

The Influence of Social Exchange Mediators on the Impact of Human Resource Practices

Teddy Lian Kok Fei¹

Law Kian Aun²

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Abstract

Many studies have been done to demonstrate the impact of human resource (HR) practices on firm performance. The relationships have been generally positive but not always conclusive. Early studies which attempted to measure the direct impact of human resource practices on their dependent variables, reported mixed results. These studies have measured the impact using different frameworks, at different levels and different outcomes. Since human resource practices are perceived by organizational members and implemented by leaders first before they can take effect, their impacts may be more suitably measured from a social exchange perspective. In this study, we combine HR practices with social exchange variables to demonstrate that it is the indirect rather than the direct impacts of HR practices that matter. The findings show that the two key social exchange variables of perceived organizational support (POS) and leader-member exchange (LMX) are important mediators in the relationship between HR practices and the organizational outcomes of trust, empowerment, commitment and intention to remain in the organization.

Keywords: Human resource practices, social exchange, perceived organizational support, leader-member exchange, organizational outcomes.

Author 1

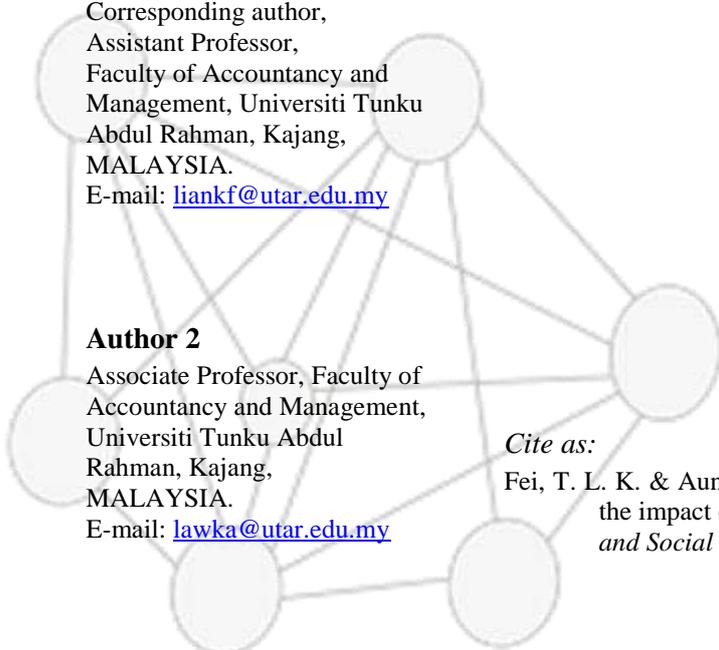
Corresponding author,
Assistant Professor,
Faculty of Accountancy and
Management, Universiti Tunku
Abdul Rahman, Kajang,
MALAYSIA.
E-mail: liankf@utar.edu.my

Author 2

Associate Professor, Faculty of
Accountancy and Management,
Universiti Tunku Abdul
Rahman, Kajang,
MALAYSIA.
E-mail: lawka@utar.edu.my

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INTRODUCTION

There is ample research attempting to demonstrate that human resource practices generally have a neutral to positive impact on organizations. The early studies were mixed in terms of results. In one of the earliest studies, Huselid (1995) found broad evidence that investments in high performance work practices resulted in lower employee turnover, greater productivity and better financial performance. However, he did not find that the human resource practices in the organizations in his study demonstrated internal or external fit to bring about positive outcomes.

Gooderham et. al (2008) studied the relationship between HRM practices and perceived firm performance in more than 3,000 European companies. They studied both *calculative* HRM practices, which focused on the efficient use of human resources and *collaborative* HRM practices, which aims at promoting interests of both employers and employees. They found that the *calculative* rather than the *collaborative* practices impacted firm performance. However, the impact of the HRM practices was rather small. West et. al. (2002) found that human resource management practices predicted a significant proportion of the variation in patient mortality, controlling for hospital size, number of doctors per bed and local health needs in 81 hospitals in England. Singh (2003) found a direct significant relationship between strategic HR orientation and firm performance in a study of 84 Indian firms. Rogg et. al. (2001) concluded that the impact of human resource practices on customer satisfaction was mediated by organizational climate. Collins and Smith (2006) found that the impact of HRM practices on firm performance was mediated by factors such as social climate and knowledge exchange and combination.

Jiang et. al. (2012) in a meta-analytic investigation of human resource management practices highlighted three different types of human resource practices: skill-enhancing, motivation-enhancing and opportunity-enhancing in line with the ability-motivation-opportunity model. They also emphasized the role of mediating mechanisms in the form of human capital and employee motivation in measuring HRM impact. Juhdi et. al. (2013) found that HRM practices significantly impacted organizational commitment and organizational engagement, both of which in turn partially mediated the relationship between HRM practices and turnover intention. Since human resource practices are perceived by organizational members first before they can take effect, their impacts may be more suitably measured from a social exchange perspective, such as those by Gould-Williams (2005) and Alfes et. al (2013).

In this study, we combine HR practices with social exchange variables to demonstrate that it is the indirect rather than the direct impacts of HR practices that matter. HR practices need to be combined with social exchange variables because the impacts of human resource practices come from their implementation, which goes through social exchange processes.

Our findings show that the two key social exchange variables of perceived organizational support (POS) and leader-member exchange (LMX) are important mediators in



the relationship between HR practices and organizational outcomes. In other words, the impacts of human resource practices can only be fully understood and appreciated in the context of the mediating effects of POS and LMX. More importantly, the social exchange variables of LMX and POS also provide the conceptual framework to unlock the explanatory power of human resource management practices.

LITERATURE REVIEW

Social exchange theory provides a theoretical foundation for understanding how the human resource practices are perceived by and impact organizational members. In social exchange theory, the norm of reciprocity (Blau, 1964) makes employees contribute or repay the organization because they have received benefits from their organization. Failure to reciprocate can lead to social sanctions.

Two of the most well-known social exchange variables are perceived organizational support (POS) and leader-member exchange (LMX) (Wayne et. al., 1997). Human resource practices will impact these social exchange variables to produce organizational impacts, in the form of financial and non-financial impacts. For instance, the human resource practice of training will strengthen employees' belief that the organization values them and therefore reciprocate by working harder for the organization. Another human resource practice, promotion, puts more authority in the hands of those who are promoted. Once promoted, such employees reciprocate by working harder for the organization, being more committed and remain in the organization. In short, human resource practices influence social exchange practices to produce organizational outcomes, beyond those produced directly by human resource practices. Two of the best known social exchange variables, perceived organizational support (POS) and leader-member exchange (LMX), will be included as mediating variables in this study.

Independent Variable - Human Resource Practices (HRP)

Gould-Williams et. al. (2007) reported that human resource practices signaled investment in employees and recognition of their contributions. These practices included employee empowerment, communication, training and personal development, team work and performance contingent reward systems. Such practices together with organization climate and positive social exchanges whereas negative social exchanges produced stress, reduced motivation and intention to leave the job.

Takeuchi et. al. (2007) found evidence that human resource practices influenced organizational overall performance in a sample of Japanese companies. However, this relationship was mediated by two variables, high level of human capital and social exchange. Jiang et. al. (2012) has provided additional evidence of such a mediated relationship in their meta-analysis which covered more than a hundred studies of the impact of human resource practices. They established a mediated relationship between human resource practices and

such outcomes as employee turnover, customer service, productivity, sales growth and financial performance. The mediators used in the meta-analysis covered social exchange relationship, education level, human capital, service climate and perceived organizational support (POS). Zhong et. al. (2016) drew on social exchange theory and found that human resource practices had both direct and indirect impacts on employee engagement and work outcomes. The indirect impacts were mediated by POS.

While organizations can draft human resource policies, their effectiveness depends on how they are implemented through the social exchange variables. In this study, we have utilized items from the study by Gould-Williams and Davies (2005) which cover includes several key human resource practices including recruitment, training, employee security and teamwork. The impact of HRP on the dependent variables of trust, empowerment, commitment and ITR through the two social exchange variables of POS and LMX will be examined in this research.

Mediating Variable - Perceived Organizational Support (POS)

POS refers to the support given by the organization to its employees. Employees perceive that the organization cares about them and this perception leads to reciprocation on the part of the employee in the form of higher work effort (Eisenberger et. al, 1986). Rhoades and Eisenberger (2002) in their review of the literature on POS reported three major categories of benefits enjoyed received by employees through POS: fairness, supervisor support and organizational rewards ad favorable work conditions. POS was also related to such outcomes as employee job satisfaction, positive mood, performance, commitment and lessened withdrawal behavior.

Whitener (2001), analyzed data on 1689 employees in 180 organizations and found that human resource practices impacted the relationship between POS and organizational commitment. Liao et. al. (2007) departed from previous studies by using data from managers, employees and customers of 91 bank branches. They found, among others, that human capital and POS fully mediated the relationship between employee perceptions of human resource practices and general service performance. Baptiste (2008) established that human resource practices that maximized support and the development of trust promoted employee well-being at work.

Butts et. al. (2009) found that POS moderated the relationship between empowerment and the outcomes of organizational commitment, job performance and job stress. Erturk and Vurgun (2015) reported that POS fully mediates the relationship between psychological empowerment and turnover intentions. De Coninck (2010) found in his study that POS served as a mediator between procedural justice and organizational trust.

Zhang and Jia (2010), building on social exchange theory, showed that employees' POS mediated the relationship between human resource practices and corporate entrepreneurship in pharmaceutical enterprises in the People's Republic of China.

Alfes et. al. (2013) developed a model to demonstrate that the influence of human resource practices on organizational outcomes is mediated by employee engagement. Furthermore, the relationship between employee engagement and organizational outcomes is moderated by POS and leader-member exchange (LMX).

Mediating Variable - Leader-Member Exchange (LMX)

Leader-member exchange (1975) is based on the work of Dansereau et al. (1975). In LMX, the supervisor and subordinate assess the quality of their relationship based on their interactions. The quality of these interactions has an impact on outcomes, such as OC, job satisfaction, intention to remain with the organization and job performance.

In LMX, leaders develop two kinds of relationships with his subordinates. He develops an *in-group* relationship with those who are close to him and whom he trusts. The remaining subordinates will be in the *out-group*, where the leader exercises power over them mainly through his authority. Members of the *in-group* enjoy benefits like better assignments, more resources and allocation of rewards.

Much of the research on LMX has found that it is related to many organizational outcomes. For instance, Wayne et. al (1997) found that LMX is related to organization citizenship behavior (OCB), job performance and doing favors for the supervisor. Other research has linked LMX with job satisfaction, trust in supervisor performance and willingness to contribute (Gerstner and Day, 1997; Liden et al, 1997). Scandura and Pellegrini (2008) found that the quality of LMX was related to identification-based trust and calculus-based trust. As such, there would be a strong relationship between LMX and trust.

Yeo et al (2015) found that LMX mediates the relationship between organizational justice and OCB in a Singapore public sector organization. LMX was also positively correlated to job satisfaction. Adil and Awais (2016) found that LMX is positively related with individual feeling of energy which is in turn, positively related with creative work involvement. Furthermore, LMX is negatively correlated with turnover intention. Martin et al. (2016) in their meta-analytic review of LMX found a positive relationship between LMX and task performance and OCB and negatively with counterproductive performance. Dulebohn et. al. (2012) and Banks et. al. (2014) in their meta-analytic studies also found positive relationships between LMX and individual performance, satisfaction and commitment. In addition, they also found that LMX had negative relationship with turnover.

Dependent Variable - Trust

Trust is one of the most fundamental requirements for organizational functioning. This is because work requires social exchange among organizational members, which is built upon the foundation of trust. In fact, no business transaction can take place in the context where

buyers and sellers do not trust each other. The works of Putnam (1993) and Fukuyama (1995) underscore the importance of trust in organizational and societal performance.

McGregor (1960) first highlighted the importance of trust in organizations through his Theory X and Y. Theory X managers do not trust their employees and spend most of their time monitoring and punishing poor performers; on the other hand, Theory Y managers trust their employees and spend time working with them to improve performance. Theory Y managers thus empower their organizational members to higher levels of performance. Naran and Kang (2011) found that the human resource practices directly explained 62% of the variance in organizational trust. A subsequent study found that human resource practices influenced organizational trust but this relationship was partially mediated by POS (Narang and Singh, 2012). Similarly, A more recent study by Celma, D., et. al. (2017) found that human resource practices has positive impacts on trust in management.

Therefore, HRP, POS and LMX should have high and positive relationships with trust.

Dependent Variable - Empowerment (EMP)

Empowerment is the process by which the supervisor confers the authority, resources and confidence to his subordinates to perform tasks, for which they will be held accountable. Empowerment is certainly an important variable that is an outcome of social exchange theory because many organizations must empower their organizational members due to the need to respond more effectively and quickly to their customers. Conger and Kanungo (1988) have identified management practices that lead to empowerment, which include human resource practices like reward systems.

Spreitzer (1995) identified four antecedents of empowerment, self-esteem, locus of control, information about the organization and performance and rewards. While the human resource practices of an organization can do little to change self-esteem and locus of control, they certainly have a role to play on information-sharing and the structuring of the reward system.

Howard and Thomas (1999) found that human resources practices gave rise to employee empowerment, which resulted in a focus on quality implementation in the organization. Aryee et. al. (2011) established that human resource practices and empowerment climate are related. Seibert et. al. (2011) established that contextual antecedent variables, including human resource practices, contributed to empowerment, which in turn led to a broad range of positive organizational outcomes.

Therefore, HRP, POS and LMX should have high and positive relationships with empowerment. An interesting question for this study is whether empowerment works equally well in a non-western society like Malaysia where cultural values are different. As a high-power distance and collectivist society (Hofstede, 1991), would HRP, POS and LMX still contribute to empowerment?

Dependent Variable - Organizational Commitment (OC)

Organizational commitment is the psychological frame of mind of the employee that wants to contribute to the organization. The employee not only feels that the organization is a place to come to work. He feels that he is a part of the organization and he is concerned about its future well-being.

There are many studies that have found positive relationships between human resource practices and organizational commitment. Ogilvie (1986) was able to demonstrate that human resource practices, more than any other factor, had a direct and positive relationship with organizational commitment. Sendogdu et. al. (2013) found a positive relationship between human resource management practices and organizational commitment. Pasaoglu (2015) found that human resource practices, whether on an individual basis or as a group of practices, had positive relationships to organizational commitment in the banking sector. Adresi and Darun (2017) found that POS mediated the relationship between human resource practices and organizational commitment in Libyan oil and gas companies.

We would expect that HRP, POS and LMX to have high and positive relationships with OC.

Dependent Variable - Intention to Remain (ITR)

Intention to remain (ITR) in the organization is a voluntary act on the part of the employee to continue serving in the organization because he is trusted, has good relationship with his supervisor and is empowered to perform at a high level. As such, we would expect HRP, POS and LMX to contribute positively to ITR.

There is much evidence that human resource practices have the positive effect of retaining employees in the organization (Ngo et. al., 1998; Paul and Anantharaman, 2003; Kalleberg and Moody, 1994). Turnover is the opposite of ITR. Not surprisingly, several studies have found that human resource practices have a negative correlation with turnover (Guest et. al., 2004; Guthrie, 2000; and Miah and Bird, 2007). However, all these impacts of human resource practices are direct. In this study, we cover both the direct and indirect impacts (mediated by POS and LMX) of human resource practices.

ITR is important because it not only reduce costs of recruitment when employees leave but they can maintain the organization's image, promote employee loyalty and a positive view of the organization.

We would expect HRP, POS and LMX to be positively related to ITR.

Hypotheses of the Study

Based on our information in the preceding paragraphs, we can summarize the twelve hypotheses for our study:

- H1: HRP has a direct and significant effect on trust.
 H1A: HRP has an indirect and significant effect on trust through POS.
 H1B: HRP has an indirect and significant effect on trust through LMX.
 H2: HRP has a direct and significant impact on EMP.
 H2A: HRP has an indirect and significant impact on EMP through POS.
 H2B: HRP has an indirect and significant impact on EMP through LMX.
 H3: HRP has a direct and significant impact on OC.
 H3A: HRP has an indirect and significant impact on OC through POS.
 H3B: HRP has an indirect and significant impact on OC through LMX.
 H4: HRP has a direct and significant effect on ITR.
 H4A: HRP has an indirect and significant effect on ITR through POS.
 H4b: HRP has an indirect and significant effect on ITR through LMX.

CONCEPTUAL FRAMEWORK

The conceptual framework used in our study is shown in figure 1. As shown in the figure, HRP is the independent variable, POS and LMX are the intervening variables and there are four dependent variables, trust, empowerment, commitment and ITR.

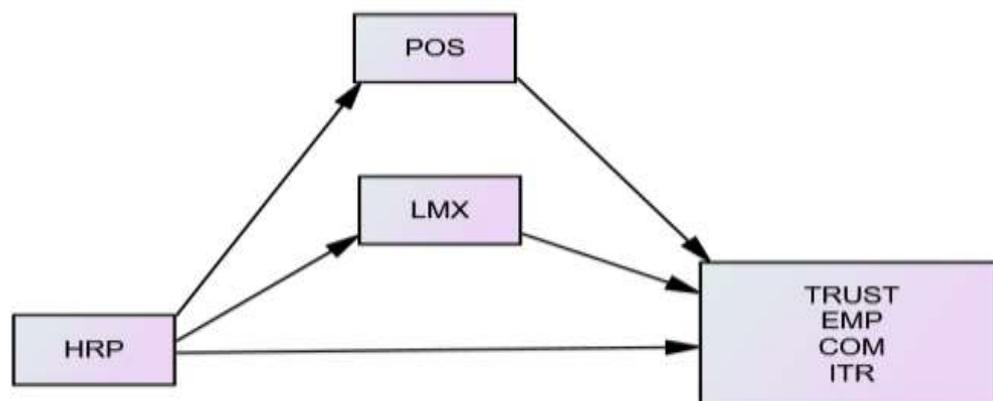


Figure 1: Conceptual Framework of the Study

Note: EMP is empowerment, COM is commitment and ITR is intention to remain

METHODOLOGY

Data Collection

Data was collected from 265 respondents of eighteen firms from the service and manufacturing companies. A structured questionnaire with seven sections was distributed to

respondents. The first section consisted of demographic data including age, gender and job tenure. The remaining six sections requested information on the variables in the study, HRP, POS, LMX, trust, empowerment, organizational commitment and intention to remain in the organization. The sampling used was non-probability convenient sampling. During the editing phase, it was discovered that a total of 13 survey forms contained many omissions and some illogical answers, to be of use in analysis. They were excluded from analysis. The final number of respondents included in the analysis was 252.

Measures

Measures were taken from published sources. Trust was measured using four items from Cook and Wall (1980). The Cronbach's alpha for the four items was 0.84. LMX was measured using items developed by Graen and Uhl-Bien (1995). Five items were used and the Cronbach's alpha was 0.88.

EMP was measured using the three items from Peccei and Rosenthal (1997). Three items were used and the Cronbach's alpha came to 0.78. OC was measured using three items from Cook and Wall (1980) which recorded a Cronbach's alpha of 0.74 whereas ITR in the organization was measured with four items developed previously (Lian, 2001), with a Cronbach's alpha of 0.85. Seven items from Eisenberger (1986) were used to measure POS, which recorded a Cronbach's alpha of 0.85. Finally, seven items from Gould-Williams et. al. (2005) was used to measure HRP. The Cronbach's alpha was 0.80.

DATA ANALYSIS

Results of Data Analysis

SPSS version 23 was used to compute means, standard deviations and Pearson's correlations. The PROCESS macro (Hayes, 2013) was used to test the hypotheses developed for this study.

Means, Standard Deviations and Pearson's Correlations

We can get a feel for the data by examining the means, standard deviations and correlations. Our results are shown in table 2.

The mean age for the sample in our study is 32 years with a job tenure of 6.6 years. The mean scores on LMX, TRUST, EMP, ITR, COM and HRP range between 3.24 to 3.80, which means that the mean score is well above average to good, since we have measured these five variables on a 5-point Likert scale.

There are significant correlations between age and gender, job tenure, managerial status and education. This means that males (coded as 1 in the data set) are older than females. It also means that the older employees have longer job tenure, have higher educational qualifications and hold higher managerial positions. Age is also positively related

to ITR. This is to be expected as older employees would find it easier to stay in an organization they are familiar with than to leave for a new organization with its attendant risks.

Age is also positively related to COM, which means that older employees are more committed to the organization. This is again related to the propensity of older employees to commit to their existing organizations due to their age. However, both the correlation and significance levels for COM is lower than ITR.

Gender is also significantly related to trust. In this sample, females display a higher level of trust than males. Job tenure is related ITR, COM and HRP. This is logical since employees who have longer job tenure will prefer to stay in their organizations, feel committed to them and be impacted by HRP.

Education is related to EMP and HRP in this sample. The reason for the relationship between education and EMP is unclear but it could be due to better terms and conditions of employment enjoyed by employees with higher educational qualifications, who therefore feel more committed to their organizations. Education is also related to HRP, meaning that the more educated employees are more impacted by HRP.

Managerial level is related to EMP, ITR, COM and HRP. This means that senior managers are more empowered, have stronger intention to stay on in their organizations, are more committed to them and are more impacted by HRP. This is a common phenomenon in many organizations.

There are high and positive correlations ($p < 0.01$) between the main variables of interest in the study, ranging from 0.31 to 0.62. We can expect that independent variables would be able to explain the dependent variables in our study. However, no correlation coefficient exceeded 0.70, which may indicate multicollinearity (Tabachnick and Fidell, 1996). We also checked the Variance Inflation Factor (VIF) of the variables used for hypotheses tests. Researchers are divided on the cut-off points for VIF to establish multicollinearity. In fact, the cut-off values range from a high of 10 all the way down to 4 (O'Brien, 2007). Our VIF values are all below 2. We now examine the results of the relationships between the independent, mediating and dependent variables by examining the results of our hypotheses tests.

Table 2. Means, Standard Deviations and Pearson's Correlations

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Age	31.81											
2. Gender			0.15*									
3. Education			0.20**	0.04								
4. Job Tenure	6.58	8.16	0.83**	0.11	0.16*							
5. Managerial Level			0.60**	0.14*	0.31**	0.55**						
6. TRUST		0.68	0.01	-0.13*	0.10	-0.07	0.02					
7. LMX		0.66	-0.07	-0.07	0.03	-0.06	0.11	0.52**				
8. EMP		0.68	0.01	0.06	0.07	0.01	0.19**	0.45**	0.55**			
9. COM	3.80	0.62	0.13*	-0.05	0.17**	0.15*	0.21**	0.32**	0.48**	0.42**		
10. ITR	3.24	0.90	0.21**	-0.07	0.02	0.16*	0.15*	0.56**	0.47**	0.44**	0.31**	
11. HRP	3.64	0.55	0.12	-0.08	0.21**	0.14*	0.16*	0.62**	0.58**	0.48**	0.45**	0.52**

^a $N = 252$ for all variables. Variables 6 to 10 measured on a five-point Likert scale.

* $p < 0.05$, ** $p < 0.01$.

LMX = Leader-Member Exchange. EMP = Empowerment. COM = commitment. ITR = intention to remain.
HRP = Human Resource Practice

Results of Hypotheses Tests

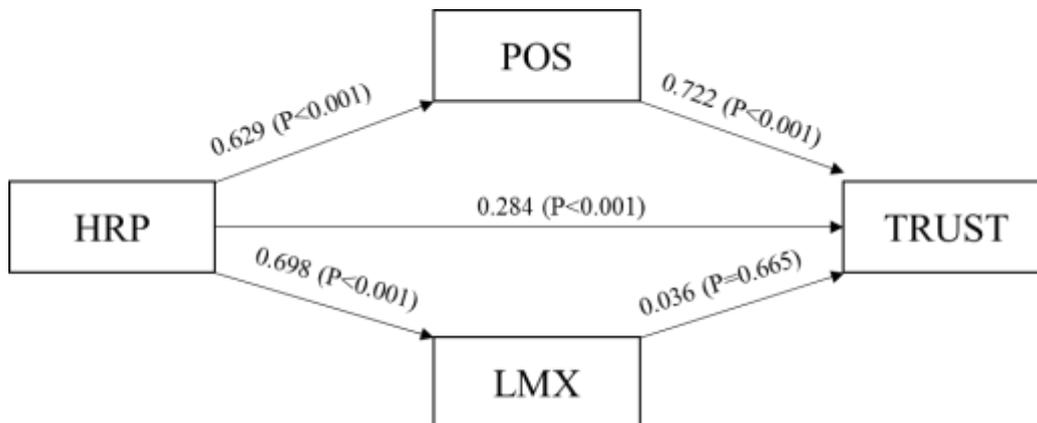
The results of our hypotheses tests are shown in tables 3 to 6. Column 1 contains the antecedents, columns 2 and 3 the mediators and column 4, the dependent variable. Table 3 focuses on HRP's impacts on the mediators of POS and LMX and the dependent variable of trust. The table shows that HRP is significantly related to POS, LMX and trust. In column four, we can see that HRP has a direct impact on trust of 0.284. The table also shows that 38.1% of the variance in POS is explained by HRP, 34.1% of the variance in LMX is explained by HRP and 61.3% of the variance in trust is explained by HRP, POS and LMX.

Table 3: The Impact of HRP on trust

Antecedent	M1 (POS)			M2 (LMX)			Y (TRUST)		
	Coefficient	SE	P	Coefficient	SE	P	Coefficient	SE	P
X (HRP)	0.629	0.051	<0.001	0.698	0.061	<0.001	0.284	0.066	<0.001
M1 (POS)	-	-	-	-	-	-	0.722	0.065	<0.001
M2 (LMX)	-	-	-	-	-	-	0.036	0.054	0.665
Constant	1.114	0.187	0.001	1.030	0.226	<0.001	-0.256	0.194	0.189
R ² =0.381			R ² =0.341			R ² =0.613			
F(1, 250) = 153.907			F(1, 250) = 129.559			F(3, 248)			
P<0.001			P<0.001			P<0.001			

Figure 2 shows the direct and indirect impacts of HRP on trust. As shown in the figure, the direct impact of HRP on trust is 0.284.

Figure 2: Direct and Indirect Effects of HRP on Trust



Bootstrapping to Test Indirect Effects

The PROCESS macro uses bootstrapping to test for indirect effects (Preacher and Hayes, 2008). The indirect and significant impact of HRP on trust through POS is $0.629 \times 0.722 = 0.454$ with bias corrected confidence intervals (BC CI) of 0.345, 0.581, which indicates a significant relationship.

The indirect impact of HRP on trust through LMX is $0.698 \times 0.036 = 0.025$ with BC CI of -0.067, 0.117, which indicates a non-significant relationship since 0 is within the CI. In other words, the indirect impact of HRP on trust through POS is stronger than its direct impact.

Table 4 examines HRP’s impact on empowerment. We can see that HRP has a direct and significant impact on empowerment of 0.168 at the alpha level of 0.05. The table also shows that HRP, POS and LMX explain 37.9% of the variance in empowerment.

Table 4: The Impact of HRP on empowerment

Antecedent	M1 (POS)			M2 (LMX)			Y (EMP)		
	Coefficient	SE	P	Coefficient	SE	P	Coefficient	SE	P
X (HRP)	0.629	0.051	<0.001	0.698	0.061	<0.001	0.168	0.084	0.048
M1 (POS)	-	-	-	-	-	-	0.305	0.083	<0.001
M2 (LMX)	-	-	-	-	-	-	0.341	0.068	<0.001
Constant	1.114	0.187	<0.001	1.030	0.226	<0.001	0.515	0.247	0.038
R ² =0.381			R ² =0.341			R ² =0.379			
F(1, 250) = 153.907			F(1, 250) = 129.559			F(3, 248)			
P<0.001			P<0.001			P<0.001			

Figure 3 shows the direct and indirect impacts of HRP on empowerment. As shown in the figure, the direct and positive impact of HRP on empowerment is 0.168. The indirect impacts of HRP on empowerment through POS and LMX are 0.629 x 0.305 = 0.192 with BC CI of 0.080, 0.321 (significant) and 0.698 x 0.341 = 0.238 with CI of 0.143, 0.347 (significant), respectively. In other words, both indirect impacts of HRP (0.192 + 0.238 = 0.430) are stronger than its direct impact.

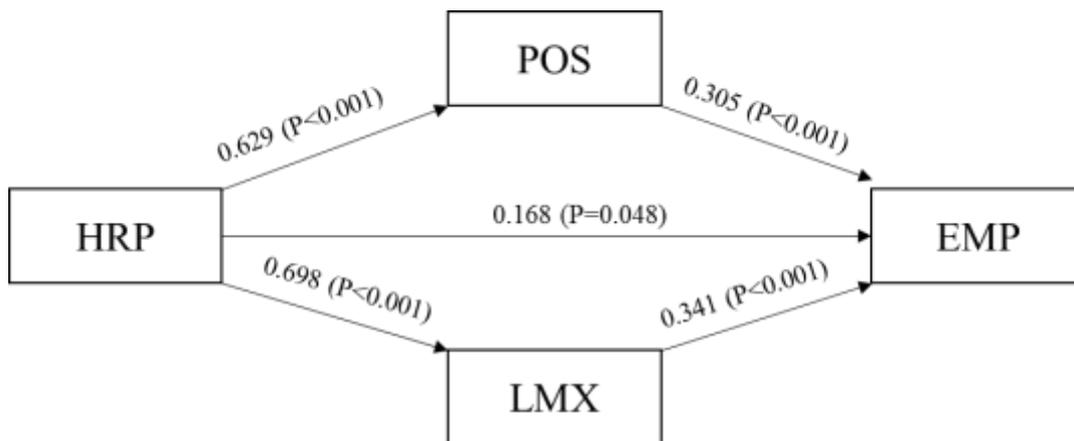


Figure 3. Direct and Indirect Effects of HRP on Empowerment

Table 5 examines the impact of HRP on commitment. As shown in the table, the direct impact of HRP on commitment is 0.257. The R² of 27.1% means that HRP, POS and LMX explains 27.1% of the variance in commitment.

Figure 4 shows the direct and indirect impacts of HRP on commitment. The direct impact is 0.257 (p = 0.002). The indirect impact for POS is 0.629 x 0.077 = 0.048 with BC CI of -0.069, 0.175 indicating non-significance and for LMX 0.698 x 0.288 = 0.201 with BC CI of 0.094, 0.335 indicating significance. Thus, the direct effect of 0.257 is greater than the indirect effect of 0.201.

Table 5. The Impact of HRP on commitment

Antecedent	M1 (POS)			M2 (LMX)			Y (COM)		
	Coefficient	SE	P	Coefficient	SE	P	Coefficient	SE	P
X (HRP)	0.629	0.051	<0.001	0.698	0.061	<0.001	0.257	0.083	0.002
M1 (POS)	-	-	-	-	-	-	0.077	0.082	0.348
M2 (LMX)	-	-	-	-	-	-	0.288	0.068	<0.001
Constant	1.114	0.187	<0.001	1.030	0.226	<0.001	1.572	0.246	<0.001
R ² =0.381			R ² =0.341			R ² =0.271			
F(1, 250) = 153.907			F(1, 250) = 129.559			F(3, 248)			
P<0.001			P<0.001			P<0.001			

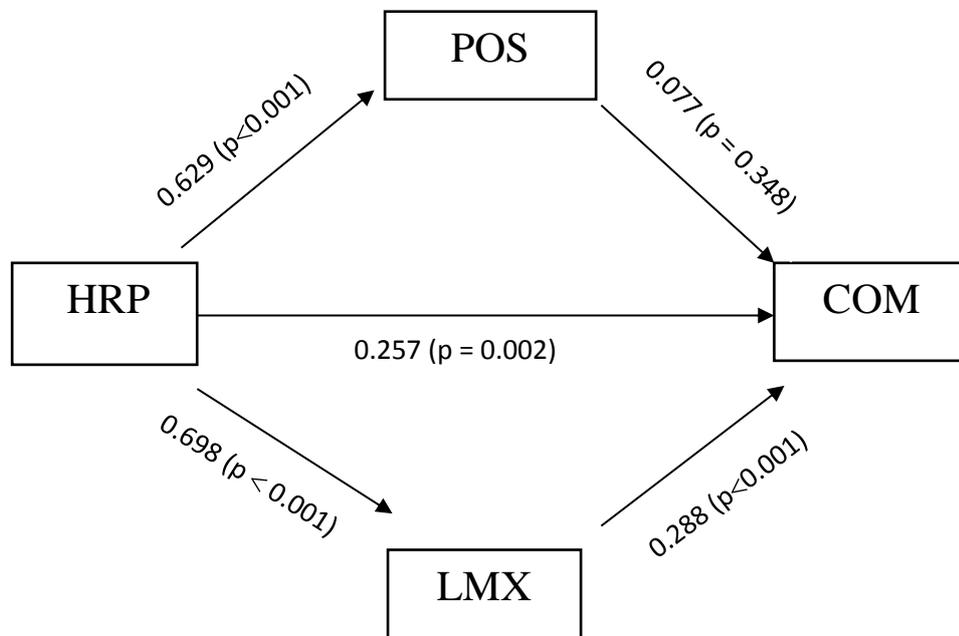


Figure 4. Direct and Indirect Effects of HRP on Commitment

Table 6 is concerned with the impacts of HRP on ITR. As can be seen in the table, the direct impact of HRP on ITR is 0.357. The R^2 of 0.39 means that HRP, POS and LMX explain 39% of the variance in ITR.

Figure 5 shows that the indirect impact of HRP through POS are $0.629 \times 0.604 = 0.380$ which is significant with BC CI of 0.234, 0.539. The indirect impact of HRP through LMX is $0.698 \times 0.173 = 0.121$, which is not significant because the BC CI is -0.045, 0.266. Thus, the indirect impacts, 0.380 is greater than the direct impact of 0.357.

Table 6. The Impact of HRP on ITR

Antecedent	M1 (POS)			M2 (LMX)			Y (ITR)		
	Coefficient	SE	P	Coefficient	SE	P	Coefficient	SE	P
X (HRP)	0.629	0.051	<0.001	0.698	0.061	<0.001	0.357	0.111	0.001
M1 (POS)	-	-	-	-	-	-	0.604	0.109	<0.001
M2 (LMX)	-	-	-	-	-	-	0.173	0.090	0.055
Constant	1.114	0.187	<0.001	1.030	0.226	<0.001	-0.727	0.324	0.026
R ² =0.381			R ² =0.341			R ² =0.390			
F(1, 250) = 153.907			F(1, 250) = 129.559			F(3, 248)			
P<0.001			P<0.001			P<0.001			

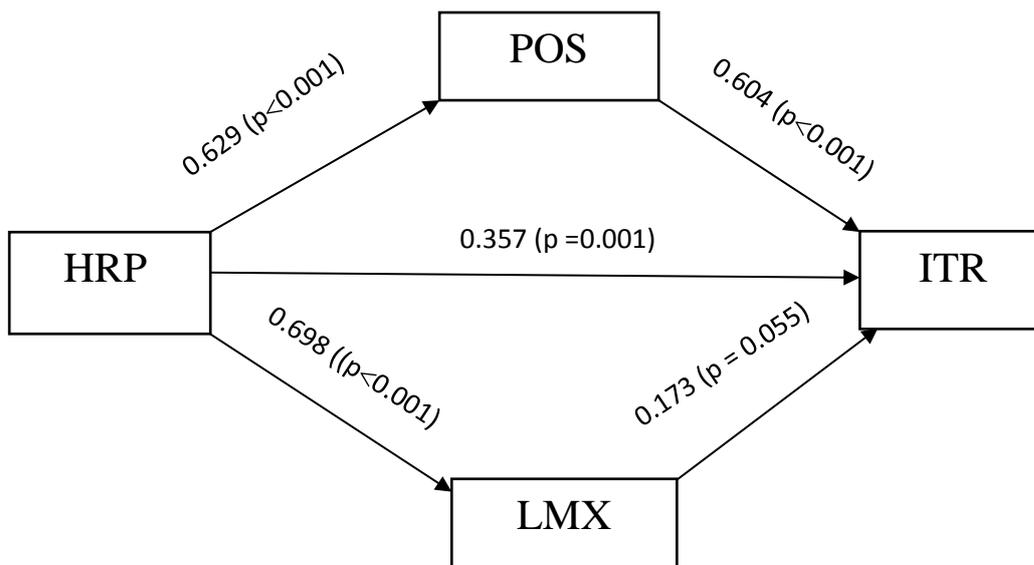


Figure 5. Direct and Indirect Impacts of HRP on ITR



Table 7 summarizes the results of our hypotheses tests.

Table 7. Results of Hypotheses Tests

Hypothesis	Effect	p-value/BC CI	Decision
H1: HRP has a direct and significant effect on trust	0.317	<0.001	Supported
H1A: HRP has an indirect and significant effect on trust through POS	0.454	0.345, 0.581	Supported
H1B: HRP has an indirect and significant effect on trust through LMX	0.025	-0.067, 0.117	Not Supported
H2: HRP has a direct and significant impact on empowerment	0.168	0.048	Supported
H2A: HRP has an indirect and significant impact on empowerment through POS	0.192	0.080, 0.321	Supported
H2B: HRP has an indirect and significant impact on empowerment through LMX	0.238	0.143, 0.347	Supported
H3: HRP has a direct and significant impact on commitment	0.257	0.002	Supported
H3A: HRP has an indirect and significant impact on commitment through POS	0.048	-0.069, 0.175	Not Supported
H3B: HRP has an indirect and significant impact on commitment through LMX	0.201	0.094, 0.335	Supported
H4: HRP has a direct and significant effect on ITR.	0.357	0.001	Supported
H4A: HRP has an indirect and significant effect on ITR through POS	0.380	0.234, 0.539	Supported
H4B: HRP has an indirect and significant impact on ITR through LMX	0.121	-0.045, 0.266	Not Supported

Note: For all the three groups H1-H1B (trust), H2-H2B (EMP) and H4-H4B (ITR), the indirect impacts of HRP are stronger than the direct impact. However, for the H3-H3B group (OC), the direct impact is stronger.



CONCLUSION and DISCUSSION

An overwhelming number of our hypotheses (9 out of 12) were supported. They did not depart from the literature review presented on pages 2 to 6. For example, hypothesis 1, HRP has a direct and significant effect on trust, was supported. This result was in line with previous findings (Naran and Kang, 2011). Hypothesis 1A, HRP has an indirect and significant effect on trust through POS, was supported. This was expected as previous studies had found such a relationship (Jiang et. al., 2012). Hypothesis 2, HRP has a direct and significant impact on empowerment was supported. This result followed previous findings (Howard and Thomas, 1999; Aryee et. al., 2011).

The results of this study on our four dependent variables also show that indirect impacts of human resource practices occur more frequently than the direct impacts. Again, this was in line with the findings contained in the meta-analytic study of Jiang et. al. (2012). For the dependent variables of trust, empowerment and intention to leave, indirect results were more important than direct results. It was only in the case of the dependent variable of commitment that the direct impact was slightly stronger.

However, three of the hypotheses, IB, 3A and 4B, were not supported. Hypothesis 1B, HRP did not have an indirect impact on trust through LMX. The possible reason for this could be attributed to the negative feedback from organization members who are members of the out-group. Secondly, hypothesis 3A, HRP did not have an indirect impact on commitment through POS. The possible explanation for this is that commitment requires leader-member interaction rather than just perception of support. Finally, hypothesis 4B, HRP did not significantly impact ITR through LMX. This may be due to the possibility that employees are influenced by factors other than LMX such as better terms and conditions of employment offered by other organizations. The grass can be greener elsewhere.

This study has certain limitations. The first is the sample, which is restricted to the manufacturing and service sectors. It would be beneficial to do a comparative study between these sectors to see if there are systematic differences sector wise. Furthermore, a comparative study between the profit and non-profit sectors could also be undertaken.

Secondly, the study has employed a cross-sectional design. It would certainly be beneficial to conduct studies with longitudinal designs to improve the validity of results. This is especially true in studies like the present one, where human resource impacts take time for their impacts to be felt. Thus, pre-post studies would help to strengthen validity of findings.

The results of the study mean that organizations need to ensure that they have in place mechanisms that will contribute to employees perceiving that the organization supports their well-being and supervisors try to include their subordinates as part of a team when interacting with them. Human resource policies will need to be supplemented with other policies to increase the positive impact to the organization.



Apart from the dependent variable of trust, which had an R2 of 0.61, the R2 for the remaining variables of empowerment, commitment and intention to remain, can be further enhanced by the addition of additional relevant independent variables. It would be useful to include variables from the resource-based view of the firm, such as human capital, social capital and organizational capital. Other relevant and interesting independent variables that could be included in future studies are culture and structure.

In this study, human resource practices have been conceived as a single dimension. However, future research could separate out the practices into separate bundles of motivation-enhancing, skill-enhancing and opportunity-enhancing practices (Jiang, 2012) so that the association with organization outcomes could be more clearly established. This is important because the different types of human resources have different organization impacts

Overall, the findings in this study underscore the need to pay careful attention to human resources in managing organizations. Further work on the impact of human resource practices on such dependent variables as innovation, employee performance and financial profitability are warranted as the findings could provide heuristics for practicing managers, who need guidance from empirical research on how to manage effectively and efficiently in the twenty first century.

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