Chapter 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The increased level of competition among firms around the world has put a lot of pressure on the human resource function in domestic companies to prove their worth and enable their companies to compete with others’ skills, efficiency and effectiveness. To overcome confusions, ensure clarity, bring consistency, adjust the pace to progress and be in tune with the world, organizations must realize people power. Though, it sounds odd but it is true and there is a need to make HR’s contribution visible. HR should be defined by not what it does but by what it delivers (Ulrich, 1998). Performance of an organization is believed to be affected by performance of its employees. Organizations are using various innovative HR practices which affect employee attitudes, control their behavior and enhance knowledge and ability of their employees and hence lead to improved Organizational Performance. Mixed results have been obtained so far about the linkage of HR system with Organizational Performance. Therefore, more empirical research is required to probe further the integration effects of HR practices.

The present study was designed to examine the relationship between Human Resource Practices and Organizational Performance. Though, a growing body of evidence supports the existence of a positive relationship between Human Resource Practices and Organizational Performance, but the question of how HR practices lead to higher Organizational Performance has still not been answered satisfactorily. Gerhart (2007) argued that although it has been accepted that HRM is positively related to Organizational Performance, there is a great need for additional evidence to support the HRM-Performance relationship from different perspectives.

During the present course of work, a thorough review of more than about 65 studies conducted in the past two decades in different national contexts, could reveal only eight studies (13 percent) from India. Most of the studies which have examined this relationship have been conducted in the United States and the United Kingdom (Huselid, 1995; Guest et al., 2003). To fill this gap and to examine further the process through
which HRM policies create an impact on Organizational Performance, it is important to investigate these linkages in emerging markets.

Further, changing employee demographics and psychographics necessitate the organizations to employ practices, which enable employees to attain Work Life Balance in their lives. But, the reporting of mere two studies in which the relationship between Work-Family Policies and Organizational Performance has been examined highlights the gap in the existing literature. Hence, considerable attention of researchers not only in India but all over the world to examine the role of Work Life Balance practices in improving the performance of the firms is the need of the day. Review also indicates a dearth of literature with regard to the role of employee attitudes other than Organizational Commitment, like Organizational Trust and Perceived Organizational Support while attempting to unlock the black-box of HRM-Performance linkage. Especially, in Indian context hardly any study could be found which have probed individually or simultaneously the variables like POS, Trust and Discretionary Behaviour.

The present study hence endeavoured to examine the relationship between Human Resource Practices, HR system and Company Performance. In order to accomplish this broad objective, it had the following sub-objectives:

1. To examine the prevalence of selected HR practices in selected Indian companies.
2. To study the role of selected HR practices and HR system in affecting performance of the companies.
3. To appraise the selected HR practices as determinants of Perceived Organizational Support, Trust, Employee Commitment and Discretionary Behaviour.
4. To examine the role of Perceived Organizational Support, Trust, Employee Commitment and Discretionary Behaviour as intervening variables between HR practices and Company Performance.

The present study is largely a primary data based study. A questionnaire was designed to collect information from the employees about their perceptions of prevailing HR practices, their level of Organizational Commitment, Organizational Trust, Perceived
Organizational Support and Discretionary Behaviour. In order to ensure a higher response rate, attempts were made to collect the information through personal interview with the respondents but in some cases the questionnaire was either personally handed over to the respondents and collected later on or sent through e-mail. While the data related to perceptions about HR practices, employee attitudes and behaviour was collected from employees themselves, the data about the financial performance of the organizations was obtained from the concerned officials. In order to create a measure of HR system the present study used the additive approach advocated by MacDuffie (1995). In order to obtain measure of HR system two steps were followed in this study. Firstly, summated score for each practice measured by multiple item scale was calculated and secondly the score for each practice was added to obtain a score representing HR system of an organization.

In order to attain the objectives set for the present study, the data was collected from 308 employee respondents of 28 organizations located in National Capital Region (NCR) of India. Multistage sampling technique was used for selecting the respondents. At first stage, snow ball sampling technique was used for selecting the organizations. At second stage, after identifying the organizations to be included in the study, the judgment of CEOs and/or HR managers of the organizations were used for selecting the individual respondents from that particular organization.

The observations made on the data relating to the respondent’s perception about Human Resource Management Practices, Perceived Organizational Support, Organizational Trust, Organizational Commitment, Extra-role Behaviour and Organizational Performance were then statistically analyzed using appropriate tools in order to further sharpen the inferences.

- **Reliability Testing:** The reliability of all the scales, viz., Human Resource Management Practices, Perceived Organizational Support, Organizational Trust, Organizational Commitment and Extra-role Behaviour, was measured by using Cronbach Alpha.

- **Factor Analysis** was used to understand the structure of Human Resource Management Practices and Organizational Commitment.
Pearson’s Correlation Coefficient was used to study the correlation among Human Resource Management Practices and Employee Attitudes and Organizational Performance.

Hierarchical Regression Analysis was employed to examine the role of HR practices in determining the various individual outcomes.

Mediation Testing was done to test the effect of an employee attitude in the relationship between HR practices and other attitudinal variables and between HR practices and employee behaviour (Baron and Kenny, 1986).

The present study has covered the widely researched Human Resource practices, such as Selection and Staffing, Training and Development, Compensation and Performance Appraisal, Career Development, Supervisory Support and Work Life Balance. Further, the relationship between the selected HR practices and employee attitudes, viz., Perceived Organizational Support, Trust, Employee Commitment, Discretionary Behaviour and Organizational Performance measured in terms of sales per employee (productivity), sales growth, profit per employee and profit growth were also investigated.

HR Practices – Scale Development

In order to measure employee perceptions regarding Human Resource practices, scales have been developed through an iterative process involving creation of a comprehensive list of items, and then refining and validating the same using standard psychometric procedures.

Item Generation

The major objective of the present study was to examine the relationship between human resource system of an organization and its performance for which seven HR practices including; Selection and Staffing, Training and Development, Compensation, Performance Appraisal, Career Development, Supervisory Support, and Work Life Balance, were considered. Scale for each of the seven HR practice was developed. Initially 81 items representing High Performance Work Practices were generated but
finally only 48 items were jumbled and scale was used to collect data for the present study regarding employee perceptions about HR practices.

**Reliability and Uni-dimensionality of Subscales**

Cronbach Alpha, a measure of the internal consistency was calculated to check the reliability of the developed human resource sub-scales. This item analysis led to improvement in the alpha values of human resource sub scales. The values of alpha obtained during present investigation were 0.74 for Career Development, 0.87 for Compensation, 0.81 for Performance Appraisal, 0.72 for Selection and Staffing, 0.71 for Supervisory Support, 0.70 for Training and Development and 0.76 for Work Life Balance.

In order to verify the uni-dimensionality of each subscale, factor analysis using principle component analysis with varimax rotation was employed. Factor analysis yielded one factor for each subscale except Compensation and Training and Development sub scales. After verifying the uni-dimensionality and reliability of each subscale, a total of 38 items were left. The summated scores of the subscales were used for further analysis.

**Human Resource Practices in Indian Organizations**

In order to determine the extent of adoption of HR practices by the selected organizations, the mean scores were converted into percentage scores by using the formula proposed by Rao and Abraham, (1986) as given below.

\[
\text{Percentage Score} = (\text{Mean score} - 1) \times 25
\]

**Selection and Staffing**

The results revealed a very higher level of adoption (75.62 percent) of Selection and Staffing practice with mean 4.025 and SD 0.69 by the organizations surveyed. Selection and Staffing practice was observed to be adopted at very high level by 39 percent of the organizations, at high level in 54 percent of the organizations while at moderate level by only 7 percent of the organizations surveyed.
Supervisory Support

70.63 percent of the organizations surveyed were found to have adopted the Supervisory Support practice at higher level with mean score 3.825 and SD 0.58. Further, the adoption of this practice was observed at very high level in 29 percent, at high level in 46 percent while at moderate level in 25 percent of the organizations.

Career Development

The respondents of the present study have also rated Career Development practices also as a highly adopted HR practice (69.34 percent) with mean 3.773 and SD 0.63. The results have shown the adoption of this practice at very high level, high level, moderate level, and low level of adoption by 21 percent, 50 percent, 25 percent, and 4 percent of the organizations respectively.

Compensation

An overall moderate focus on Compensation practices by surveyed organizations (62.23 percent) with mean 3.489 and SD 0.699 has been observed. 18 percent organizations were found to have adopted Compensation practice at very high level followed by 25 percent at high level, 28 percent at moderate level and 29 percent at low level.

Performance Appraisal

This study revealed that Indian employer is increasingly making extensive use of Performance Appraisal practice with adoption score of 66.61 percent which is above average with a mean score of 3.665 percent. 14 percent of organizations exhibited very high level of adoption of Performance Appraisal practices and the same percent of organizations showing low level of adoption as well. An equal percentage (36 percent) of organizations has high level as well as moderate level of adoption of these practices.

Training and Development

An adequate level of adoption (66.45 percent) with mean value 3.658 and SD 0.66 of Training and Development practice was shown by the companies. This practice had
been shown to be adopted at a very high level by 14 percent of the organizations, at high level by 39 percent of the organizations, at a moderate level by 36 percent and at a low level by 11 percent of the organizations.

Work Life Balance

As per the findings of the study Work Life Balance practice with mean 3.003 and SD 0.77 has been highlighted as less adopted (50.08 percent) practice in the selected organizations. The very high level, high level, moderate level and low level adoption of this practice was exhibited by 4, 7, 18 and 71 percent of the organizations respectively.

So, the practices aimed at ensuring higher Employee Competencies, i.e. Selection and Staffing, Training and Development and Performance Appraisal have been found to be paid higher attention whereas the other practices aimed at influencing Employee Behaviour like Work Life Balance and Compensation except, Career Development and Supervisory Support practices, were observed to be less attended. Moreover in comparison to the Compensation practice that attracted a moderate level of attention by the organizations, Work Life Balance was found to be the least adopted practice in organizations surveyed.

HR practices are the means through which firms seek to influence desired employee attitudes and behaviour that in turn contributes to the achievement of the firm’s goals. Therefore, the present study was carried out with another objective i.e. to appraise the selected HR practices as determinants of Perceived Organizational Support, Trust, Employee Commitment and Discretionary Behaviour.

HR Practices and Perceived Organizational Support

Perceived Organizational Support (POS) has been described as employees’ global perceptions concerning the extent to which the organization values their contributions and cares about their well-being (Eisenberger et al., 1986). It is a well accepted measure of the degree of commitment of an organization towards its employees. Since early 1990s, Perceived Organizational Support has evoked a great deal of interest among researchers. Researchers have focused more on outcomes of
POS than its antecedents and little research has been carried out to identify the antecedents of POS. For the present study a shorter version of the scale comprising of seven items has been used to measure POS with reliability 0.84.

In an attempt to appraise the selected HR practices as determinants of Perceived Organizational Support, the regression analysis revealed that after controlling for the effects of demographic variables, the HR practices accounted for an incremental 58.5 percent ($p \leq 0.01$) of variance in POS. Four out of seven HR practices were found to be the significant predictors of POS as Supervisory Support ($\beta = 0.329$, $p \leq 0.01$), Career Development ($\beta = 0.251$, $p \leq 0.01$), Compensation ($\beta = 0.195$, $p \leq 0.01$), and Selection and Staffing ($\beta = 0.165$, $p \leq 0.01$). Supervisory Support has the maximum contribution towards development of POS with standardized beta coefficient ($\beta$) = 0.329. The results are supported by Alderfer’s (1972) ERG theory under which compensation fulfills the ‘Existence’ need, Supervisory Support deals with ‘Relatedness’ needs and Career Development with ‘Growth’ aspirations of employees. Also, an organization can motivate its employees to show desired attitudes by fulfilling their needs. Further, there is a great possibility that organizational efforts to enable employees attain Work Life Balance be perceived by the employees as highly supportive. But, the lack of empirical support for precedence of Work Life Balance practice to POS in the present study needs to be probed further. However, in the face of the changing workforce demographics employees would increasingly seek Organizational Support in order to create balance in their work and personal life.

**HR Practices and Organizational Trust**

McAllister (1995) defined Organizational Trust as reliability among the employees in terms of each one’s discourses, acts and decisions. An eight item adapted version of Cook and Wall’s (1980) Organizational Trust has been employed to assess the level of trust among the employees of the sample organizations. Alpha a measure of internal consistency of the scale has been found to be 0.78. Sum of the items as a single construct has been used for the purpose of analysis.
HR practices that influence Trust need to be identified. In the present study it was found that after controlling for the effects of demographic variables, the HR practices accounted for 61.8 percent ($p \leq 0.01$) of variance in Trust. Three out of seven HR practices have been found to be the significant predictors of Trust and these are; Supervisory Support ($\beta = 0.398$, $p \leq 0.01$), Career Development ($\beta = 0.242$, $p \leq 0.01$) and Compensation ($\beta = 0.263$, $p \leq 0.01$). Exchange theory indicates that employees receiving fair treatment from their supervisors may reciprocate with higher performance and more positive attitudes, like Trust. Employees are always concerned with distributional and procedural justice and supervisors are usually responsible to carry out procedures and distribute outcomes. Thus, supervisors may play important role in changing employees’ attitudes toward them and the organization. As supervisors communicate clearly and make fair decisions, employees trust them more. Whitener (1997) has also suggested that with the increase of trust in supervisor the employees’ perception of the success, accuracy, and fairness of the system also increase. Earlier work done in this regard also shows that characteristics of compensation systems affect employees’ trust in the organization (Pearce et al., 1994). Moreover, behaviours of organizations in terms of promotions, salary increases, rewards, benefits, appear to be interpreted by employees as marks of respect and consideration on the part of their employer, which in turn appears to increase their trust in and the quality of their relationship with the latter (Eisenberger et al., 1990; 2001). All the three significant predictors symbolize practices that carry more worth for individuals than for the organization directly. The practices of Compensation, Supervisory Support and Career Development can also be related to fulfillment of the needs of existence, relatedness and growth of the employees. Any effort on the part of an employer to fulfill its employees’ needs sends positive signals to employees that organizations not only bothers about its goals but also cares for employee needs and expectations. This in turn, instills a feeling among employees that they are not being exploited by their employer and hence can be trusted.

HR Practices and Organizational Commitment

Meyer and Allen (1991) proposed Commitment as a multidimensional construct having three dimensions: Affective, Continuance, and Normative.
• **Affective Commitment** corresponds to an employee’s personal and emotional attachment to and identification with the organization’s goals and values.

• **Continuance Commitment** is perceived as a tendency to engage in consistent lines of activity based on the individual’s recognition of the “costs” associated with discontinuing the activity.

• **Normative Commitment** suggests that employees exhibit behaviours solely because they believe it is the right and moral thing to do. It reflects a feeling of obligation to stay employed in an organization indicating that employees feel that they ought to remain with the organization.

Ten item shortened version of Meyer and Allen’s (1997) scale was used to measure three types of Commitment *i.e.* Affective, Normative and Continuance Commitment ($\alpha = 0.78$). Factor analysis of the shortened version of Commitment scale extracted two components. First component included all the items related to Affective and Normative Commitment and the second component represented Continuance Commitment.

Examining the antecedents of the different forms of Commitment is important in order to understand the processes through which Commitment is developed. The results of the present study indicate that after controlling for the effects of demographic variables, the HR practices accounted for 35.4 percent ($p \leq 0.01$) of variance in Affective Commitment. Four out of seven HR practices found to be the significant predictors of Affective Commitment were; Career Development ($\beta = 0.214$, $p \leq 0.01$), Training and Development ($\beta = 0.172$, $p \leq 0.05$), Selection and Staffing ($\beta = 0.221$, $p \leq 0.01$) and Work Life Balance ($\beta = 0.172$, $p \leq 0.05$). Training and Development ($\beta = 0.189$, $p \leq 0.01$) has been identified as the only HR practice significantly predicting Continuance Commitment. Rigorous Selection and Staffing process makes sure that only competent people get into the organization and every position is occupied by the right person. Career Development practices, development oriented Performance Appraisal and Work Life Balance practices strongly predict Affective Commitment. These practices show that the organizations care for their employees who in turn show their commitment to the organizations. Research based on social exchange theory has shown that employees
interpret organizational actions, such as human resource practices as an indication of the organization’s commitment to them. Thus, employees reciprocate by being committed towards the organization (Eisenberger et al., 1990; Shore and Tetrick, 1991). From a managerial standpoint, Continuance Commitment is generally considered to be less desirable than Affective Commitment. Meyer and Allen (1997) argued that although the impact of an increase in any one of these components of Commitment on employees’ intention to remain in the organization might be the same, the effect on their willingness to contribute to the attainment of organizational objectives might not. And the most worrisome situation would be the one in which a particular practice contributed to an elevation in Continuance Commitment but not to Affective or Normative Commitment. It is generally regarded that the promotion of Continuance Commitment should be discouraged, considering its poor associations with Job Performance. However, the practices that did not emerge as significant predictors of any form of Commitment cannot be assumed, to be unimportant in creating a highly committed or high performing workforce. Rather, these activities may be assumed to reinforce those core HR practices that do predict Commitment (Roche, 1997 in Conway and Monks, 2006). Support for this argument could be observed during present investigation since patterns of correlations between these practices and Affective Commitment were relatively strong suggesting them to be related to the practices that do predict Commitment.

**HR Practices and Discretionary Behaviour**

Citizenship Behaviour has been formally defined as ‘individual behaviour that is discretionary, not directly or explicitly recognized by the formal reward system and that in aggregate promotes the effective functioning of the organization. It includes any of those gestures that lubricate the social machinery of the organization, but do not directly inherit the usual notion of task performance’ (Organ, 1988). An adapted eight-item measure has been developed for the current study by borrowing items from the scale developed by Gould-Williams, (2003) to capture employee discretionary effort ($\alpha = 0.64$).

OCB can be analyzed in both individual and organization perspective. If the OCB of the employee is high then s/he will help the other employees in completion of the
tasks, facilitate and support his colleagues in performing effectively. Whereas, the other dimension of the OCB with respect to the organization, is that the employees who have high OCB are more strategically aligned with the organization goals and objectives. They put their maximum effort and go beyond the formally defined limits in achieving the goals and objectives of the organization. Many researchers have proposed that superior Organizational Performance is achieved when employees exert themselves on behalf of the organization (Guest, 1997; Purcell, 1999); work harder, smarter and accept more responsibility (Pfeffer, 1999) and exhibit Discretionary Behaviours that provide value to the firm (Macduffie, 1995). Thus, high performing firms must possess workforce members who are motivated to engage in Discretionary Behaviour directed towards achieving organizationally relevant goals (Wright and Snell, 1991).

HR practices are the means through which firms seek to motivate employees to engage in Discretionary Behaviour that contributes to the achievement of the firm’s goals. The result of step wise multiple regression analysis further reveals that after controlling for the effect of demographics of employees, Selection and Staffing ($\beta = 0.177, p \leq 0.01$) and Training and Development ($\beta = 0.194, p \leq 0.01$) have been found to be the significant predictors of Discretionary Behaviour, explaining 10.4 percent of the variance in Discretionary Behaviour. Training and Development aims to enhance KSAs, *i.e.* Knowledge, Skills, and Attitudes of the workforce that are necessary to perform the tasks effectively. Training has also been found to affect the psychological state of the employees making them feel that the organization is concerned about them and their commitment level increases (Chang, 1999) which in turn results into Extra-role Behaviours (Noor, 2009). Training and Development efforts made by an organization make employees feel that the organization considers them to be a source of competitive advantage and hence seeks to establish long term relationship with them (Tsui *et al.*, 1995). Also, Training and Development of existing employees inculcates a sense of job security as well as a hope for being promoted to or being eligible for next higher position. Similarly, training programs help the firm to communicate prescribed behaviours to employees and to orient employees about the norms and culture of the firm (Gerhart and Milchovich, 1992). Thus, for a number of reasons Training and Development contribute significantly in engaging employees in Discretionary Behaviour. Selection and Staffing
practices might be used to distinguish applicants who are meritorious and likely to be hardworking and unlikely to engage in counterproductive behaviour that hampers Organizational Performance. Moreover a meritorious, hardworking and well trained worker is expected to possess the requisite skills and knowledge to meet the needs of his/her defined role and can even contribute beyond it.

**HR Practices and Organizational Performance**

Success in today's highly volatile markets depends more on advantages resulting from innovation, speed, and adaptability, which are derived from a firms’ human resources and less on competitive advantages derived from economies of scale, technology, patents, and access to capital (Pfeffer, 1994; 1998). Because firm performance stands out as one major goal, most of the recent SHRM research has been directed at understanding the relationship between Human Resource (HR) practices and Organizational Performance. Human Resource practices are actually the means through which firms can affect their pool of human capital. A considerable amount of research has examined the impact of Human Resource practices on Organizational Performance, but results are not uniform as some studies have shown significant relationship while others have found no relationship between Human Resource Practices and Organizational Performance.

The present study examined growth in sales, profit growth rate, profit per employee (profitability) and sales per employee (productivity) for three years (2003-04, 2004-05, and 2005-06) as measures of Organizational Performance. An average was calculated for 3 years for calculating the productivity and profitability index (Dolan *et al.*, 2004). The ratios were calculated to make the results comparable and interpretable.

The results of correlation analysis of various Human Resource practices and corporate performance reveal few substantial correlations between Human Resource practices and performance measures but only Performance Appraisal practice was found to be significantly correlated ($r = 0.385$, $p \leq 0.05$) and the only significant predictor of profit growth. None of the coefficients of correlation between HR outcomes including POS, Organizational Trust, Organizational Commitment, Discretionary Behaviour and
Organizational Performance has been found to be significant though substantial. The lack of significant relationship between HR practices and Firm Performance in this study might be due to small sample size. Hair et al., (1998) has also pointed out that the statistical significance may be less reflective of the real significance because of the small sample size. Katou and Budhwar (2006) have also observed the variable of size to be positively related to overall Organizational Performance and to most HRM outcomes (skills, attitudes). Such results are to be expected as it is now known that large firms tend to have established HRM systems which facilitate in improving performance of the organization, which can be one of the reasons in our study for finding a weak support for the relationship between HR practices and Organizational Performance. The sample of the present study consisted of small and medium sized organizations in a greater proportion compared to large size enterprises. Further, the portraying of favourable perceptions of employees about human resource practices across the firms surveyed points towards the failure of the selected organizations to convert their Human Resource practices into effective performance. In this study an average of three years of financial performance of firms surveyed was considered only, but what were the performance trends before the time period covered for investigation needs to be probed. A system of performance oriented Human Resource practices may simply remove prior inefficiencies before making new contributions of its own, thereby, resulting in an understatement of the impact of the Human Resource system.

Another possible explanation for the findings can be that instead of universal applicability of Commitment oriented HR practices, HR strategy should be consistent within the HR function and with the organization of work. Chenevert and Tremblay (2009) found that the best HR performers are organizations situated at either extremity of the continuum of the theoretical and especially empirical construct, namely those that are closest to their ideal profile. Firms that adopt innovative participating modes have greater productivity and lower turnover when they put in place a compensation system that centers on performance, high salaries and good employee benefits. Firms that opt for a low involvement profile, based on control and centralization of decision making, can also be efficient, providing that they put very little emphasis on recognition of contributions, wage conditions and social protection programs. These findings suggest that there is no
single best strategy. In fact, organizations can adopt different HR strategies to improve HR performance; the most important goal is to be consistent within the HR function and with the organization of work.

HR models are mostly based on a common underlying assumption that HR practices affect Organizational Performance through HR outcomes like changes in their work related attitudes and behaviours which determine the extent, of usage of their skills and abilities by the employees for the benefit of the organization (Wright et al., 1994; Guest, 1999; Wright and Nishii, 2004; Macky and Boxall, 2007). Therefore, efforts have been made to examine the role of Perceived Organizational Support, Trust, Employee Commitment as intervening variables between HR practices and Discretionary Behaviour. Before the finally acceptable model is explained different paths have been described in the text following.

**HR Practices, Affective Commitment and Discretionary Behaviour**

It has been hypothesized that progressive HR practices might serve to improve Discretionary Behaviour by improving Organizational Commitment on the basis that committed workers not only feel stronger attachment to the organization, they are also more likely to put discretionary efforts towards achieving organizational goals (Appelbaum et al., 2000). Affective Commitment ($\beta = 0.205$, $t = 3.429$; $p \leq 0.01$) and Training and Development ($\beta = 0.197$, $t = 3.299$; $p \leq 0.01$) have emerged to be the significant predictors of Discretionary Behaviour. The results indicated that Affective Commitment had a significant partial mediating effect on the relationship between HRM practices and Discretionary Behaviour. Training and Development aims to enhance KSAs, *i.e.* Knowledge, Skills, and Attitudes of the workforce leading to effective performance of the tasks. Noor (2009) reported that Organizational Commitment results into Extra-role Behaviours and the former comes from the increased Commitment level (Chang, 1999) on the part of employees due to their trust on the organization of being concerned about them which is actually inculcated in the minds of employees by the training practices. Results of the present study empirically support such theoretical arguments in favour of Organizational Commitment acting as significant mediator in the relationship between HR practices and Discretionary Behaviour.
HR Practices, Trust and Affective Commitment

The work of Whitener (2001) and Appelbaum et al., (2000) suggest that trust in management may have an important mediating role between the employee experience of labour management practices associated with HPWSs and other attitudinal responses to these practices like employee Commitment. Organizational Trust ($\beta = 0.163, t = 2.580; p\leq0.01$), Training and Development ($\beta = 0.179, t = 3.048; p\leq0.01$), Selection and Staffing ($\beta = 0.167, t = 2.764; p\leq0.01$), Performance Appraisal ($\beta = 0.132, t = 1.951; p\leq0.01$) and Work Life Balance practices ($\beta = 0.149, t = 2.663; p\leq0.01$) have been revealed as the significant predictors of Affective Commitment. When Organizational Trust enters the regression equation beta values of Selection and Staffing and Performance Appraisal reduce substantially. The results indicated that Organizational Trust had a significant partial mediating effect on the relationship between HRM practices and Affective Commitment. Thus, the four practices have been found to influence Affective Commitment directly as well as indirectly through Organizational Trust.

HR Practices, Trust and Discretionary Behaviour

The linkage between Trust in organization and OCB has been primarily examined by Konovsky and Pugh (1994) and Wong et al., (2004). According to Konovsky and Pugh (1994) Trust is a manifestation of social exchange, and social exchange accounts for OCB by encouraging employees to behave in ways that are not strictly mandated by their employers. It follows that employees with higher Trust in their organization are likely to display more OCB, regardless of the types of organization (Rousseau and Parks, 1993). Baron and Kenny (1986) steps to test mediation of Trust in the relationship between HR practices and Discretionary Behaviour reveal that when Trust enters the regression equation Selection and Staffing loses its significance. The results of the present investigation indicated that Trust had a significant partial mediating effect on the relationship between HRM practices and DB. Thus, Organizational Trust ($\beta = 0.192, t = 3.313; p\leq0.01$) and Training and Development ($\beta = 0.219, t = 3.784; p\leq0.01$) have been found to be the significant predictors of Discretionary Behaviour. Thus, the results of present study are consistent with earlier research projects. It implies that organizations
which want their employees to exert themselves beyond their prescribed role requirements must train and develop their employees. Because Training and Development impacts Discretionary Behaviour not only directly but also indirectly through Organizational Trust.

**HR Practices, Perceived Organizational Support and Organizational Trust**

The present study attempted to seek empirical support for mediation of POS in the relationship between HR practices and Organizational Trust (OT) on the belief that behaviours related to Organizational Support (e.g. promotions, compensation, career development efforts) appear to be interpreted by employees as mark of respect and consideration on the part of their employer, which in turn appears to increase their trust in and the quality of their relationship with the latter (Eisenberger *et al.*, 1990; 2001). The effect of POS (mediator) on the relationship between HR practices (predictor) and Trust (criterion variables) was examined and POS (β = 0.381, t = 7.177; p≤0.01), Career Development (β = 0.181, t = 3.539; p≤0.01), Supervisory Support (β = .204, t = 4.111; p≤0.01) and Compensation (β = 0.181, t = 3.789; p≤0.01) have come out to be the significant predictors of Trust. On the other hand, Performance Appraisal and Selection and Staffing practices lost their significance with the entry of POS in the regression equation along with the diminishing of the regression coefficients of other significant predictors. The results indicate that POS has a significant partial mediating effect on the relationship between HRM practices and Organizational Trust. The results also show that Compensation, Career Development and Supervisory Support practices affect Trust directly as well as through POS but POS does not mediate the relationship between Performance Appraisal, Selection and Staffing and Trust. It indicates that Performance Appraisal practices and Selection and Staffing have been able to build Trust among employees but these are not being perceived as supportive at individual level. It also suggests that an organization’s investment in employee career development should demonstrate to employees, the organizational effort and support being offered to assist employees to expand their skills for employability.
HR Practices, Perceived Organizational Support, Trust, Affective Commitment and Discretionary Behaviour

The results of the path analysis between HR practices and Discretionary Behaviour revealed that when Discretionary Behaviour was regressed upon demographic variables and HR practices, Selection and Staffing ($\beta = 0.178$, $t = 2.811$; $p \leq 0.01$) along with Training and Development ($\beta = 0.195$, $t = 3.102$; $p \leq 0.01$) were observed to be the two significant predictors of Discretionary Behaviour. POS was not found to mediate the relationship between HR practices and Discretionary Behaviour and hence dropped from the equation for further analysis. When Trust was added to the equation, it ($\beta = 0.192$, $t = 3.313$; $p \leq 0.01$) was observed to significantly but partially mediate the relationship between HR practices and Discretionary Behaviour. In the next step, Affective Commitment was added to the regression equation and it was found that Affective Commitment ($\beta = 0.156$, $t = 2.439$; $p \leq 0.05$) significantly but partially mediated the relationship between HR practices, Trust and Discretionary Behaviour.

The figure 6.1 below here diagrammatically shows the path between HR practices and Organizational Performance with both strong and weak links. In the diagram the black arrows indicate the strong links in the path whereas the light grey arrows have been used to depict weak links. The lack of significant relationship between HR practices and Organizational Performance in this study may be due to small sample size. As pointed to by Hair et al., (1998) the statistical significance may be less reflective of the real significance because of the small sample size. Further, Katou and Budhwar (2006) found that the variable of size was positively related to overall Organizational Performance and to most HRM outcomes (skills, attitudes).

Such results are to be expected, as it is now known that large firms tend to have established HRM systems, which facilitate in improving performance of the organization, which can be one of the reasons in our study for finding a weak support for the relationship between HR practices and Organizational Performance.
Figure 6.1: Model Depicting Relationship Among HR Practices, Employee Attitudes and Behavior
Recommendations

The present study sheds some light on the HR practices prevailing in Indian organizations and how these practices may improve Organizational Performance. It was observed that organizations have paid higher attention to practices aimed at ensuring higher employee competencies, i.e. Selection and Staffing, Training and Development and Performance Appraisal. HR practices aimed at influencing employee behavior include Career Development, Supervisory Support practices, Work Life Balance practices and Compensation practices from which Work Life Balance and Compensation were found to be less attended. However, the present day employees believe in the principle of give and take, where contributions are made in exchange of inducements. Thus, they shall get adequate returns for consistently contributing towards organizational goals. Compensation has been found to be significant predictor of Perceived Organizational Support and Organizational Trust. Thus, findings of this study suggest that firstly organizations should design an effective Compensation system, which could improve employees’ job attitudes, such as Perceived Organizational Support and Trust etc. An organization may use such a blend of fixed and variable components that could lead to higher performance while keeping intact or even improving desired employee attitudes. It may happen because variable component is directly linked with performance while fixed component may help in building relevant job attitudes.

Second, there is a great need to balance the pure economic orientation of business organizations with employees who are both economic and social actors (Bhal, 2002). Organizations cannot afford to either neglect or underestimate the impact of change in the workforce demographics and psychographics. Work Life Balance practice has been found to be a significant predictor of Affective Commitment. Thus, it is highly recommended that the organizations targeting high performance through employee commitment shall enable their employees attain Work Life Balance.

Third, the study contributes immensely by making organizations aware and helping them to decide which HR practices to be focused on in order to be able to yield desired attitudinal and behavioral outcomes. The present study also highlights the importance of Training and Development practices as significant predictor of
Affective Commitment and Discretionary Behaviour. Thus, it is highly recommended that organizations should invest in Training and Development practices which would further develop desirable employee attitudes. The results suggest that openness is part of Trust and Trust enhances Commitment, which in turn can increase Discretionary Behaviour and Organizational Performance. However, the findings support the path emerging from Training and Development and leading to Discretionary Behaviour through Organizational Trust and Affective Commitment. In the absence of job security the employees expect organizations to invest time and effort in developing their competencies to keep them employable.

Fourth, the revelations made by path analysis clearly indicate that one set of practices may not be fit for all types of organizations. Certain organizations may simply copy HR practices from the companies, which have gained by implementing a particular set of HR practices irrespective of the difference in their organizational type and context. This may not yield the same results in both cases. Hence, selection of HR practices to be adopted by a specific organization must be prudent and blindly copying the practices of other organizations may not be useful. Hence the study raises caution for the choice of HR practices to be implemented.

**Limitations of the Study**

The present study is primarily a survey based study, conducted with the help of a questionnaire. Such a study suffers from the basic limitation of the possibility of difference between what is recorded and what is truth because there are bound to be differences owing to well known problem of filters in communication process. Some other limitations of the study are lack of willingness of organizations to share employee related information. Therefore, there may be some problem with the sample truly being representative of the population. Further, the study suffers from the common method bias, use of cross sectional data, which may cause a problem of causality. The use of profit as a measure of Corporate Performance is quite problematic as financial indicators are being influenced by a whole range of factors (both internal and external). The results of the study need to be interpreted cautiously as the study not being longitudinal in nature cannot confirm the direction of causality implied in our research model. Due to these limitations the findings of the study
cannot be generalized for other organizations. These issues need to be controlled in future research.

**Directions for Future Research**

Every research study has a limited scope and the present study is not an exception. The present study provides insights about new areas where more research studies can be carried out. The following are the few areas suggested for future research.

- Future research can be aimed at exploring and examining other strings of relationship between selected/other HR practices like Team Building, Information Sharing, Employee Participation and Selected/Other Employees' Attitudes and Behaviour like Job Satisfaction, Intention to Quit, and Absenteeism.
- Future research may focus on capturing the impact of any new HR practice introduced or whenever any change has been initiated in the existing HR practice.
- In order to yield high employee performance which could in turn influence Organizational Performance, HR practices must impact employee attitudes and behaviour which do not happen in seconds. Rather it may take number of years to reap the benefits of complex investment in an organization’s Human Resource. Thus, future research should focus on conducting a longitudinal study to actually judge the real potential and contribution of an organization’s HR.
- The future research can focus on the relationship among business strategy of an organization, HR practices adopted and Organizational Performance.
- This study has observed significant partial mediation effect of employee attitudes in the relationship between HR practices and employee behaviour. Future research should look into whether any of the employee attitudes act as moderator in this relationship.