

EXAMINING HRM PRACTICES AS MEDIATOR

Koon Vui-Yee

Tunku Abdul Rahman University College Email: vykoon@yahoo.com

Abstract This study examines the effects of strategic approach of human resource management (HRM) practices on employee's attitudes such as organisational commitment, job satisfaction, employee involvement and turnover. Structural equation modeling (SEM) was used to test the hypothesized relationship, and the data were collected from 571 non-human resource department employees in Malaysia. The results of the confirmatory factor analysis (CFA) demonstrated a reasonable fit of the model to the data. This study found the mediation effect of HRM practices between business strategy and employee outcomes showed mixed results.

Keywords: Employee Attitudes, Human Resource Management, Mediator, Strategic Approach Structural Equation Modeling

INTRODUCTION

Rapid changes in technology, product development, production process, manufacturing and the relative size of manufacturing and services pose a different set of problems that could not be solved with traditional HRM methods alone (Day, 1994; Drucker, 1986). Through these changes and renewed, it emphasis on the importance of training and development, selective staffing, compensation, and information sharing as management has begun to recognize that workers could stimulate achieving organisational goals (Levine, 1995).

Effective HRM practices and procedures could improve profitability and bring benefit to the firm (see, for example, Dobni and Luffman, 2000; Mavondo, Chimhanzi, and Stewart, 2004). This owing to the idea that human resource should be considered as a strategic factor, not only for the role it plays putting managerial strategy into effect, but also for its potential to become the source of sustainable competitive advantage, especially when they align with organisation's competitive or business strategy (see, for example, Begin, 1991; Cappelli and Singh, 1992; Jackson and Schuler, 1995).

Various studies have proven the role of human resources as one of the important capitals to organisations and discussed on how this capital could be the core competence of an organisation. Despite this evidence, many organisations still adopted a passive approach of HRM practices although research found these practices could bring effect to organisational success. Now, most of the studies about HRM practices, employee attitudes and performance have conducted in the West, on the domestic operations of United States (US) firms. Smaller number of studies conducted in the United Kingdom (UK), Europe (for example, Hoque, 1999; Guest and Hoque, 1994) and in Asia (see, for

example, Huang, 2000; Huang and Cullen, 2001; Khatri, 2000; Mak and Akhtar, 2003).

The research reported here explores the prevalence of HRM practices in different types of business level strategy and explore to the extent of these interrelationship toward better working attitudes of human resources or workers. This working attitude includes organisational commitment, job satisfaction, employee involvement, and turnover intention.

The Research Problem

The main challenge addressed in this study is to link three main variables: Business strategy, HRM practices and employee outcomes. Prior literatures on these three variables linkages have neglected the following aspects that form research gaps.

The field of SHRM research has increasingly recognised the role of employees in the HRM practices-organisation fit performance. SHRM research has developed into two pathway that is micro (with its focus on enhancing individual-level productivity, attitudes, well-being and retention) and macro (with its focus on firm-level HR strategies, functions and practices) as noted by several researchers (Ostroff and Bowen, 2000; Ployhart, 2004; Wright P.M and Boswell, 2002). However, integration between macro and micro HRM has been lacking, leading to inadequate understanding of whether and how 'strategic' HRM might impacts individual-level outcomes. Supporting this notion for example, Lepak, Liao, Chung, and Harden (2006) and Wright and Boswell (2002) have noted the lack of multilevel research that integrates between macro such as high performance work system (HPWS) and more micro HRM-related processes and outcomes.

Past studies conducted have proven a significant positive relationship between HRM practices and firm performance (for example, Ahmad and Schroeder, 2002; Bae and Lawler, 2000; Batt, 2002; Guthrie, 2001; Hoque, 1999; Jayaram, Droge, and Vickery, 1999; Wright, Gardner, and Moynihan, 2003). HRM practices have designed to strengthen employee ability, motivation, and opportunities to contribute (Batt, 2002; Boxall and Purcell, 2002). However, researchers generally agree that HRM practices do not lead directly to organisational performance and have started examining the intermediate effect to understand how HRM practices affect organisational performance (see, for example, Wright, Dunford, and Snell, 2001; Takeuchi, Lepak, Wang, and Takeuchi, 2007). Godard (2001) found that moderate HRM practices had positive outcomes for employees, but intensive adoption heightened stress levels. Further, Boselie, Dietz and Boon (2005) found from their analysis of the 104 articles, it confirms the impression of the 'linking mechanisms' between HRM and performance (Wood, 1999), and the mediating effects of key variables (Batt, 2002) are largely disregarded.

Boselie, Dietz and Boon (2005) found majority of the 104 articles that they surveyed, financial measures such as profits being the most common followed by various measures for sales. Although HRM's impact on performance is normally depicted as being refracted through changes in employee attitudes and behaviours, these measurements in research are rare. Guest (1997) has raised persuasive doubts about the problem of 'causal distance' between an HRM input and such outputs based on financial performance. Put simply, so many other variables and 'events', both internal and external, affect organisations that these direct linkages rather strain credibility. He claimed that using more 'proximal' outcome indicators such as the influence of workforce to increase employees' direct contribution to performance is both theoretically more reasonable and methodologically easier to link.

This study attempts to address the gap discussed in problem statement. Assumption of this conceptual framework is using confirmatory factor analysis. Overall, this study embarks on examining the validity of the position taken by configuration theory; specific business strategy would coordinate with the bundle of HRM practices. Besides, it attempted to determine whether the interactive effect of HRM practices with distinctive business strategies bring significant effect on employee outcomes by attitudes. Fig. 1 shows the conceptual framework of this study.

LITERATURE AND HYPOTHESIS

The prior HRM research suggested that HRM practices have an impact on organisational performance through employee motivation. Employee motivation provides better employee outcome and is found to have a significant impact

on productivity and performance (see, for example, Gelade and Ivery, 2003; Huselid, 1995). HRM practices are seen as "signals" of the organisation's intentions toward its employees and being interpreted as such by individual employees (Rousseau and Greller, 1994). Guest (1999) noted that very little research focuses on employees' reactions to HRM. Greater training hours are linked to higher performance (see, for example, Gowen and Talion, 2003; Huang and Cullen, 2001). Performance management, for example, is one of the HRM practices found to have a strong positive relationship with organisational performance (Chang and Chen, 2002; Delery and Doty, 1996; Huselid, 1995). The effective recruiting and selection practices with appropriate compensation elements are found to have relationship with performance (Ichniowski and Shaw, 1999; Huselid, 1995). Hence, the issue to be addressed is whether the fitting between business strategy and HRM practices could influence the employee outcomes. Below states the hypothesis of this study:

Hypothesis 1:	There is positive relationship between HRM practices and employee outcomes, thus playing mediation role between business strategy and employee outcomes.
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METHODOLOGY

In conducting this study, 200 companies in Malaysia were selected randomly as population set. There were two sets of respondents to the questionnaire. The first set of respondents was the employees from non-human resource (HR) departments. They were required to provide information on business strategy, HRM practices in their company and employee outcomes. The second set comprised of the person identified as the HR managers. The respondents were expected to have knowledge and be able to answer questions pertaining business strategy as well as HRM practices within the organisation.

Items from past studies of Dess and Davis (1984) and Guest, Conway and Dewe (2004) were used to measure business strategy (10 items) and HRM practices (46 items). Organisational commitment were measured using Allen and Meyer (1990)'s three components which are effective, continuance and normative. Employee outcome of 23 items were divided into four attitudinal outcomes. Variables of job satisfaction in this study were measured using job descriptive index (JDI) (Smith, Kendall, and Hulin, 1969). Employees' job involvement was measured using a four-item scale based on Kanungo (1982) study. Evaluating worker turnover intentions was composed of three sub-scales using Mayfield and Mayfield (2007) study.

The 642 dataset collected were coded and saved into SPSS Version 14 and analyzed using AMOS Version 16.0. During

the process of data cleaning and screening for accuracy for data input, outliers, normality and multicollinearity, 22 datasets were deleted due to incomplete cases while another 49 datasets were deleted due to Mahalanobis distance values more than χ^2 value ($\chi^2 = 137.208$; $n=90$, $p<0.001$) leaving a final of 571 datasets to be analyzed.

Several statistical tests and analyses such as reliability test, validity tests using confirmatory factor analysis (CFA) for construct validity, discriminant validity for multicollinearity treatment, descriptive analysis, correlation and structural equation modeling (SEM) analysis using AMOS 16.0. Mediation analysis was to examine the direct and indirect effects of the study variables and test whether HRM practices mediated the associations between business strategy and employee outcomes. Hombeck(1997) suggested that SEM is particularly useful when multiple latent variables are under investigation. In this study, the results of SEM model were reported and then followed up by mediation test using Baron and Kenny (1986).

RESULTS

Confirmatory Factor Analysis (CFA)

Hypothesized model referring to Fig. 1 was designed to test the effect of business strategy and HRM practices on employee outcome's sub-variables. The model that proposed no relation between error terms did not fit well. Therefore, modifications indices were used to identify paths to improve model fit. After the modification indices (MI) showed eleven misspecified error variances, it indicated a high degree of overlap in content and six correction lines were made to eliminate the incorrect effect in initial model, the modified model had a good fit with the data based on assessment criteria such as GFI, CFI, TLI and RMSEA (Byrne, 2001; Anderson and Gerbing, 1988). Table 1 shows that the goodness of fit of generated or modified model is better compared to the hypothesized model.

As shown in Table 2, both the paths showed significant result flowing from business strategy to the HRM practices: HRMP1 (HRM practices adopted by differentiation strategy) have standardized estimate of 0.427 and critical ratio of 8.902 and HRMP2 (HRM practices adopted by low-cost strategy) have standardized estimate of -0.121 and critical ratio of negative 0.996. When differentiation strategy went up by 1, HRMP1 go up by 0.427. However, when low-cost strategy goes up by 1, HRMP2 go down by 0.121.

The HRM practices adopted by differentiation strategy (HRMP1) are found to have significant path of relationship on employee outcomes such as employee involvement (Estimate=0.795, CR=4.939), organisation commitment (Estimate=0.929, CR=5.302) and job satisfaction (Estimate=0.691, CR=5.811). However, HRMP1 are found

to have no significant relationship with employee turnover intention ($p=0.173$).

On the other hand, HRM practices adopted by low-cost strategy (HRMP2) are found to have significant path of relationship on employee outcomes such as employee involvement (Estimate=17.388, CR=9.099), organisation commitment (Estimate=17.586, CR=9.994), job satisfaction (Estimate=10.575, CR=8.740) and even turnover intention (Estimate=-15.531, CR=-6.542).

The regression weights of differentiation strategy had direct effect on employee involvement (Estimate= -0.230, CR=-2.684) with negative relationship. In other words, when differentiation strategy goes up by 1, employee involvement goes up by 0.230. This means that employee was likely to involve with their job when company adopted differentiation strategy alone without HRM practices. However, there were no significant direct effect between differentiation strategy and other remaining variables in the employee outcomes: organisational commitment ($p=0.493$), turnover intention ($p=0.775$) and job satisfaction ($p=0.867$). Therefore, implementation of differentiation strategy alone did not show any relationship with employee job satisfaction, commitment and turnover intention. Referring to the questionnaire items of differentiation strategy, product innovation, changing product features frequently to suit changing customer needs were some of the few items. This study showed that when this strategy is used, employees are required to contribute more ideas and to be creative in introducing new products. This situation seems to bring less effect on employee attitudes at workplace except employee involvement.

As for regression weights of low-cost strategy with employee outcomes, it had direct effect on organisational commitment (Estimate=2.206, CR=2.947) on turnover intention (Estimate=-2.134, CR=-3.035), employee involvement (Estimate=2.163, CR=2.883) and on job satisfaction (Estimate=1.512, CR=3.264). Among the regression weights between low-cost strategy and employee outcomes, only turnover intention is found to have negative significant relationship with business strategy. In other words, when low-cost strategy goes up by 1, turnover intention goes down by 2.134. This means that employee was less likely to resign from the company who adopted low-cost strategy alone. This relationship also showed similar effect between differentiation strategy and turnover intention. However, relationship between low-cost strategy and turnover intention is stronger.

Interestingly, other variables of employee employees will increase when low-cost strategy is used. For instance, when low-cost strategy goes up to 1, organisational commitment goes up by 2.206, employee involvement goes up by 2.163 and job satisfaction goes up by 1.512. Referring to the questionnaire items of low-cost strategy, 'products

and services are stable, standard operating procedures are used to maintain system efficiency, and thorough analysis will be made before implementation of new product' were some of the items asked. This study showed that employees prefer stability rather than flexibility in term of products and services of company. Therefore, their preference on stability influences their attitudes in the organisation.

Mediation Analysis

Fig.2 shows the causal steps approach recommended by Baron and Kenny, (1986). These steps are tested separately and maximum likelihood with bootstrapping was implemented in SEM to test the model.

The first step in mediation requires the independent variable (i.e. business strategy) to be significantly correlated with the dependent variable(s). The second step in mediation requires the independent variable (i.e. business strategy) to be significant correlated with the mediator (i.e. HRM practices). The third step in mediation requires the mediator to be significantly correlated with the dependent variables while holding constant any direct effect of the independent variable on the dependent variable. During the step four, the results were analyzed for either no, partial or full mediation in the model. Table 3 discusses, in detail, the analyses of direct, indirect, and total effects.

Table 4 further proves the indirect effect or mediation effect of HRM practices on business strategy and employee outcomes. This effect is defined as the reduction of the effect of the initial variable on the outcome or $c - c'$. This difference in coefficients is theoretically exactly the same as the product of the effect of X on M times the effect of M on Y or ab ; thus it holds that $ab \approx c - c'$.

Table 5 shows the types of mediation effects. The mediation effects were determined using the methodology of various researchers (James, Mulaik, and Brett, 2006; Kenny, Kashy, and Bolger, 1998; Baron and Kenny, 1986).

For human resource management practices 1 (HRMP1), a significant relationship ($p < 0.01$) was found between business strategy (i.e. differentiation strategy) and employee outcomes (path a). When the business strategy and HRM practices variables entered into model, the relationship exists between HRMP1 and employee outcomes (path b); organisational commitment ($p < 0.01$), employee involvement ($p < 0.01$), and job satisfaction ($p < 0.01$) were significant except turnover intention. Further, the relationship between differentiation strategy and employee outcomes (path c') showed organisation commitment, turnover intention and job satisfaction become non-significant. Interestingly, the relationship between differentiation strategy and employee involvement was significant ($p < 0.05$) but with sign changed to negative. Therefore, the study found that the relationship

between differentiation strategy and employee outcomes (organisational commitment and job satisfaction) has full mediation with HRM practices. The relationship between differentiation strategy and employee involvement as an indirect of inconsistent mediation through HRM practices. However, HRM practices have no mediation between differentiation strategy and turnover intention.

For the human resource management practices 2 (HRMP2), a significant relationship ($p < 0.001$) was found between business strategy (i.e. low-cost strategy) and HRMP2 (path a). When the low-cost strategy and employee outcomes variables were included into the model, the relationship exists between HRMP2 and employee outcomes (path b); organisational commitment ($p < 0.01$), employee involvement ($p < 0.01$), turnover intention ($p < 0.001$) and job satisfaction ($p < 0.001$) were significant. Further, the relationship between low-cost strategy and employee outcomes (path c'); organisational commitment ($p < 0.01$), employee involvement ($p < 0.01$), turnover intention ($p < 0.01$) and job satisfaction ($p < 0.01$) were significant. This finding supports a partial mediation effect of HRMP2 on the relationship between low-cost strategy and employee outcomes.

DISCUSSION

In this study, HRM practices were combined to see the effect of the integration effect towards business strategy and employee outcomes. There is benefit of examining the effect of the multiple pattern of HRM practices, rather than focusing on individual practices because HRM practices in organisations are related, and communicated as part of coordinated systems (see Huselid, 1995). Hence, the relationship between particular HRM practices and organisation commitment is difficult to interpret whenever individual HRM practices were measured (Meyer and Allen, 1997). These relations could indicate a causal connection between some particular practices with employee outcomes. In order words, these relations could be false because reflected mutual relations with other HRM practices or business strategies only.

As a result, it was hypothesized that the combination of HRM practices would mediate the relationship between business strategy and employee outcomes. After HRMP1 (the combination of HRM practices) were added to the model, significant relationships between differentiation strategy and employee outcomes (organisational commitment, employee involvement and job satisfaction) were shown. From the results shown in Table 4, it was found that HRMP1 had indirect effect on the relationship of differentiation strategy with job satisfaction ($\beta = 0.295$), organisation commitment ($\beta = 0.397$), and employee involvement ($\beta = 0.340$). The results showed that interaction of HRM practices among business strategy and job satisfaction; business strategy and organisation commitment; and business strategy and

employee involvement, could increase their positive attitude by 0.295, 0.397 and 0.340 respectively for every increase of business strategy and HRM practices in an organisation.

However, results did not showed significant mediation effect of HRM practices between differentiation strategy and turnover intention. This is consistent with Altarawmneh and Al-Kilani, (2010) where their results found no statistical evidence on the effects of HRM practices on employees' turnover intentions except job analysis. Furthermore, although this study showed no significant mediation effect, the standardized estimates showed negative effect. This result also showed consistency with Mudor and Tooksoon(2011) that studied the impact of three variables of HRM practices (supervision, job training, and pay practices) on employee turnover and their results highlighted negative effect on turnover.

On the other hand, HRMP2 (the combination of HRM practices) were added to the model to determine whether there is any effect of mediation between low-cost strategy and employee outcomes. From the results, it was found that HRMP2 had indirect effect on employee involvement ($\beta=-2.110$), turnover intention ($\beta=1.885$) and organisation commitment ($\beta=-2.134$) and job satisfaction ($\beta=-1.284$). All the mediation effects were negative except turnover intention. The indirect (mediated) effect of low-cost on employee turnover intention is 1.885. This effect means that due to the indirect (mediated) effect of low cost on turnover intention of employee, when low-cost goes up by 1, employee turnover goes up by 1.885. This is in addition to any direct (unmediated) effect that low-cost may have on turnover intention.

Overall, studies in SHRM consistently find that HRM practices are positively related to organisational performance, either directly or through mediating variables such as turnover, productivity, or quality (Arthur, 1994; Delery and Doty, 1996; Huselid, 1995; MacDuffie, 1995; Youndt, Snell, Dean, and Lepak, 1996). The findings of this study are consistent with Berg(1999) where at employee level, strong HRM system was found to be associated with increased job satisfaction. Employee is found to have high intention to stay with the organisation providing company emphasizes on training and development opportunities (Robinson, Kraatz, and Rousseau, 1994; Lester and Kickul, 2001). Rousseau and Ho, (2000) in their research also claimed that compensations and benefits practices used by employers bring major influence on employees' perception of employment relationships. All the characteristics of HRM practices discussed above by several authors are similar to the characteristics of HRMP1 (HRM practices implemented by organisation that using differentiation strategy).

CONCLUSION

In today's dynamic global business environment, human resource plays a critical role in building a competitive

advantage in the organisation. The available literature on importance of human resource has generally accorded more attention to exploring performance and work attitudes. However, little empirical research has been found to establish a relationship between HRM practices with business strategy and the four variables of employee outcomes namely, job satisfaction, organisation commitment, employee involvement and employee turnover intention.

The results had partially supported the hypothesis, "There is positive relationship between HRM practices and employee outcomes, thus playing mediation role between business strategy and employee outcomes". HRM practices had indirect effect on the relationship between business strategy and employee outcomes. In this study, the interaction of HRM practices surveyed with differentiation strategy is found to have significant positive effect on organisation commitment, employee involvement and job satisfaction except turnover intention. On the other hand, the interaction of HRM practices surveyed with low-cost strategy is found to have significant negative effect on organisation commitment, employee involvement and job satisfaction except turnover intention.

Small sample size was one of the limitations of this study. Although the sample size of this study has met the minimum requirement sample size for SEM, the sample size of 571 is not sufficient to generalize the findings in this study to the population. Besides, respondents in this study could have self-report bias where the respondents tend to report positively on their own belief and knowledge. Reverse causality is another threat to the internal validity of the findings from this study. Because of nature of survey, thereis some probability that the respondents may have given inaccurate ratings in this study, as English was the only language used as the medium of instruction. Some respondents could have difficulty in understanding and answering some questions.

Nonetheless, thepresent study brings benefit in gaining a better sense of the relationships between the variables. However, further research in the areas of business strategy, HRM practices and employee outcomes are recommended to discover the effects of this relationship with financial measurement. Differences of industry sector, level of management, region or countries should be examined to reveal the level of the model's stability across population. Further studies should include the development of a more comprehensive set of measurement items for the latent variables of HRM practices. Doing so would provide greater insight into which consistency of HRM practices best explain on employee outcomes.

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Appendix

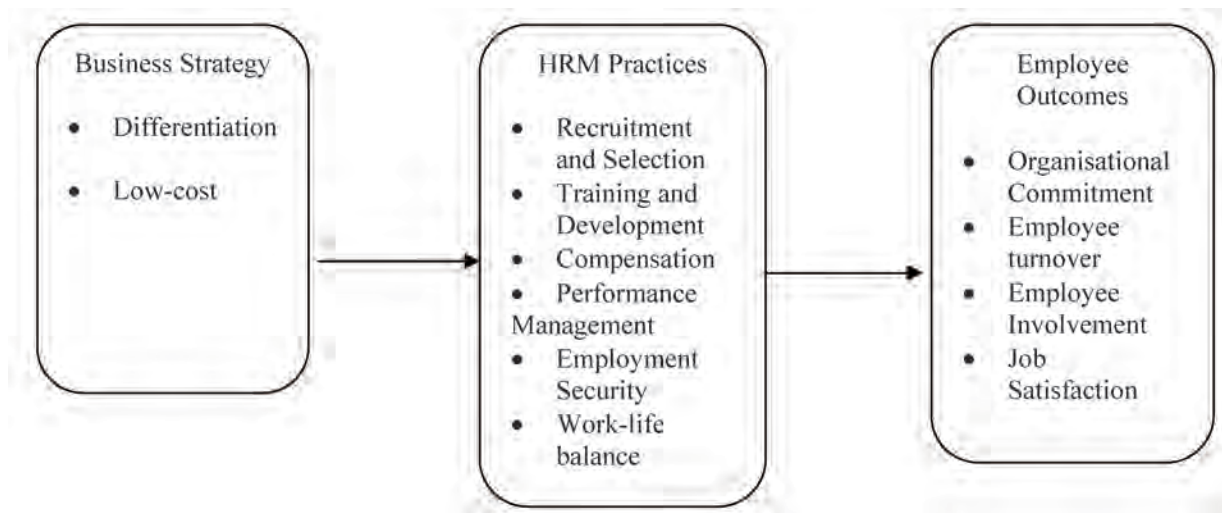


Figure 1: Conceptual Framework

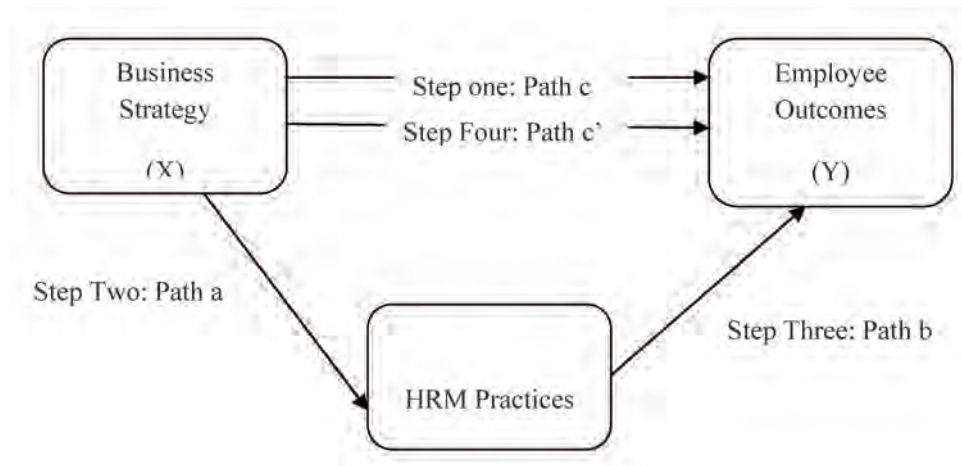


Figure 2: Causal Step Approach

Table 1: Goodness of Fit Results of Hypothesized and Modified Model (N=571)

Goodness-of-fit statistics			Hypothesized Model	Modified Model
Chi-square test	χ^2	$p < 0.05$	2479.138 ($p < 0.001$)	1184.856 ($p < 0.001$)
Degree of freedom	df	≥ 0	1139	664
Goodness-of-fit index	GFI	> 0.90	0.848	0.903
Comparative fit index	CFI	> 0.90	0.859	0.927
Tucker-Lewis index	TLI	> 0.90	0.848	0.918
Root mean square error of approximation	RMSEA	< 0.08	0.045	0.037

Table 2: Regression Weights of Modified Model

Parameter	Modified Model			
	Estimate	S.E.	C.R.	p-value
HRMP1 <--- Differentiation	.427	.048	8.902	***
HRMP2 <--- Low-Cost	-.121	.041	-2.996	**
OC <--- HRMP1	.929	.175	5.302	***
ET <--- HRMP1	-.232	.170	-1.364	.173
EI <--- HRMP1	.795	.161	4.939	***
JS <--- HRMP1	.691	.119	5.811	***
OC <--- HRMP2	17.586	1.760	9.994	***
ET <--- HRMP2	-15.531	2.374	-6.542	***
EI <--- HRMP2	17.388	1.911	9.099	***
JS <--- HRMP2	10.575	1.210	8.740	***
OC <--- Differentiation	-.063	.092	-.686	.493
ET <--- Differentiation	-.029	.103	-.286	.775
EI <--- Differentiation	-.230	.086	-2.684	**
JS <--- Differentiation	.009	.055	.167	.867
OC <--- Low-Cost	2.206	.749	2.947	**
ET <--- Low-Cost	-2.134	.703	-3.035	**
EI <--- Low-Cost	2.163	.750	2.883	**
JS <--- Low-Cost	1.512	.463	3.264	**

Note. * $p \leq 0.05$, ** $p \leq 0.01$ and *** $p \leq 0.001$

Table 3: Steps of Determining Mediation or Indirect Effect

Path (X→Y)	Step One: Path c (Total Effect)			
	Estimate	95% CI	Beta	p
D→OC	0.334	.211 to .479	0.300	.001
D→EI	0.109	-.014 to .237	0.104	.094
D→ET	-0.129	-.286 to .023	-0.108	.099
D→JS	.0.304	.212 to .434	0.416	.001
LC→OC	-0.072	-.078 to .243	-0.053	.385
LC→EI	0.053	-.090 to .202	0.042	.494
LC→ET	-0.249	-.465 to -.028	-0.171	.017
LC→JS	0.228	.121 to .352	0.257	.002
Path (X→M)	Step Two: Path a (Direct Effect)			
	Estimate	95% CI	Beta	p
D→HRMP1	0.427	0.339 to 0.543	0.710	.001
LC→HRMP2	-0.121	-0.249 to -0.054	-0.938	.001

Path (M→Y)	Step Three: Path b (Direct Effect)			
	Estimate	95% CI	Beta	p
HRMP1→OC	0.929	.544 to 1.365	0.502	.003
HRMP1→EI	0.795	.511 to 1.168	0.455	.002
HRMP1→ET	-0.232	-.566 to .151	-0.117	.252
HRMP1→JS	0.691	.441 to .956	0.568	.003
HRMP2→OC	17.586	13.630 to 22.121	1.684	.000
HRMP2→EI	17.388	12.828 to 21.881	1.763	.002
HRMP2→ET	-15.531	-20.856 to -10.260	-1.385	.002
HRMP2→JS	10.575	7.684 to 13.871	1.540	.001
	Step Four: Path c' (Direct effect)			
	Estimate	95% CI	Beta	p
D→OC	-0.063	-0.280 to 0.145	-0.057	.533
D→EI	-0.230	-0.437 to -0.045	-0.219	.016
D→ET	-0.029	-0.272 to 0.197	-0.025	.724
D→JS	0.009	-0.123 to 0.144	0.013	.877
LC→OC	2.206	.849 to 4.786	1.633	.001
LC→EI	2.163	.985 to 4.436	1.695	.001
LC→ET	-2.134	-4.435 to -1.084	-1.471	.001
LC→JS	1.512	.683 to 3.263	1.701	.001

Table 4: Mediation Effect of Human Resource Management Practices on Business Strategy and Employee Outcomes.

	Indirect Effect or Mediation or (c - c')			
	Estimate	95% CI	Beta	p
D→OC	0.397	0.245 to 0.572	0.357	.002
D→EI	0.340	0.216 to 0.497	0.323	.002
D→ET	-0.099	-0.254 to -0.070	-0.083	.236
D→JS	0.295	0.195 to 0.423	0.403	.002
LC→OC	-2.134	-4.719 to -.804	-1.580	.001
LC→EI	-2.110	-4.384 to -.949	-1.653	.001
LC→ET	1.885	.867 to 4.215	1.299	.001
LC→JS	-1.284	-3.011 to -.484	-1.444	.001

Table 5: Types of Mediation

	Path c (Step 1)	Path a (Step 2)	Path b (Step 3)	Path c' (Step 4)	Path c-c'	Type
D→HRMP1→OC	(+)**	(+)**	(+)**	(-) ns	(+)**	Fullmediation
D→HRMP1→EI	(+) ns	(+)**	(+)**	(-)*	(+)**	Inconsistent mediation
D→HRMP1→ET	(-) ns	(+)**	(-) ns	(-) ns	(-) ns	No mediation
D→HRMP1→JS	(+)**	(+)**	(+)**	(+) ns	(+)**	Full mediation
LC→HRMP2→OC	(-).ns	(-)**	(+)**	(+)**	(-)**	Partial mediation
LC→HRMP2→EI	(+) ns	(-)**	(+)**	(+)**	(-)**	Partial mediation
LC→HRMP2→ET	(-)*	(-)**	(-)**	(-)**	(+)**	Partial mediation
LC→HRMP2→JS	(+)*	(-)**	(+)**	(+)**	(-)**	Partial mediation

Note. *Correlation significant@ $p \leq 0.05$, **Correlation significant @ $p \leq 0.01$ and ***Correlation significant @ $p \leq 0.001$