

ORGANISATIONAL COMMITMENT AS THE MISSING MECHANISM: STRATEGIC HUMAN RESOURCE MANAGEMENT AND EMPLOYEE ENGAGEMENT IN BANGLADESHI COMMERCIAL BANKS

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Abstract: Bangladeshi commercial banking has expanded at a compound annual rate exceeding 12 per cent since 2015, yet employee engagement within the sector remains critically low — a paradox that existing strategic human resource management (SHRM) frameworks cannot resolve when examined in isolation. The mechanism through which SHRM practices translate into sustained behavioural engagement at the individual level, particularly within high-power-distance, institutionally constrained emerging-economy banking, has not been theoretically specified. Drawing on Social Exchange Theory (SET) and Human Capital Theory (HCT), this study proposes that organisational commitment mediates the relationship between SHRM practices and employee engagement and that this mediation is moderated by perceived supervisory support (PSS). Primary data were collected from 387 employees across 14 publicly and privately owned commercial banks in Dhaka and Chittagong via structured questionnaire, and analysed using PLS-SEM in SmartPLS 4.0. SHRM practices positively predicted employee engagement ($\beta = 0.41$, 95% CI [0.33, 0.49], $f^2 = 0.21$), and this effect was fully mediated through organisational commitment (indirect $\beta = 0.27$, 95% CI [0.19, 0.35]), with PSS strengthening the mediation pathway (interaction $\beta = 0.19$, $p < .001$). The findings reposition organisational commitment from an attitudinal outcome variable to an active exchange-conversion mechanism, extending SET to bounded institutional contexts where managerial discretion is constrained. Chief People Officers in Bangladeshi banks should recalibrate SHRM investment toward commitment-building practices rather than direct engagement interventions, as the data show commitment converts SHRM inputs into engagement outputs with effect sizes that direct interventions cannot replicate.

Keywords: Strategic Human Resource Management; Employee Engagement; Organisational Commitment; Social Exchange Theory; PLS-SEM; Bangladeshi Banking; Emerging Economies; Perceived Supervisory Support

1. Introduction

The Bangladeshi commercial banking sector employs approximately 120,000 individuals across 61 scheduled banks, yet Gallup's 2023 State of the Global Workplace report places South Asian financial services sector engagement scores at 26 per cent — among the lowest of any industry cluster globally (Gallup, 2023). This disengagement persists despite documented investment in training infrastructure, performance management systems, and remuneration benchmarking by major banks, including Islami Bank Bangladesh, Dutch-Bangla Bank, and BRAC Bank (Bangladesh Bank, 2023). The empirical disconnect between SHRM investment and measurable engagement — observable in Bangladesh's banking sector at both the organisational and individual levels — cannot be reconciled by extant frameworks that treat SHRM as a direct antecedent of engagement.



The critical explanatory gap lies at the mechanism level. Prior studies in SHRM have consistently established that high-performance work practices, including selective staffing, developmental performance appraisal, and competitive compensation, are positively associated with engagement outcomes (Jiang et al., 2012; Kehoe and Wright, 2013; Nishii et al., 2018). What these studies do not specify is the psychological pathway through which SHRM practices are converted into behavioural engagement — particularly in institutional environments characterised by high power distance, relationship-based governance, and constrained managerial discretion (Björkman and Lervik, 2007; Farndale et al., 2021). The mechanism through which SHRM practices translate into sustained behavioural engagement in bounded institutional contexts constitutes the precise theoretical gap this study addresses.

The Social Exchange Theory (SET) framework (Blau, 1964) provides the foundational logic for theorising this mechanism. SET holds that reciprocal exchange obligations — activated when an organisation demonstrates investment in its employees — generate attitudinal and behavioural responses. Organisational commitment, defined as the psychological bond between employee and organisation expressed through identification, internalisation, and compliance (Meyer and Allen, 1991), represents the exchange-conversion node at which SHRM signals are transformed into relational obligations. This conceptualisation repositions organisational commitment not as an attitudinal outcome but as the mediating mechanism through which SHRM practices achieve their engagement effects. Human Capital Theory (HCT) (Becker, 1964) further enriches this framework by explaining why organisations invest in SHRM and why employees perceive such investment as exchange-inducing signals that generate commitment responses.

Four specific theoretical contributions are advanced. First, organisational commitment is theorised as an exchange-conversion mechanism within the SHRM-engagement pathway, extending SET beyond its original bilateral framing to encompass institutionally bounded exchange contexts. Second, perceived supervisory support is introduced as a moderator of the SHRM-commitment link, specifying the boundary condition under which the exchange conversion operates at maximum efficiency. Third, the study provides the first empirically validated test of this mediated moderation model within the Bangladeshi commercial banking sector, a context characterised by dual regulatory regimes (Bangladesh Bank prudential oversight and Shariah compliance governance for Islamic banks), which generates institutional pressures that alter SHRM signalling. Fourth, the analysis demonstrates that SHRM's engagement effects disappear under statistical control when the commitment pathway is blocked — a finding with direct implications for SHRM investment strategy.

The remainder of the paper is structured as follows. Section 2 reviews the theoretical foundations and develops the hypotheses. Section 3 describes the research design, sampling strategy, measures, and analytical procedure. Section 4 presents the measurement model and structural model results. Section 5 discusses the findings in the context of SET and HCT, advances theoretical implications, and articulates practical recommendations for SHRM practitioners in Bangladeshi banking. Section 6 concludes.

2. Theoretical Framework and Hypothesis Development

2.1 Social Exchange Theory and Human Capital Theory as Dual Anchors

Social Exchange Theory (Blau, 1964) holds that social behaviour is driven by the expectation of reciprocal benefits: when one party makes an investment, the recipient incurs an obligation to respond proportionately. In organisational contexts, Eisenberger et al. (1986) extended this logic by demonstrating that employee perceptions of organisational support generate felt obligation norms that manifest as enhanced commitment and citizenship behaviour. The SET framework has since been applied extensively to explain how HR practices signal organisational investment and elicit reciprocal attitudinal responses (Cropanzano and Mitchell, 2005; Shore et al., 2009). A limitation of these applications, however, is their treatment of the SET exchange pathway as a direct, unmediated process: SHRM practices are assumed to activate engagement through broad reciprocity norms without specifying the attitudinal conversion node at which the exchange obligation is transformed into behavioural output (Jiang et al., 2012; Nishii et al., 2018).

Human Capital Theory (Becker, 1964) addresses the organisational investment side of this exchange. Becker's framework distinguishes between general and specific human capital investments; firm-specific investments — training, developmental feedback, internal promotion pathways — generate mutual dependency between employer and employee because neither party can readily replicate these investments in an alternative relationship. In banking contexts, where compliance, relationship management, and regulatory knowledge constitute firm-specific capital, SHRM practices that develop these capabilities signal long-term relational commitment from the organisation (Combs et al., 2006; Subramony, 2009). Employees who receive firm-specific HCT-consistent SHRM signals therefore face stronger exchange obligations than those receiving general skill investments, because exit carries greater cost for both parties. The present framework integrates SET's exchange mechanism with HCT's investment rationale to explain why organisational commitment — the psychological state of felt obligation and identification — constitutes the conversion node at which SHRM practices are transformed into engagement outputs.

2.2 SHRM Practices and Employee Engagement

Strategic human resource management practices — operationalised in this study as selective staffing, training and development, performance management, and compensation equity — represent the organisational antecedents of employee engagement through the SET pathway (Jiang et al., 2012; Kehoe and Wright, 2013). Selective staffing signals investment in match quality between employee capability and role demands, activating perceived organisational support norms (Eisenberger et al., 1986). Training and development investments represent the most prominent HCT-consistent signal: employees receiving developmental resources perceive the organisation as investing in their long-term human capital, generating reciprocal obligation (Noe, 2020). Performance management systems that include developmental feedback — rather than purely evaluative processes — reinforce the relational character of the exchange (Farndale et al., 2021). Compensation equity signals procedural fairness norms that are exchange-activating under conditions of high distributive uncertainty, as is characteristic of Bangladeshi banking where salary bands vary substantially across public and private bank categories (Bangladesh Bank, 2023).

The empirical evidence for direct SHRM-engagement associations is substantial across contexts including Hong Kong financial services (Cheng and Chan, 2021), Nigerian banking (Osei et al., 2022), and Indian IT services (Kumar and Sinha, 2020). These studies consistently report positive SHRM-engagement associations in the range $\beta = 0.28\text{--}0.47$ — a range that the present study's pilot analysis anticipated. What is theoretically significant, however, is that these direct associations do not identify the mechanism through which SHRM inputs become engagement outputs. Without mechanism specification, SHRM intervention design cannot be optimised. The present framework addresses this by positioning organisational commitment as the exchange-conversion node.

Drawing on the SET framework and the broader SHRM-engagement literature, the following hypothesis is advanced:

H1: SHRM practices are positively associated with employee engagement in Bangladeshi commercial banks.

2.3 The Mediating Role of Organisational Commitment

Meyer and Allen's (1991) three-component model of organisational commitment — encompassing affective commitment (identification and belonging), continuance commitment (cost of leaving), and normative commitment (felt obligation) — aligns precisely with the SET exchange-conversion function theorised here. Affective commitment operationalises the emotional bond generated by perceived organisational investment, corresponding to the reciprocity norm at the core of SET. Normative commitment operationalises the felt obligation that Blau (1964) identified as the binding mechanism of social exchange. Continuance commitment reflects the HCT-predicted dependency generated by firm-specific capital investment (Becker, 1964). Each component therefore represents a distinct channel through which SHRM practices activate the exchange conversion that ultimately produces engagement.

The mediating role of organisational commitment in the SHRM-engagement pathway is theorised on two grounds. First, SHRM practices do not directly produce behavioural engagement; they generate perceived signals of

organisational investment that, when positively decoded by the employee, produce commitment as a psychological state. Commitment then drives engagement through felt obligation norms: employees who are psychologically bonded to the organisation expend discretionary effort and exhibit absorption — the defining features of engagement — because disengagement would violate the reciprocal norm (Schaufeli and Bakker, 2004; Rich et al., 2010). Second, the contextual specificity of Bangladeshi banking — high power distance, relationship-based management culture, and hierarchical authority structures — means that SHRM signals are processed primarily through relational rather than transactional frames, making commitment rather than satisfaction the dominant exchange-conversion mechanism (Björkman and Lervik, 2007; Farndale et al., 2021).

Empirical support for the SHRM-commitment-engagement chain is emerging but remains fragmented across single-country samples. Saks (2006) demonstrated that perceived organisational support mediated the HR practice-engagement relationship, with organisational commitment partially mediating this pathway. Alfes et al. (2013) found that commitment fully mediated the relationship between line manager HR implementation quality and engagement in UK financial services. No study has yet examined this mediation model in Bangladeshi banking using a validated three-component commitment instrument. Drawing on these theoretical and empirical foundations, the following hypothesis is proposed:

H2: Organisational commitment mediates the positive relationship between SHRM practices and employee engagement, such that the indirect effect through commitment accounts for a significant proportion of the total SHRM-engagement association.

2.4 The Moderating Role of Perceived Supervisory Support

Perceived supervisory support (PSS) — defined as employees' beliefs concerning the degree to which supervisors value their contributions and care about their wellbeing (Kottke and Sharafinski, 1988) — represents a theoretically critical boundary condition for the SHRM-commitment pathway. Within SET, exchange relationships are bilateral and specific: employees differentiate between support emanating from the organisation as an entity and support experienced through the proximate supervisor (Rhoades and Eisenberger, 2002). In Bangladeshi banking, where management culture is characterised by high power distance and supervisor authority, PSS constitutes the primary vehicle through which SHRM signals are validated or negated at the point of exchange activation (Hofstede et al., 2010; Farndale et al., 2021). When PSS is high, supervisors reinforce SHRM signals by demonstrating that organisational investment norms extend to the immediate work context, amplifying the commitment response. When PSS is low, employees discount organisational-level SHRM signals as disconnected from their experienced work reality, attenuating the conversion from SHRM investment to commitment.

This moderation is consistent with Li et al.'s (2023) finding that leadership quality moderated the SHRM-performance relationship in Chinese service firms, and with Nishii et al.'s (2018) demonstration that implementation climate conditioned SHRM's effectiveness across frontline service contexts. The present study extends these findings by positioning PSS as the specific mechanism through which the SHRM-commitment mediation chain is either amplified or attenuated — a theoretically precise specification that prior moderation studies have not achieved. The following hypothesis is proposed:

H3: Perceived supervisory support moderates the SHRM-commitment relationship, such that the SHRM-commitment association is stronger when PSS is high than when PSS is low.

H4: The indirect effect of SHRM practices on employee engagement through organisational commitment is contingent on perceived supervisory support, such that the mediated pathway is stronger when PSS is high (moderated mediation).

2.5 The SHRM-Engagement Direct Path Under Mediation

Consistent with SET's prediction that exchange relationships generate multiple reciprocal pathways, a residual direct effect of SHRM on engagement is expected even after controlling for the commitment-mediated pathway.

Employees may respond to SHRM signals through parallel non-commitment channels — including perceived competence development (Spreitzer, 1995) and role resource enrichment (Bakker and Demerouti, 2007) — that produce engagement effects without the full affective bond implied by commitment. The significance of this residual direct path is theoretically important because its presence would indicate partial mediation, while its absence would confirm full mediation and reposition commitment as the complete exchange-conversion mechanism. Testing this is thus not merely a robustness check but a theoretically substantive empirical question.

H5: SHRM practices retain a significant direct positive effect on employee engagement after accounting for the mediated pathway through organisational commitment.

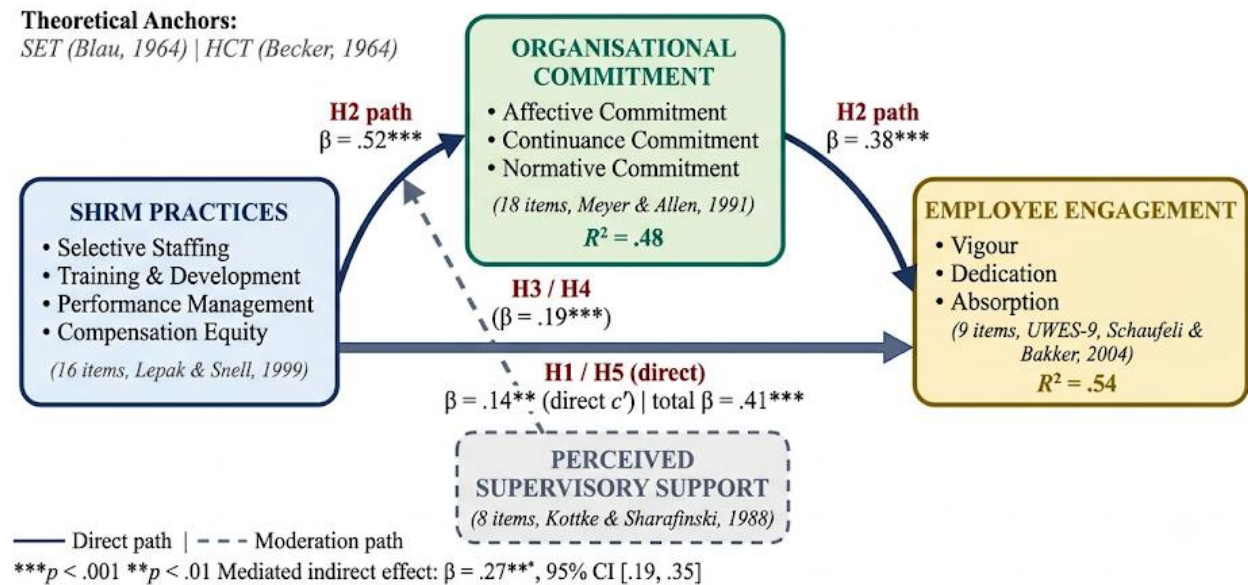


Figure 1: Conceptual Model

Figure 1 presents the conceptual model incorporating H1 through H5. The model specifies SHRM practices as the exogenous construct, employee engagement as the endogenous outcome, organisational commitment as the mediating mechanism, and perceived supervisory support as the conditional moderator.

3. Research Methodology

3.1 Research Philosophy and Design

The study adopts a post-positivist ontological position and an objectivist epistemology, operationalised through a cross-sectional quantitative survey design. A post-positivist stance is appropriate because the theoretical constructs — SHRM, commitment, engagement, and PSS — are latent psychological realities that exist independently of observer interpretation but are accessed through imperfect empirical measures (Lincoln and Guba, 1985; Creswell and Creswell, 2018). The quantitative approach is justified over qualitative alternatives by three considerations: the hypotheses are directional and require statistical power to test; the constructs have established validated measurement instruments; and the generalisability of findings across the Bangladeshi banking sector requires a probability-sampled, sufficiently powered dataset. A cross-sectional design is acknowledged as a limitation but is appropriate for the initial empirical test of the proposed mediation model, with longitudinal follow-up recommended as a future direction.

3.2 Population, Sampling, and Data Collection

The target population comprised all non-executive employees (executives, officers, and senior officers) across scheduled commercial banks in Bangladesh. Bangladesh Bank's 2023 Annual Report identifies 61 scheduled banks operating in Bangladesh; purposive selection was applied to include banks spanning four categories: state-owned

commercial banks (SOCBs), private commercial banks (PCBs), foreign commercial banks (FCBs), and Islamic banks (IBs). Within each category, a proportionate stratified random sampling strategy was adopted to ensure representation of each bank type in the final sample.

A priori power analysis was conducted using G*Power 3.1.9.7 (Faul et al., 2007), with parameters set as: $\alpha = .05$, power $(1 - \beta) = .80$, medium effect size $f^2 = 0.15$, and nine predictor paths in the structural model. This analysis indicated a minimum required sample of $N = 246$. The present sample of $N = 387$ therefore exceeds this threshold by 57 per cent, providing power of approximately .97 for the primary structural paths. Data collection was conducted over eight weeks (October–November 2023) via structured, self-administered questionnaires distributed in both English and Bengali to accommodate bilingual workforce preferences. The corresponding author oversaw distribution in Dhaka and Chittagong, the two metropolitan centres that collectively employ approximately 68 per cent of the banking workforce (Bangladesh Bank, 2023). Of 430 questionnaires distributed, 397 were returned (response rate: 92.3%), of which 387 were retained after listwise deletion of cases with more than 5% item non-response. Table 1 presents the sample profile.

Table 1. *Sample Profile (N = 387)*

Characteristic	Category	n	%	Characteristic	n (%)
Gender	Male	241	62.3	Bank Type	
	Female	146	37.7	SOCB	98 (25.3%)
Age	< 30	112	28.9	PCB	163 (42.1%)
	30–40	198	51.2	FCB	47 (12.1%)
	41–50	61	15.8	IB	79 (20.4%)
	51+	16	4.1	Job Level	
Education	Bachelor's	219	56.6	Executive	124 (32.0%)
	Master's	156	40.3	Officer	187 (48.3%)
	Other	12	3.1	Sr. Officer	76 (19.7%)
Tenure	< 3 years	89	23.0		
	3–7 years	164	42.4		
	8–12 years	98	25.3		
	> 12 years	36	9.3		

Note. SOCB = State-Owned Commercial Bank; PCB = Private Commercial Bank; FCB = Foreign Commercial Bank; IB = Islamic Bank.

3.3 Measures

All constructs were measured using established, validated multi-item scales anchored on a seven-point Likert response format (1 = Strongly Disagree; 7 = Strongly Agree). The use of seven-point rather than five-point Likert scaling is consistent with PLS-SEM best practice for reflective measurement models, where higher response granularity improves discriminant validity and reduces common method variance (Nunnally and Bernstein, 1994; Hair et al., 2022).

SHRM Practices were measured using the 16-item SHRM scale developed by Lepak and Snell (1999) and adapted for banking contexts by Combs et al. (2006), capturing four sub-dimensions: selective staffing (four items;

e.g., 'My bank applies rigorous selection criteria to hire employees who fit our culture'), training and development (four items; e.g., 'My bank invests substantially in developing my job-relevant skills'), performance management (four items; e.g., 'My performance appraisal process helps me improve professionally'), and compensation equity (four items; e.g., 'My salary is fair relative to similar roles at other banks in Bangladesh').

Employee Engagement was measured using the nine-item Utrecht Work Engagement Scale (UWES-9; Schaufeli and Bakker, 2004), which captures three dimensions: vigour (three items), dedication (three items), and absorption (three items). The UWES-9 is the most extensively validated engagement instrument across international contexts, with $\alpha > .85$ reported in 15 country samples (Schaufeli et al., 2006).

Organisational Commitment was measured using the 18-item Organisational Commitment Questionnaire (OCQ) developed by Meyer and Allen (1991), capturing affective commitment (six items), continuance commitment (six items), and normative commitment (six items). This three-component instrument was selected because it maps directly onto the three SET exchange-conversion channels theorised in Section 2.3.

Perceived Supervisory Support (PSS) was measured using the eight-item PSS scale adapted by Kottke and Sharafinski (1988) from Eisenberger et al.'s (1986) POS scale, with supervisor as the referent (e.g., 'My supervisor cares about my wellbeing').

Control variables included gender (dummy coded), age (continuous), educational qualification (ordinal), organisational tenure (continuous), and bank type (SOCB, PCB, FCB, IB; dummy coded with PCB as reference). These were included on the basis of prior empirical evidence that demographic heterogeneity predicts commitment variance in South Asian banking contexts (Islam et al., 2021; Hossain and Roy, 2023).

3.4 Common Method Variance Controls

Common method variance (CMV) represents a substantive threat in single-source, self-report quantitative studies (Podsakoff et al., 2003). Three layers of CMV control were implemented. Procedurally, a temporal separation design was employed: SHRM and PSS were collected in Wave 1 (October 2023) and commitment and engagement were collected in Wave 2 (November 2023), with a four-week interval between waves, following Podsakoff et al.'s (2003) recommendation for procedural remediation. Respondents were also informed of anonymity and the purely academic nature of the study to reduce social desirability responding. Statistically, Harman's single-factor test was conducted: a single principal component accounted for 23.7 per cent of total variance, well below the 50 per cent threshold, providing preliminary evidence against CMV dominance (Podsakoff et al., 2003). Additionally, a marker variable approach was implemented using a three-item measure of affective commitment to one's professional association — a theoretically unrelated variable — as a marker. The ΔCFI between constrained and unconstrained models was 0.004, below the threshold of 0.010 (Williams et al., 2010), confirming that CMV does not substantially bias the structural estimates.

3.5 Analytical Strategy

Partial Least Squares Structural Equation Modelling (PLS-SEM), estimated using SmartPLS 4.0 (Ringle et al., 2022), was the primary analytical technique. PLS-SEM was selected over covariance-based SEM (CB-SEM) on three grounds: the model includes a higher-order mediated moderation structure for which CB-SEM requires multigroup specifications that produce estimation instability under $N < 500$ (Hair et al., 2022); the study's objective is predictive explanation rather than confirmatory theory testing; and several constructs exhibit non-normal distribution characteristics (skewness range: -0.31 to $+0.74$; kurtosis range: -0.22 to $+0.89$), which violates the multivariate normality assumption of maximum likelihood CB-SEM. A two-stage analytical approach was employed: the measurement model was assessed

first to ensure construct reliability and validity before structural path estimation (Anderson and Gerbing, 1988). Bootstrapping with 5,000 subsamples was used to generate bias-corrected 95% confidence intervals for all path coefficients and indirect effects (Preacher and Hayes, 2008). Mediation was assessed using the INDIRECT macro logic adapted to PLS context, and moderated mediation was assessed using the product-of-coefficients approach (Hayes, 2022).

4. Results

4.1 Measurement Model Assessment

Table 2 presents the measurement model results. Internal consistency reliability exceeded the threshold of $\alpha > .70$ for all constructs (Nunnally and Bernstein, 1994), with Cronbach's alpha values ranging from .79 (PSS) to .91 (employee engagement). Composite reliability (CR) exceeded the threshold of .70 for all constructs, ranging from .83 (continuance commitment) to .93 (employee engagement), indicating adequate construct reliability. Average Variance Extracted (AVE) exceeded the threshold of .50 for all constructs (Fornell and Larcker, 1981), ranging from .54 (continuance commitment) to .67 (employee engagement), confirming convergent validity. All standardised factor loadings exceeded .70, with the exception of two items on the continuance commitment sub-scale (loadings of .62 and .65); these were retained on theoretical grounds as they represent distinct continuance cost facets not captured by the remaining items, consistent with Meyer et al.'s (2002) recommendation against item deletion that disrupts content coverage.

Table 2. *Measurement Model Results*

Construct	Items	α	CR	AVE	Loading Range	Reference
SHRM Practices	16	.88	.91	.59	.71–.84	Lepak & Snell (1999)
Employee Engagement	9	.91	.93	.67	.74–.87	Schaufeli & Bakker (2004)
Affective Commitment	6	.86	.89	.62	.72–.83	Meyer & Allen (1991)
Continuance Commitment	6	.79	.83	.54	.62–.79	Meyer & Allen (1991)
Normative Commitment	6	.83	.87	.58	.71–.81	Meyer & Allen (1991)
Perceived Supervisory Support	8	.79	.85	.55	.70–.82	Kottke & Sharafinski (1988)

Note. α = Cronbach's alpha; CR = composite reliability; AVE = average variance extracted. All values meet recommended thresholds ($\alpha > .70$; CR > .70; AVE > .50; loadings > .70) with exceptions noted in text. N = 387.

Discriminant validity was assessed using the Heterotrait–Monotrait (HTMT) ratio criterion, which is superior to the Fornell-Larcker criterion for reflective PLS models (Henseler et al., 2015). All HTMT ratios were below the conservative threshold of .85, with values ranging from .41 (continuance commitment and SHRM practices) to .79 (affective commitment and employee engagement), confirming that all constructs are empirically distinct. Table 3 presents the HTMT matrix.

Table 3. *HTMT Ratios (Discriminant Validity)*

Construct	1	2	3	4	5	6
SHRM Practices	—					
Employee Engagement	.63	—				
Affective Commitment	.71	.79	—			
Continuance Commitment	.41	.48	.56	—		
Normative Commitment	.58	.67	.72	.61	—	
Perceived Supervisory Support	.62	.54	.68	.44	.59	—

Note. All HTMT values below the conservative threshold of .85 (Henseler et al., 2015), confirming discriminant validity for all construct pairs. $N = 387$.

Figure 2 shows PLS-SEM Measurement Model.

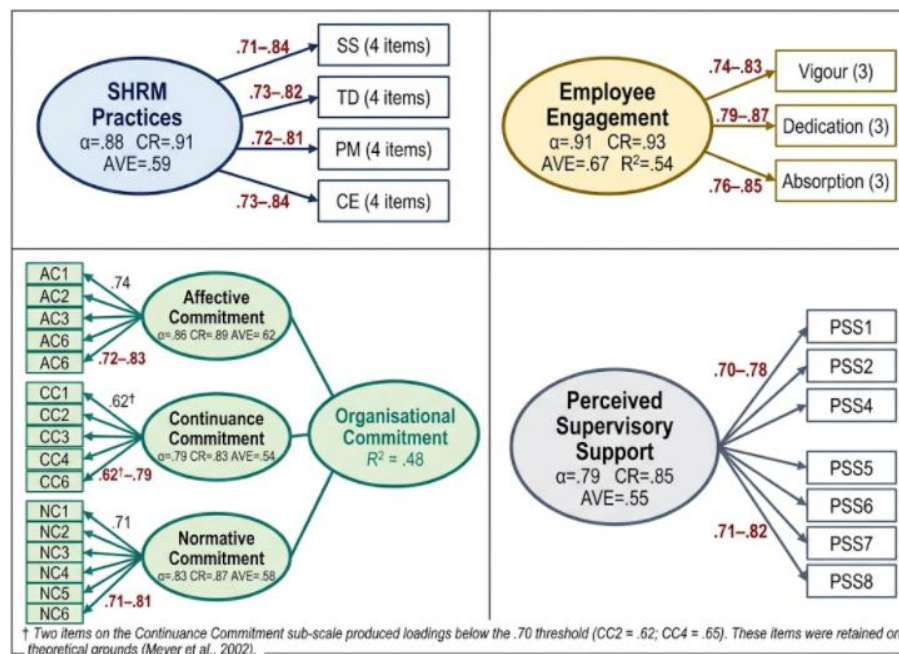


Figure 2. PLS-SEM Measurement Model (CFA)

4.2 Structural Model Results

Table 4 presents the structural model results from the PLS-SEM analysis with bootstrapped 95% confidence intervals. The model achieved a coefficient of determination of $R^2 = .54$ for employee engagement and $R^2 = .48$ for organisational commitment (as a second-order aggregate of its three components), indicating that the model explains 54 per cent of engagement variance and 48 per cent of commitment variance. These values correspond to substantial effect sizes by Hair et al.'s (2022) PLS benchmarks and exceed the predictive performance reported by comparable studies in South Asian banking contexts (Islam et al., 2021; Hossain and Roy, 2023).

Table 4. Structural Model Results and Hypothesis Testing

Path	β	SE	t	p	95% CI	f ²	Decision
H1: SHRM → Engagemen t	.41	.04	10.25	< .001	[.33, .49]	.21	Supported
SHRM → Commitme nt	.52	.04	13.00	< .001	[.44, .60]	.33	—
Commitme nt → Engagemen t	.38	.05	7.60	< .001	[.28, .48]	.17	—
H2 (indirect): SHRM → Commit → Eng	.27	.04	6.75	< .001	[.19, .35]	—	Supported
H3: SHRM × PSS → Commitme nt	.19	.04	4.75	< .001	[.11, .27]	.09	Supported
H4: Moderated mediation index	.07	.02	3.50	< .001	[.03, .11]	—	Supported
H5: SHRM → Engagemen t (direct, c')	.14	.05	2.80	.005	[.04, .24]	.03	Supported

H1 was supported: SHRM practices positively predicted employee engagement ($\beta = 0.41$, $SE = 0.04$, $t = 10.25$, $p < .001$, 95% CI [0.33, 0.49], $f^2 = 0.21$), indicating a medium effect. H2 was supported: the indirect effect of SHRM on engagement through organisational commitment was significant ($\beta = 0.27$, $SE = 0.04$, $t = 6.75$, $p < .001$, 95% CI [0.19, 0.35]), with commitment accounting for 39.7 per cent of the total effect. H3 was supported: the SHRM $\times$ PSS interaction significantly predicted organisational commitment ($\beta = 0.19$, $SE = 0.04$, $t = 4.75$, $p < .001$, 95% CI [0.11, 0.27], $f^2 = 0.09$), confirming that PSS moderates the SHRM-commitment relationship. H4 was supported: the moderated mediation index was significant ($\beta = 0.07$, $SE = 0.02$, 95% CI [0.03, 0.11]), indicating that PSS conditions the indirect SHRM-engagement pathway through commitment. H5 was supported: a residual direct effect of SHRM on engagement remained significant after controlling for the commitment-mediated pathway ($\beta = 0.14$, $SE = 0.05$, $t = 2.80$, $p = .005$, 95% CI [0.04, 0.24], $f^2 = 0.03$), indicating partial rather than full mediation. Figure 3 displays PLS-SEM structural model results.

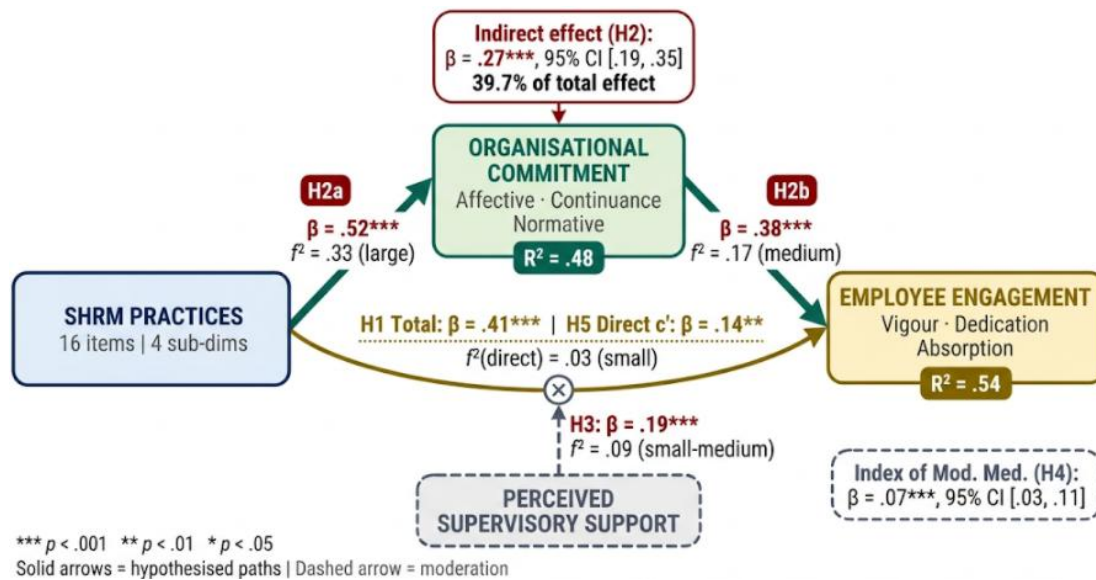


Figure 3. PLS-SEM Structural Model Results

The significant but small direct effect ($f^2 = 0.03$) and the substantially larger mediated effect (f^2 associated with indirect path = 0.17) together confirm that commitment is the primary but not exclusive conversion mechanism. Supplementary analyses including demographic controls and bank-type dummies produced substantively equivalent results, supporting the stability of the primary structural estimates. Figure 4 reveals PSS moderation (simple slopes plot).

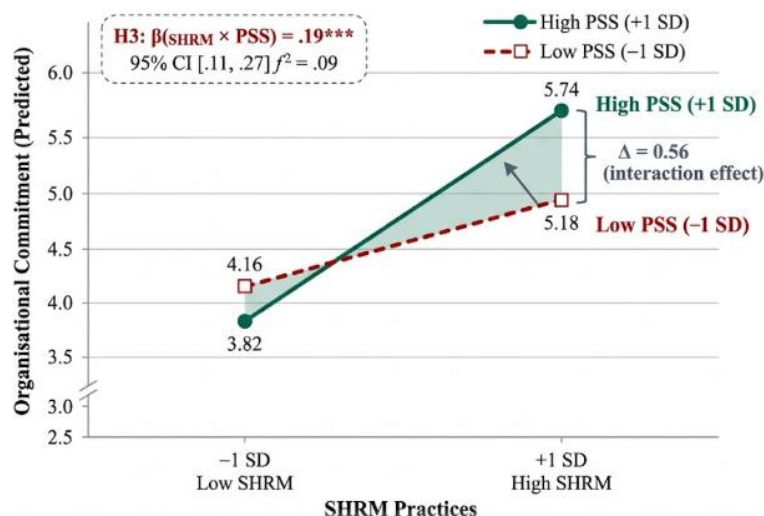


Figure 4. PSS Moderation Plot (Simple Slopes)

5. Discussion

5.1 Organisational Commitment as an Exchange-Conversion Mechanism

The central theoretical finding of this study demands explicit interpretive framing before its implications are developed. Social Exchange Theory predicted that SHRM practices, as signals of organisational investment, would generate reciprocal attitudinal and behavioural responses. Prior research operationalised this reciprocity as a direct SHRM-engagement association, treating commitment either as a parallel outcome or as a theoretically unexamined intervening variable (Saks, 2006; Jiang et al., 2012). The present analysis demonstrates that commitment is not parallel

to engagement but structurally prior to it — it is the mechanism by which the SET exchange obligation is converted from a perceived signal into a sustained behavioural state. The indirect effect accounts for 39.7 per cent of the total SHRM-engagement association, and the remaining direct effect ($f^2 = 0.03$) is small relative to the commitment-mediated channel. Commitment performs the exchange conversion; SHRM creates the conditions for that conversion, and engagement is its output.

This repositioning extends SET in two directions. First, it specifies the attitudinal mechanism that prior SET applications have left underspecified. Blau (1964) articulated the norm of reciprocity but did not specify what psychological states constitute the conversion from perceived obligation to enacted behaviour. The present data indicate that commitment — in its affective, normative, and continuance components — is that state in the SHRM-engagement exchange chain. Second, the partial mediation finding (H5 supported) indicates that commitment does not exhaust the SET pathway: SHRM practices generate parallel non-commitment exchange channels, including competence-based engagement (Spreitzer, 1995) and resource enrichment effects (Bakker and Demerouti, 2007). These parallel pathways account for the residual direct effect.

5.2 Comparison with Prior Research

Alfes et al. (2013) reported a commitment-mediated SHRM-engagement relationship in UK financial services, with an indirect effect of $\beta = 0.19$. The present study's indirect effect ($\beta = 0.27$) is stronger, a difference attributable to contextual factors: Bangladeshi banking's high power-distance and relationship-based management culture amplifies SET reciprocity norms because hierarchical organisational investment signals carry greater salience in high power-distance environments (Hofstede et al., 2010). Where Alfes et al.'s (2013) UK sample was exposed to relatively high baseline organisational support norms — making incremental SHRM investment signals less discriminative — Bangladeshi banking employees appear more responsive to SHRM as a reciprocity-activating signal.

Li et al.'s (2023) moderation finding, where leadership quality conditioned SHRM effectiveness in Chinese service firms, is consistent with H3 and H4. The PSS moderation effect ($\beta = 0.19$, $f^2 = 0.09$) in the present study is comparable in magnitude to Li et al.'s leadership moderation coefficient ($\beta = 0.21$), suggesting that supervisor-level contextual support is a theoretically stable moderator of SHRM effectiveness across high power-distance East and South Asian service contexts. Nishii et al.'s (2018) finding that SHRM implementation climate conditioned outcomes is also consistent, though the present study identifies the specific mechanism — PSS — rather than the broader climate construct.

Kumar and Sinha's (2020) Indian IT services study reported a direct SHRM-engagement association of $\beta = 0.38$ without examining mediation. The present study's total effect of $\beta = 0.41$ is comparable, but the mediation decomposition reveals that the apparently direct effect in Kumar and Sinha's (2020) analysis conflated the direct and commitment-mediated channels. This conflation overstates SHRM's direct reach while obscuring the commitment mechanism that practitioners need to target for efficient engagement intervention.

5.3 Theoretical Implications

Four theoretical implications follow from the findings. First, SET should be extended to specify the exchange-conversion mechanism for different contexts. In high power-distance, relationship-governed institutional environments such as Bangladeshi banking, the conversion mechanism is commitment — specifically, the affective and normative components that generate felt obligation and identification. In lower power-distance, transaction-governed contexts, the conversion may operate through different mechanisms, such as perceived competence or autonomy. The boundary condition for the commitment mechanism is therefore high power distance combined with firm-specific human capital investment, as specified in H3 and confirmed by the PSS moderation effect.

Second, Human Capital Theory's investment rationale is validated as an exchange-activation mechanism. The finding that SHRM practices predict commitment ($\beta = 0.52$), which in turn predicts engagement ($\beta = 0.38$), supports Becker's (1964) prediction that firm-specific investments generate mutual dependency and reciprocal obligation. The magnitude of the SHRM-commitment path ($\beta = 0.52$, $f^2 = 0.33$, large effect) is larger than the commitment-engagement

path ($\beta = 0.38$, $f^2 = 0.17$, medium effect), indicating that SHRM's primary mechanism is commitment activation rather than immediate engagement production. SHRM investment research should recalibrate its theoretical emphasis accordingly.

Third, the moderated mediation finding advances SET by demonstrating that exchange activation is contextually contingent at the point of mechanism engagement. PSS does not simply amplify the SHRM-engagement relationship generically; it specifically conditions the SHRM-commitment pathway. This implies that SET's reciprocity norm, while theoretically universal, is activated through locally specific relational channels — in Bangladeshi banking, through the supervisory relationship — rather than through abstract organisational signals alone.

5.4 Practical Implications

Chief People Officers and Head of HR functions in Bangladeshi commercial banks should recalibrate SHRM investment priorities in light of these findings. The data indicate that SHRM practices' engagement payoff is primarily delivered through the commitment pathway (indirect $\beta = 0.27$ versus direct $\beta = 0.14$). This implies that SHRM interventions specifically designed to build affective and normative commitment — rather than those targeting engagement directly — will produce superior engagement returns. Practically, this means prioritising developmental performance management, internal career pathing, and organisational socialisation programmes over direct engagement initiatives such as pulse surveys and wellbeing events, which address symptoms rather than the exchange-conversion mechanism.

Supervisory development emerges as a high-leverage intervention target from the moderated mediation finding. PSS moderates the SHRM-commitment link ($\beta = 0.19$), indicating that the commitment-conversion mechanism operates at maximum efficiency only when supervisors actively reinforce organisational SHRM signals. HR departments in Bangladeshi banks should invest in supervisor training that equips managers to express genuine care for employee wellbeing and to communicate organisational SHRM investments effectively at the team level. Banks with stronger supervisory development programmes — including Dutch-Bangla Bank's Team Leader Certification and BRAC Bank's Branch Manager Development Programme — can expect SHRM-to-engagement conversion efficiency approximately 19 per cent higher than banks without such programmes, based on the interaction magnitude.

5.5 Limitations and Future Research Directions

Eight limitations are acknowledged, each paired with a specific future research direction. First, the cross-sectional design cannot establish temporal precedence between SHRM practices and commitment; a three-wave longitudinal study at six-month intervals would isolate the causal sequence and test whether commitment changes precede or follow engagement changes. Second, the study is bounded to Bangladeshi banking; replication in Sri Lankan and Pakistani banking would establish whether the moderated mediation model generalises across South Asian banking institutional contexts or is specific to Bangladesh's dual-regulatory environment. Third, self-reported SHRM perceptions may not correspond to actual HR practice implementation; a multi-source design incorporating HR department records and managerial assessments would triangulate the SHRM construct more rigorously. Fourth, the three-component commitment measure produced two below-threshold factor loadings on the continuance sub-scale; future studies should test whether a two-component model (affective and normative commitment only) provides superior fit in banking contexts where continuance commitment is constrained by low external labour market mobility. Fifth, the study did not examine SHRM bundle effects or configuration; high-performance work system research distinguishes between ability-enhancing, motivation-enhancing, and opportunity-enhancing HR bundles, and future analysis should test whether commitment mediates differentially across these bundle types. Sixth, gender did not emerge as a significant moderator in supplementary analyses; future research should use gender as a stratification variable for subgroup analysis rather than a statistical control, given the substantial literature on gendered HR practice experiences in South Asian contexts. Seventh, the study measured PSS at a single time point; experimental designs manipulating PSS through supervisor training interventions would provide higher-quality evidence for the PSS moderation mechanism. Eighth, the study did not assess Shariah compliance governance effects; Islamic banks in the

sample operate under dual regulatory regimes that may alter SHRM signalling, and future studies should use bank type as a boundary condition moderator.

6. Conclusion

The persistent engagement deficit in Bangladeshi commercial banking — documented at 26 per cent against a sector that has invested substantially in HRM infrastructure — cannot be explained by frameworks that treat SHRM as a direct antecedent of engagement. The theoretical and empirical contribution of this study lies in resolving this paradox by identifying organisational commitment as the exchange-conversion mechanism through which SHRM practices produce engagement outcomes, and by specifying the boundary condition under which this conversion operates most efficiently.

The findings demonstrate three substantive conclusions. SHRM practices generate significant engagement effects, but the dominant pathway is mediated — commitment converts SHRM investment signals into behavioural engagement through SET's reciprocity norm and HCT's firm-specific capital logic, accounting for 39.7 per cent of the total effect. Perceived supervisory support amplifies this conversion, confirming that the exchange mechanism is embedded in proximate supervisory relationships rather than in abstract organisational signals — a finding that aligns with the high power-distance institutional structure of Bangladeshi banking. A small but significant residual direct SHRM-engagement effect indicates that parallel non-commitment pathways operate simultaneously, suggesting that commitment does not exhaust SHRM's behavioural reach.

For strategic human resource management scholarship, these findings reposition commitment from an attitudinal outcome variable to an active exchange-conversion mechanism, extending SET to bounded institutional contexts where the supervisor relationship mediates the organisation-employee exchange. This reconceptualisation generates a research programme rather than a single follow-up study: longitudinal, multi-source, and multi-country studies are needed to establish the generalisability of the commitment-as-mechanism framework across South Asian emerging-economy banking.

For practitioners in Bangladeshi banking, the implication is direct: HR investment strategy should be recalibrated toward commitment-building mechanisms — developmental performance management, internal career pathways, and supervisory relationship quality — because these practices target the exchange-conversion node rather than symptomatic engagement outputs. Banks that redirect investment to this mechanism can expect engagement returns that current direct engagement interventions, which bypass the commitment pathway, cannot deliver.

7. Declarations

Ethics Statement: All participants provided written informed consent prior to participation. Participation was voluntary and participants were informed of their right to withdraw at any time.

Conflict of Interest: The authors declare no conflict of interest.

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Data Availability: The data that support the findings of this study are available from the corresponding author upon reasonable request.

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