

A STUDY ON RELATIONSHIP BETWEEN HR PRACTICES, EMPLOYEE PERFORMANCE AND ORGANIZATIONAL PRODUCTIVITY: AN EMPIRICAL VIEW OF IT-ITES INDUSTRY

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ABSTRACT

The present research work studies major HR Practices, Employee Performance and Organizational Productivity prevailing in IT-ITES companies of Central Gujarat and it also includes the detailed study on impact or linking these HRM practices with employee performance as well as organizational productivity. For present research, data from 234 HR managers and Managing heads of selected IT-ITES firms from Ahmedabad, Vadodara and Gandhinagar cities of Central Gujarat State have been included through descriptive research design with non-probability convenient sampling technique. Latent Variable Path Analysis of Structural Equation Modelling was used to test the hypotheses. Path Analysis of Structural Equation Modelling revealed that there exists relation between HR practices and Employee Performance, HR practices and Organizational productivity and HR performance acts as a mediator between various HR practices and organizational productivity. The study explores the effect of HR practices on the adoption of employee performance and organizational productivity and mediating effect of employee performance between HR practices and organizational productivity, and hence contributes to the HRM literature. As the questionnaire was sent through the mail to many respondents and data collection method included were email and personal data collection. Human touch and personalization were absent for electronic collection of data. For getting more insight of the present study, apart from HR managers and managing heads, owners and employees can also be included.

Keywords: HR Practices, Employee Performance, HR Performance, Organizational Productivity, IT-ITES Industry

I. INTRODUCTION

Human Resource Management is all about practices, policies and different structures firms adopt to handle the most important resource of the organization i.e. employees or human resource. HR is about planned HR deployments and activities intended to meet its goals as per Wright and McMahan (1992). More concisely, HR is about how a firm uses the complete package of practices and policies to make effectiveness and better organizational performance. The

present study is an insight into details of HR practices and employee as well as organizational performance linkages. Few models in the past have also been studied and developed as Harvard Model developed by Beer et al (1984), Michigan Model developed by Fombrun, Tichy, and Devanna (1984) and Warwick developed by John Bratton and Jeffrey Gold (2008). The present study is all about impact or linkages between HR practices and Employee Performance as well as Organizational Productivity.

The present study tries to explore the relationship between HR practices and employee performance, to know the relationship between HR practices and organizational productivity, also the study tries to explore the mediation effect of employee performance between HR practices and organizational productivity. For hypothesized model for the present study kindly refer Figure-I.

II. LITERATURE REVIEW

Much of the earlier research on the HR practices have concentrated on only single HR practices such as compensation, selection etc, but, according to Dyer and Reeves (1995) Human resource practices are bundled when they occur in fairly complete, mutually reinforcing or synergistic sets and adds to growing number of researches which argues for instituting complementary bundles of HR practices to enhance performance.

The cluster of researchers Latham and Wexley (1981) , Snell and Dean (1992); Ladoan d Wilson (1994) ; Terpestra and Rozell (1993), Koch and McGrath (1996), Pfeffer (1998) believes that HR practices such as choice, training, work environment and performance appraisal may enhance the competence of employees for higher performance, and the goal of a business organization is most financial performance or largest of wealth for stake holders according to Horngren et al (2000) , and Becker and Huselid (1998)., nonetheless, attaining the organization's goals depends upon the extent to which its organizational performance being attained Katou and Budwar (2007).

According to, Dyer and Reeves, Katou and Budwar (2007) - the challenge for any organizational performance is generally indicated by the effectiveness of an organization to meet its aims and efficiency to use the resources properly, satisfaction of employees and customers innovation, quality products and services, and thereby ability to support unique human pool.

Paul and Anantharaman (2003) in their study of Impact of people management practices on organizational performance focused on analysis of a causal model

aimed to develop and test a causal model linking HR with organizational performance through an intervening process, wanting to prove HR practices with intervening variables like employee competency, teamwork, organizational commitment and customer orientation has positive effect on operating performance directly linked to organizational financial performance. The study has found that not even a single HR practice has a direct causal connection with organizational financial performance. At the same time, it has been found that each HR practice under study has an indirect influence on the working and financial performance of the organization. Further, HR practices such as training, job design, compensation and incentives directly effect the operational performance parameters, viz., employee retention, employee productivity, product quality, the speed of delivery and operating cost.

Arthur (1994), in his studies of effects of Human Resource Systems on Manufacturing Performance and financial Turnover of the organization and collected data from 30 US strip mills to assess impact on labour efficiency and scrap rate by reference to the existence of either a high-commitment human resource strategy and found that firms with a high commitment human resource strategy had much higher levels of both productivity and quality. Moving towards same direction in order to know the impact of human resource management practices on turnover, productivity and corporate financial performance.

Becker and Huselid (1998) with the aim to study and check the links between High Performance Work Practices (HPWP) and Firm Performance and to show that these practices are economically and statistically significant on immediate employee outcome and long-term corporate financial performance and the systems of high-performance work practices may diminish turnover and increase productivity and corporate financial performance and Employee turnover and productivity may mediate the relationship between high-performance work practices and corporate financial performance analysed the responses of 968 US firms to a questionnaire exploring the use of high-performance work practices, developing synergies between them and aligning these practices with the competitive strategy and found that employee's motivation influences productivity; employee skills influence financial performance , motivation, and Organizational structures. The study also provides the support for the hypothesis that investments in high-performance work practices associates with lower

employee turnover, greater productivity and corporate financial turnover as well as higher levels of high-performance work practices lead to lower turnover and greater employment security, and the impact of HPWP on financial performance is due to their influence on employee turnover and productivity.

Further, at Bangladesh, the study of Absar et al. (2010) addressed the linkage between HR practices and organizational performance. In search of whether HR practices have significant association with organizational performance, HR practices have significant impact on organizational performance and/or Recruitment and selection, training and development, compensation, performance appraisal have positive influence on organizational performance, found that the highest positive value of correlation between PA and OP clarifies that the authorities of selected manufacturing firms requires to give focus on PA for getting fabulous organizational performance.

In the major survey conducted by Purcell et al (2003) a longitudinal study of 12 companies to set up how people management impacts on organizational performance and found that the most successful companies had what the researchers called 'the big idea'. The companies had a clear vision and a set of integrated values which embeds, enduring, and collective, measured and managed. Clear evidence existed between positive attitudes towards HR policies and practices, levels of satisfaction, motivation, and commitment, and operational performance.

Patrick et al (2001) in their work of impact of HR practices and organizational commitment on the operating performance and profitability of business units, used a predictive design with a sample of 50 autonomous business units within the same corporation, their work revealed that both organizational commitment and HR practices are much related to operational measures of performance, as well as operating expenses and pre-tax profits.

Guthrie (2001) who examined the impact of HR practices on turnover and firm productivity among a sample of Firms in New Zealand and noted that HR practices had an impact on turnover, and that the relationship between retention and productivity was positive when firms implemented high-involvement HR practices, but negative when they did not.

III. RESEARCH METHODOLOGY

Objectives of the study

The objectives of the study are:

1. To know the impact of HR practices on Employee performance of selected IT-ITES companies of Central Gujarat.
2. To demonstrate the impact of HR practices on Organizational Productivity of selected IT-ITES companies of Central Gujarat.
3. To explore the mediating effect of employee performance on HR practices and organizational productivity.

Hypothesis defined for SEM

Following hypotheses were tested using Hypothesized Technology Acceptance Model using Structural Equation Modelling.

Relation 1: H1: There is a positive and direct impact of HR practices on Employee Performance

Relation 2: H2: There is a positive and direct impact of HR practices on organizational productivity

Relation 3: H3: employee performance mediates the relationship between HR practices and organizational productivity

Methodology

The present study tries to Study the relationship between HR practices, employee performance and organizational productivity for IT-ITES companies in Ahmedabad, Gandhinagar and Vadodara city of Central Gujarat region. Descriptive Research Design being used wherein the sources of data were both primary and secondary. Primary data collected through Non-Probability type of Convenient Sampling. The structured questionnaire was mailed to about 250 HR managers/managing heads of IT-ITES companies of selected region out of which 234 responded to the questionnaire. Secondary data consists of available books, business journals, magazines, newspapers, annual reports and newsletters of various companies, websites, internet etc. Present study includes testing of hypotheses by Structural Equation Modelling Path Analysis of Latent Variables through AMOS 18 of SPSS.

Measures

HR Practices

This part of the questionnaire consists of the statements containing the matter of to what extent the HR managers agree to the level of HR practices being provided by their organization. The statements included employees performing non-repetitive jobs, employees using their independence on the kind of job they do, importance of job rotation and teamwork, whether employees receive assignment without proper staffing requirements or not, selection of new entrants done by competency test, recruitment advertisement is given to wider

audience i.e. fair and transparent recruitment process adopted, formal promotion policies used for succession planning, formal exit interviews are being undertaken for employees leaving the organization to know the facts about attrition, enough time is given to newly recruited employees to settle down with their peer and subordinate, superior groups, whether employees are provided with various training like personal growth, personal development, career development, quality management training etc, whether organizations give proper induction to make employees cultural fit, whether employees receive performance related payments, and does employees receive various leaves like maternity, sabbatical, career leaves etc and whether employees get various benefits like insurance, medi-claim, health and safety, child care allowances etc. Flexi-hours, reduced working hours, work from home are the buzz words in this particular industry, so whether employees get benefit out of it, whether hectic schedules, shift timings etc can increase the stress level among the employees or not, performance management system is equally important so whether performance goals are clearly defined, peer group appraisal and 360 degrees appraisal done or not, performance feedback provided to the employees or not. All of these HR practices related questions included on a five-point Likert scale, ranging from Strongly Disagree to Strongly Agree.

Employee Performance

The statements included in Employee Performance were about absenteeism, turnover and job satisfaction. The scale here used was judgemental scale and subjective one. Respondents had to answer on the basis of choices like high, medium and low.

Organizational Productivity:

Another set of questions related to Organizational Productivity like product quality provided by employees, quality of service provided by employees and employees' productivity. The scale here used was judgemental scale and subjective one. Respondents had to answer on the basis of choices like high, medium and low.

IV. DATA AND EMPIRICAL RESULTS

Structural Equation Modelling (SEM) is a combination of Multiple Regression Analysis and Factor Analysis which more targets towards studying the relationships between multiple variables at a time. For researcher's language, SEM is popularly known as "causal modelling" or "analysis of covariance structures". It is used in both ways like "confirmatory" i.e. testing a model or "exploratory" i.e. building a model. For the present study, Latent Variable Path

analysis of SEM being conducted for building a model, and to test the hypothesis, significance level between the variables or constructs. For relation between independent variable HR practices and dependent variables employee performance as well as organizational productivity studied with the help of latent variable path analysis kindly refer to Figure II. The Figure II describes that the entire model is composed of two parts i.e. Exogenous Variables and Endogenous Variables. Different HR Practices variables like Compensation and Benefits, Work-life Balance, Performance Appraisal, Training, and Development are as exogenous variables having about three variables as measures variables for each latent variable. Firm performance variables like HR performance and Organization performance variables are as Endogenous variables having about three measured variables for these latent variables each. All the latent exogenous variables co-vary with each other through double-headed arrows and serve as an input to endogenous variables through single-headed arrow. All the measured variables have an error variable along with it.

The endogenous variables apart from error variables also have a un observed error with them. The result demonstrates that HR practices have an impact on employee performance, HR practices also have an impact on organizational productivity and employee performance mediates the impact between HR practices and organizational productivity.

Entire Structural Equation Modelling based on the hypotheses which being tested as per hypothesized Technology Acceptance Model using Structural Equation Modelling. Details about Latent and Measured Variables are given in Table I. The Table I also describes various independent variables known as exogenous or upstream variables in SEM language and dependent/ mediating variables are known as endogenous or downstream in SEM. All the Variables named as mentioned in Table II along with abbreviation. All the error variables named from e1 to e18 while two un-observed error variables named as d19 and d20. As seen in Table III there are 44 total variables used in the current study, out of which 18 are observed variables, 26 unobserved variables, 24 exogenous variables and 20 as endogenous variables.

Table IV gives us the details about all the limits covered in the current study as weights, co variances, variances, means, and intercepts about various fixed, labelled, unlabelled variables. Table 4 shows a chi-square value of 490.497 with 124 degrees of freedom. This test statistic tests the overall fit of the model to the

data. The null hypothesis under test is that the model fits the data, so you hope to find a small, non-significant chi-square value for this test.

Table V reports that the least achieved with no errors or warnings. The chi-square test of absolute model fit reported, along with its degrees of freedom and probability value. As you can see in Table V computations of degrees of freedom, these Chi-square tests the null hypothesis that the over identified (reduced) model fits the data as well as does a just-identified (full, saturated) model. In a just-identified model there is a direct path (not through an intervening variable) from each variable to each other variable. In such a model the Chi-square will always have a value of zero since the fit will always be perfect. When you drop one or more of the paths you get an over identified model and the value of the Chi-square will rise (unless the path(s) deleted have coefficients of exactly zero). From Table VI it is clear that for any model, elimination of any (nonzero) path will cut the fit of model to data, increasing the value of this Chi-square, but if the fit is reduced by only a small amount, you will have a better model in the sense of it being less complex and explaining the covariance's almost as well as the more complex model.

NPAR in Table VII is the number of parameters in the model. In the saturated (just-identified) model there are 171 parameters – 24 variances (one for each variable) and 127 path coefficients. For our tested (default) model there are 47 parameters. For the independence model (one where all the paths deleted) there are 18 parameters. CMIN from Table 11 is 3.95 which is a Chi-square statistic comparing the tested model and the independence model to the saturated model. We saw the former a bit earlier. CMIN/DF, the relative chi-square, is an index of how much the fit of facts to the model reduced by dropping one or more paths.

One rule of thumb is to decide you have dropped too many paths if this index exceeds 3 or 4. The current study shows the CMIN/DF within the range. RMR, in Table VIII is the root mean square residual, is an index of the amount by which the estimated (by your model) variances and co variances differ from the observed variances and co variances. Smaller is better, of course. GFI, the goodness of fit index, tells you what proportion of the variance in the sample variance-covariance matrix is accounted for by the model. This should exceed 0.9 for a good model. For the saturated model, it will be a perfect 1. AGFI (adjusted GFI) is an alternate GFI index in which the value of the index adjusted for the number of parameters in the model. The fewer the number of parameters

in the model on the number of data points (variances and co variances in the sample variance-covariance matrix), the closer the AGFI will be to the GFI. The PGFI (P is for parsimony), the index adjusted to reward simple models and penalize models in which few paths deleted. Note that for our data the PGFI is larger for the independence model than for our tested model. From Table XII the values of RMR and GFI are 0.041 and 0.912 respectively, which meets the above-mentioned criteria.

Table IX displays the goodness of fit indices compared with your model to the independence model and not to the saturated model. The Normed Fit Index (NFI) is simply the difference between the two models' chi-squares divided by the chi-square for the independence model. From the data available in Table 13 value of NFI which derived is 0.904 that is $(5145.882) - 490.497 / 5145.882$. Values of 0.9 or higher (some say .95 or higher) show good fit.

The Comparative Fit Index (CFI) is 0.901 from Table XIII also uses a similar approach (with a no central chi-square) and to be a good index for use even with small samples. It ranges from 0 to 1, like the NFI, and 0.95 (or 0.9 or higher) indicates good fit. In Table X you can find PRATIO the ratio of how many paths you dropped to how many you could have dropped (all of them). The Parsimony Normed Fit Index (PNFI), is the product of NFI and PRATIO, and PCFI is the product of the CFI and PRATIO. The PNFI and PCFI intends to reward those whose models are parsimonious (contain few paths). From the Table XIII, the values of PNFI and PCFI are 0.732 and 0.73 respectively.

Table XI describes the Root Mean Square Error of Approximation (RMSEA) which estimates lack of fit compared to the saturated model. RMSEA of 0.05 or less indicates good fit and 0.08 or less adequate fit. LO 90 and HI 90 are the lower and upper ends of a 90% confidence interval on this estimate. PCLOSE is the p-value testing the null that RMSEA is no greater than .05. The values of RMSEA and PCLOSE from Table XI are 0.057 and 0.006 respectively which indicates the data are within the range.

Table XII indicates that 418 is the largest sample size for which you could accept at the .05 level the hypothesis that the model is correct. In other words, if the sample size were any bigger than 418 you would reject the model at the .05 level.

Summary of entire Structural Equation Modelling is presented in Table XIII. Based on the summary result included in Table XIV, following hypotheses tested

as per hypothesized Technology Acceptance Model using Structural Equation Modelling of AMOS 18.

Table XIV shows the final result of the SEM demonstrates that null hypothesis gets rejected as value for p is less than 0.05, and hence above-mentioned hypothesis proves that-----

- H1: There is a positive and direct impact of HR practices on Organizational Productivity
- H2: There is a positive and direct impact of HR practices on Employee Performance
- H3: Employee Performance mediates the relationship between HR practices and Employee Performance as well as Organizational Productivity.

V. IMPLICATIONS

The present study may be useful to Managing Heads or HR managers of IT-ITES sector and can get an insight into the importance of HR practices linked with Employee performance as well as organizational productivity. Present study may be beneficial to HR managers and Managing heads of IT-TES sector to thoroughly identifies only selected or important Employee outcomes in terms of job satisfaction, employee turnover and employee absenteeism and to know assorted organizational related productivity by many parameters for which investment in HR practices measured by various performance outcomes. Present study gives an exploration of HR Practices and Employee Retention relation, Absenteeism, Turnover and Satisfaction which is a “Black Box” issue which remains unexplored; however, the present study tries to throw light on the linkages between HR practices and organizational productivity through latent variable path analysis which helps them to know that there is a significant relation between HR practices and employee retention, absenteeism, turnover and satisfaction.

Present study is beneficial to HR managers and managing heads to know the impact of HR Practices on Customer Service, Service Quality, and Product Quality. The present study includes the relationship by using SEM techniques to end that HR practices have significant impact on organizational productivity like Employee Productivity, Quality of Service provided by the employees and Quality of Products delivered by the employers of IT-ITES Industry. Major take away for managers from the present study is that there exists linkage of various

HR practices with Employee Performance, the tool used by researcher was structural equation Modelling to test a set of regression analysis which usually done simultaneously also to study the mediating effect of variables as well as Multicollinearity or interdependency within predictor variables and concluded that there exists the relation between various HR practices and Employee Performance and there also lies Multicollinearity relation between and among the HR practices.

Employee Performance be improved by providing an environment where resources find their job less complex, job independence be given to them, proper allotment of resources to complete their task, the companies can get an advantage of increased employee performance by providing job rotation as it helps resources to acquire more skills as well as reduces the boredom which is present in their repeated monotonous jobs. Employee performance can also be increased by providing employees the platform where they be motivated to do in a team which helps employees to openly share ideas, manage disputes and reach towards an agreeable solution. Organizational productivity, as well as employee performance, can more be increased by fair and transparent recruitment and selection methods being adopted by the companies. Presence of proper documents on internal promotion policies in most of the companies included in the study was absent.

VI. CONCLUSIONS

In order to know the linkage of various HR practices with Employee Performance, the tool used by researcher was structural equation Modelling to test a set of regression analysis which usually is done simultaneously also to study the mediating effect of variables as well as Multicollinearity or interdependency within predictor variables and concluded that there exists the relation between various HR practices and Employee Performance and there also lies Multicollinearity relation between and among the HR practices.

The researcher through SEM demonstrated that null hypothesis gets rejected as value for p which derived was less than 0.05, and hence concluded that there is a positive and direct impact of HR practices on Organizational Productivity, there is a positive and direct impact of HR practices on Employee Performance and Employee Performance mediates the relationship between HR practices and Employee Performance as well as Organizational Productivity.

VII. LIMITATIONS

Every research work has its own limitations and it is advisable to point out them. This research study also has some limitations as in the study, both primary and secondary sources of the information have been used and efforts are made to come up with perfect result. Still, 100% perfection can't be claimed. have their own perception. The biasing in respondent's views cannot be ignored. The survey was conducted in Central Region of Gujarat State and only cities like Ahmedabad, Vadodara, and Gandhinagar were included assuming IT-ITES companies set up in the selected cities. Other cities of the same regions were not covered. As the questionnaire was sent through the mail to many respondents and Data collection method included were email and personal data collection. Human touch and personalization were absent for electronic collection of data. Further only HR managers and managing heads of the IT-ITES firms were the respondents, Employees as well as owners of the organizations can also be included. As far as studying firm performance, financial performance and market performance was not included in the present study as firms were reluctant in disclosing their financial information even for research purpose. Same can be overcome when included listed companies for which researcher have to increase the scope of the study.

VIII. FUTURE RESEARCH POSSIBILITIES

No research on any subject can be complete in itself. In this study, only HRM practices provided by the organizations are discussed. The study is limited to only IT-ITES firms. But by keeping this as a base, some more research can be performed. Some of the scopes for further research is as under:

As already mentioned in the limitations, the respondents were only HR managers and Managing Heads of IT-ITES firms, Employees, and Owners can also be included. The study was undertaken only at Central Region of Gujarat State; it can be expanded to whole the of Gujarat State as well as Whole of India. For more accurate results of HRM practices and firm performance, financial performance and capital market performance scan also be included to get the best result of an investment in HR practices and maximum return on firm performance. For which researchers can include listed IT-ITES companies where all different types of data are available. The present study is conducted only for IT-ITES industry, many other service sectors can be including, comparison of

two sectors can also be conducted as well as the subject has wide scope to be undertaken for the manufacturing sector.

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List of Figures

Figure 1: Proposed Model of HR practices, Employee Performance and Organizational Productivity

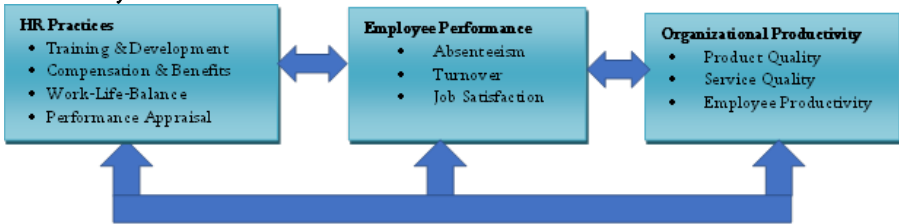
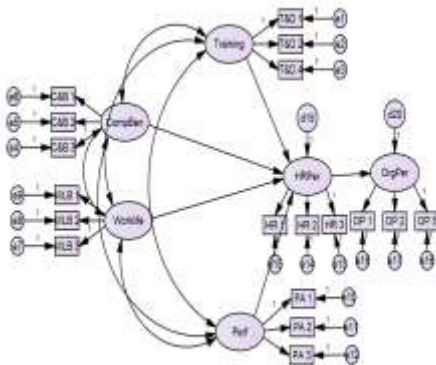


Figure 2 Latent Variable Path Analyses



List of Tables

Table 1 Description of Variables

Latent Variables	Measured Variables
Exogenous or upstream variables	
Compensation and Benefits (CompBen)	Performance Payments (C&B 1)
	Employee Benefits (C&B 2)
	Various Leaves (C&B 3)
Work-Life-Balance (Work life)	Flexi hours (WLB 1)
	Work Stress (WLB 2)
	Quality Work life (WLB 3)
Performance Appraisal (Perf)	Performance Goals (PA 1)
	Performance Appraisal (PA 2)
	Performance Feedback (PA 3)
Training and Development (Training)	Technology Training (T&D 1)
	Career Development Training (T&D 2)
	Socialization (T&D 3)
Endogenous or downstream variables	
Employee Performance (HRPer)	Absence Ratio (HR 1)
	Employee Turnover (HR 2)
	Job Satisfaction (HR 3)
Organizational Productivity (OrgPer)	Product Quality (OP 1)
	Employee Productivity (OP 2)
	Service Quality (OP 3)

Table II Variables (Group number 1)

Observed, endogenous variables	Unobserved, exogenous variables	Observed, endogenous variables	Unobserved, exogenous variables
Technology Training	Work-life	Job Satisfaction	e9
Career Development Training	Perf	Employee Turnover	e10
Quality Management Training	CompBen	Absence Ratio	e11
Leaves	Training	Service Quality	e12
Benefits	e1	Employee Productivity	e13
Performance Payments	e2	Product Quality	e14
Work-life Balance	e3	Unobserved, endogenous variables	e15
Work Stress	e4	HR Per	e16
Flexi hours	e5	Org Per	e17
Performance Goals	e6		e18
Performance Appraisals	e7		d19
Performance Feedback	e8		d20

Table III Variable Counts (Group number 1)

Number of variables in your model:	44
A number of observed variables:	18
A number of unobserved variables:	26
A number of exogenous variables:	24
A number of endogenous variables:	20

Table IV Parameter Summary (Group number 1)

	Weights	Co	Variances	Means	Intercepts	Total
Fixed	26	0	0	0	0	26
Labelled	0	0	0	0	0	0
Unlabelled	17	6	24	0	0	47
Total	43	6	24	0	0	73

Table V Computation of Degrees of Freedom (Default Model)

A number of distinct sample moments:	171
A number of distinct parameters to be estimated:	47
Degrees of freedom (171 - 47):	124

Table VI Result Default Model

Minimum was achieved	
Chi-square	490.497
Degrees of freedom	124
Probability level	0.000

Table VII Values for CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	47	490.497	124	0	3.956
Saturated model	171	0	0		
Independence model	18	5145.882	153	0	33.633

Table VIII Values for RMR and GFI

Model	RMR	GFI	AGFI	PGFI
Default model	0.041	0.912	0.841	0.314
Saturated model	0	1		
Independence model	0.198	0.351	0.275	0.589

Table IX Baseline Comparison Model

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	0.904	0.997	0.905	0.855	0.901
Saturated model	1		1		1
Independence model	0	0	0	0	0

Table X Parsimony Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	0.81	0.732	0.73
Saturated model	0	0	0
Independence model	1	0	0

Table XI Value for RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	0.057	0.049	0.067	0.066
Independence model	0.225	0.219	0.231	0.000

Table XII HOELTER

Model	HOELTER	HOELTER
	at 0.05	at 0.01
Default model	418	642
Independence model	22	23

Table XIII Summary Result of SEM

Details	Readings
Chi-Square	490.497
Degrees of Freedom	124
CMIN	490.497
CMIN/DF	3.956
Root Mean Square Residual (RMR)	0.041
Goodness of Fit Index (GFI)	0.912
Adjusted Goodness of Fit Index (AGFI)	0.841
Relative Fit Index (RFI)	0.997
Incremental Fit Index (IFI)	0.905
Tucker Lewis Index (TLI)	0.855
PNFI	0.732
PCFI	0.73
PCLOSE	0.066
Root Mean Square of Approximation (RMSEA)	0.057

Table XIV Relation between Constructs

Relation between Constructs	P Value	Null Hypothesis
HR Practices → Organizational Productivity	0	Rejected
HR Practices → Employee Performance	0	Rejected
HR Practices ↔ Employee Performance	0	Rejected

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