positively linking HPWS and engagement support claims by Thite and Russell (2010) that strategic HR initiatives may serve to reverse problems of attrition and absenteeism in Indian call centres.

Previous research focusing on labour process theory asserts that HPWS may increase the pressure on employees and result in increased presenteeism (Ramsay et al., 2000). However, we did not find support for positive association between HPWS and presenteeism. This finding was in contrast to preliminary research that found HPWS increased sickness

presenteeism (Caverley et al., 2007). However, HPWS did positively correlate with job satisfaction and employee engagement, and both positively increased presenteeism. As such, HPWS played a role in increasing presenteeism, thus adding to existing HPWS theory. This finding can be attributed to the nature of call centre work in the intensified and competitive environment of BPM firms in India. As such, it is contended that call centre employees in firms characterised with standardised HPWS practices have the option of quitting the firm to seek employment in other call centres and are not compelled through practices of work intensification to work while sick. The negative (Demerouti et al., 2009; McKeivitt, Morgan, Dundas & Holland, 1998) and positive (Roe, 2003) reasons to attend work while sick are not reinforced by HPWS practices directly. Rather they might balance out, or employees might seek employment elsewhere, as call centre employees have skill-sets that render them readily employable in the burgeoning BPM industry in India (Budhwar, Varma, Singh & Dhar, 2006) particularly in the major cities. This is further supported by the fact that a majority of participants in this study had less than two years tenure in the call centres studied, accentuating the low retention rates of call centre employees.

We also empirically verified that HPWS was positively associated with employee wellbeing, underpinning the notion that reasonable workloads established through consultative HPWS practices focus on upskilling employees through HR initiatives around career planning, progression and development. In addition, employee empowerment, engagement and socialisation initiatives can help develop a workplace culture where employees feel valued and part of the organisation. This is particularly important in the Indian call centre context, due to the lower flexibility and discretion employees tend to have in undertaking their jobs compared to their counterparts in other countries. Specifically, the development of HPWS can contribute to the improvement of perceived empowerment (discretion) and flexibility which can positively influence employee wellbeing. We maintain that these HPWS initiatives may provide call

centre employees with a positive experience with regard to how they are being treated and valued thereby increasing their sense of wellbeing.

In line with Sonnentag (2003), our findings suggest a positive association between employee engagement and psychological wellbeing. We argue that in a call centre environment, employees who are engaged are more enthusiastic and willing to put in extra effort to attain their key performance indicators as well as their organisation's goals. Indeed engaged employees tend to find work more meaningful (Kahn, 1990). Furthermore, employees who value their work and gain intrinsic pleasure from making a meaningful contribution at work will demonstrate greater levels of psychological wellbeing. The implication for practice is that HPWS are a strong predictor of engagement and employee wellbeing. Thus, it is suggested that employers foster the development of HPWS through the development of workload manageability, job skills, work teams and workplace socialisation as a means to overcome high levels of attrition and absenteeism in Indian call centres.

To our knowledge, no prior study in a call centre setting has previously reported a negative link between presenteeism and psychological wellbeing. As per Demerouti et al. (2009) who reported similar findings with nurses, we contend that frontline call centre employees who report to work when sick will be psychologically distressed and this will negatively impacting on their overall wellbeing. Interestingly, job satisfaction was not directly associated with wellbeing in our sample. Instead, the relationship was indirect, whereby job satisfaction and employee engagement together mediated HPWS and wellbeing. In addition, employee engagement was found to be the mediator of the relationship between HPWS and wellbeing. These findings suggest that Indian call centres need to pay particular attention to job satisfaction and employee engagement as they are critical outcomes of HPWS that could potentially determine the wellbeing of call centre employees. These findings have implications

for HPWS theory and literature related to employee wellbeing as well as for HR personnel and call centre management.

## **Contributions**

### *Theoretical contributions*

Our findings add to the theory of HPWS and employee wellbeing. We hypothesised and empirically tested three mediation effects and two direct effects between HPWS and employee outcomes. We found that organisations that foster HPWS can directly affect the perceptions of employees, which may lead to a reduction in some of the HR issues commonly found in Indian call centres. For example, in common with many Indian call centres, the employees in this study were mostly overqualified (or more qualified than their western counterparts) for the positions they held. This can lead to heightened levels of attrition and absenteeism when other work opportunities arise. Thus, HPWS may demonstrate that their employing organisation values them enough to invest in practices that support workload manageability and other HPWS factors. These, in turn, can help to decrease levels of attrition and absenteeism while boosting job satisfaction, engagement and employee wellbeing. The caveat associated with this implication, and a contribution to the theoretical understanding of HPWS and employee wellbeing, is that while HPWS positively contributes to engagement, satisfaction, and wellbeing, such systems may also increase presenteeism in the workplace, and as a result, lead to a reduction in employee wellbeing. Such findings provide insight into the potential dark side of HPWS, contributing to HPWS theory. That is, HPWS can positively influence job satisfaction and employee engagement, but it is the increased engagement that results in the potential disadvantage of increased presenteeism and reduced employee wellbeing.

Moreover, HPWS did not directly influence presenteeism, instead HPWS directly increased job satisfaction and employee engagement. These results are contrary to labour



process theory. As mentioned, job satisfaction and employee engagement were both positive and significantly linked with presenteeism, which results in significantly lower employee wellbeing. As such, our study adds to the theory on HPWS concluding that HPWS result in positive employee perceptions/behaviour, but that such positive outcomes may spill over and result in potential drawbacks. The spill over of job satisfaction and engagement in a work environment characterised by low flexibility, low autonomy, long work hours, pressurised environments, and unprecedented job insecurity, is likely to create an environment that also increases presenteeism. As such, we can conclude that HPWS can concurrently provide positive outcomes for employees and their employing organisation. However, if not managed effectively and within an appropriate work environment, negative spill over effects may also be present.

#### *Practical implications*

There is no doubt that the practical implications of introducing HPWS into Indian call centres, while concurrently attempting to address presenteeism, will be challenging. Russell (2010) cites findings (Budhwar, Varma, Singh & Dhar, 2006) indicating that, although Indian firms are employing Western HR strategies, including teamwork and incentivised remuneration, there has been “no noticeable effects in stemming employee churn” (p.18). This may be as D’Cruz and Noronha’s (2012, p. 200) research into high commitment management (HCM) practices in Indian call centres found, that the “the implementation of HCM practices in the Indian call centre industry did not alter the wide power distance integral to the national culture” and in fact only served to reinforce hierarchical structures. While managers need to balance quality and customer service and keep costs under control, call centre employees frequently report their work as monotonous, leading to high levels of employee dissatisfaction and turnover. With turnover at 30 to 50 per cent a year, managers can find themselves in a vicious

circle, whereby as employees become proficient, they quit – thus, “managing the workforce is a constant cycle of recruitment, selection, training, and retention strategies” (Batt et al., 2005, p. 2).

Can anything be done to bring about change in what appear to be entrenched workplace cultures? It will be up to call centre management to address change in any meaningful way. As D’Cruz and Noronha (2012, p. 2) note, HPWS are “loaded in favour of managerial prerogatives, with little, if any, meaningful consultation with employees and/or their representatives over the terms of HPWS”. Consequently, it is important to stress the need for consultation before introducing HPWS with both employees and their representatives. This requires managers to relinquish some of their control and allow genuine, actionable input from employees. It is suggested that trials could include a degree of self-management for teams so that, as long as targets are met, there could be a relinquishing of control with regard to how they are met. This suggestion is aligned with the ROWE (results only work environments) principles introduced by Ressler and Thomson (2008 - see [gorowe.com](http://gorowe.com)). ROWE means that management control the work, but not the people, and has reportedly resulted in lower levels of presenteeism and turnover in a number of workplaces since being introduced including call centres.

#### *Limitations and Suggestions for Future Research*

There are some limitations associated with this study. While we have undertaken several checks for common method variance (CMV), we acknowledge the potential influence of CMV on the data. Another limitation is the use of a single-level of analysis to examine data that is clustered by organisation, that is, five different call centres were examined. Therefore, further research might consider some of the multilevel effects in Indian call centres and identify within-group and between-group results. Furthermore, the data in this study is cross-sectional

in nature, and despite two post-hoc tests that suggested no concerns with common method bias (Podsakoff, 2003), we suggest future studies conduct longitudinal analyses (Van De Voorde, Paauwe and Van Veldhoven, 2012) to improve the generalisability of the findings by further reducing common method bias.

## **Conclusion**

Our findings suggest that Indian call centres may find it beneficial to adopt a strategic approach to HRM as a way of managing their employees. Particularly, as the HPWS practices outlined in our study were found to contribute positively towards the job satisfaction, engagement and wellbeing of call centre employees. As employees become more satisfied with their job, their level of engagement also tends to increase. However, employee presenteeism was also found to increase as they became more engaged in their work, which could, in turn, partly negate the impact on employee wellbeing. The findings provide implications for practice and HPWS theory and employee wellbeing, supporting past studies that have found HPWS to be positively related to employee outcomes while adding new knowledge about mediating factors between HPWS and employee wellbeing.

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**Table 1. Descriptive Statistics, Inter-correlations, Composite Reliabilities and AVEs**

	M	SD	Alpha	AVE	1	2	3	4	5
1. HPWS	5.60	0.80	0.91	0.54	<b>(.73)</b>				
2. Engagement	5.49	0.82	0.94	0.69	.65***	<b>(.83)</b>			
3. Job satisfaction	3.14	1.32	0.97	0.68	.36***	.39***	<b>(.82)</b>		
4. Presenteeism	3.91	1.09	0.92	0.62	.21**	.28***	.30***	<b>(.79)</b>	
5. Wellbeing	5.58	0.90	0.91	0.73	.66***	.69***	.27***	.12*	<b>(.85)</b>

Note: N=250; AVE average variance estimate; Bold and italicised figures represent square root AVE for the Fornell and Larcker test; \*p<.05, \*\*p<.01; \*\*\*p<.001

**Table 2. Results of Path Analysis**

Path	Path coeff.	t-statistic	Sig. level
H4. Job satisfaction → Presenteeism	.23	3.11	***
H5. Engagement → Presenteeism	.18	1.97	*

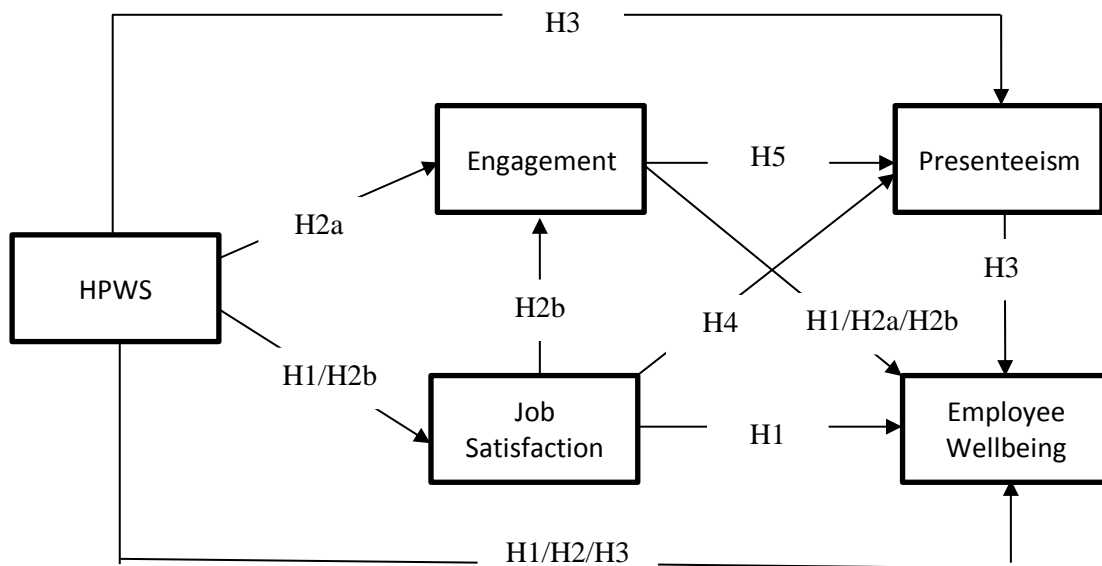
N=250; \*p<.05; \*\*<.01; \*\*\*p<.001

**Table 3. Results of Mediation Analyses**

	<i>Beta</i>	<i>Std Error</i>	<i>95% CI</i>	
			<i>Lower bound</i>	<i>Upper bound</i>
H2a. HPWS → Engagement → Wellbeing	.03	.01	.01	.07
H2b. HPWS → Job satisfaction → Engagement → Wellbeing	-.01	.01	-.04	-.01
H3. HPWS → Presenteeism → Wellbeing	ns			

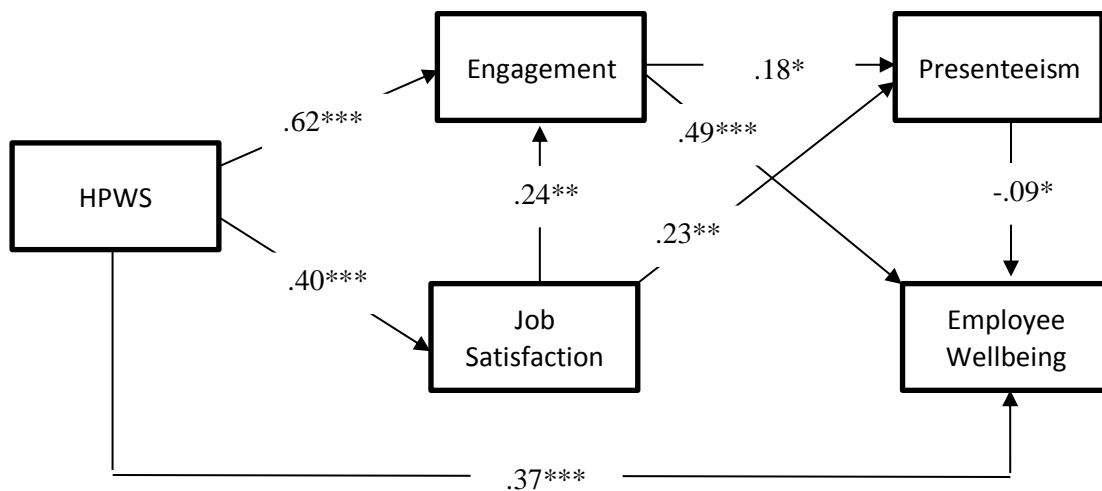
Note: H3 is not supported as the 95% CI for lower and upper bound passes through zero (Hayes, 2013)

**Figure 1. Proposed Research Model**



Note: Both direct and mediation (indirect) paths were shown in the figure

**Figure 2. Results of Path Analysis**



Note:

Both direct and mediation (indirect) paths were shown in the figure

\* $p < .05$ ; \*\* $p < .01$ ; \*\*\* $p < .001$