
Muzammel Shah
Student ID: 8425
Ph.D – Management Science

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Supervised By: Dr. Qaiser Aman

Qurtuba University of Science & Information Technology,
Peshawar, KPK. Pakistan.
Supervisor Certificate for Thesis Submission to ORIC
ORIC approval Sheet
Dedication

I dedicate this work to my dear father Mr. Abbas Khan (late) who left no stone unturned for my success.
Acknowledgement

Foremost, I am grateful to Almighty Allah for the wisdom bestowed upon me, the strength and good health in order to complete this study. I sincerely thank my supervisor Dr. Qaiser Aman who dedicated his time and energy to lead me through this journey. I am grateful to all my teachers. I acknowledge the effort of Dr. Saima Batool. I will remember the frequent talks that we had during my PhD. My deepest appreciation belong to my father (late) and family who encouraged me and guided me toward my goals. I am also thankful to the ORIC and BOSAR Committee members for their time and patience. I thank my colleagues at Qurtuba University Peshawar. I will miss our research oriented discussion. The acknowledgement would not be complete without mentioning the members of Examination and Secrecy Section. I thank all the staff members of Qurtuba University for their help and cooperation. Lastly, I would like to appreciate and thank HEC for funding my study.

MUZAMMEL SHAH
List of Acronyms

AFI: Absolute Fit Indices
AGFI: Adjusted goodness of fit index
AMOS: Analysis of Moment structure
AVE: Average Variance Extracted
CEO: Chief Executive Officer
CFA: Confirmatory Factor Analysis
CFI: Comparative Fit Index
CMIN: Minimum Value of the Discrepancy Function
CR: Critical Ratio
DF: Degree of freedom
EFA: Exploratory Factor Analysis
GFI: Goodness of Fit index
HPWS: High Performance Work System
HRM: Human Resource Management
KPK: Khyberpakhtunkhwa
KMO: Kaiser-Meyer-Olkin
LMX: Leader Member Exchange Relationship
LPC: Least Preferred Co-Worker Questionnaire
MLQ: Multi-Factor Leadership Questionnaire
MSV: Maximum Shared Squared Variance
NFI: Normed Fit Index
NTL: National Training Lab
PCA: Principal Component Analysis
PMR: Root Mean Square Residual
PSX: Pakistan Stock Exchange
R²: Squared Multiple Correlation
RMSEA: Root Mean Square of Approximation
SEM: Structural Equation Modeling
SECP: Security and Exchange Commission of Pakistan
Sig: Significant
SPSS: Statistical Package for Social Sciences
Std. Dev: Standard Deviation
TLI: Tucker-Levis Index
UK: United Kingdom
Abstract

The objective of this study was to find the impact of Human resource management practices on managerial grid and leadership styles. The current research also studied the mediating role of employee trust and organizational commitment and the moderating role of Leader-Member Exchange model on association of HRM practices, managerial grid and leadership styles. Literary gap was identified where the relationship of HRM Practices, Managerial grid and Leadership styles was not previously explored and tested. The procedure of simple random sample was applied. Data was collected from a sample of 384 managers of 25 private sector companies listed on Pakistan Stock Exchange. The methodology of structural equation modeling in AMOS was employed to assess hypothesized relationships. All the hypothesized relationships were significant. However, LMX relationship did not moderate the relationship of HRM Practices and Leadership styles. The study will fill the theoretical gap and will help managers and strategists to devise organizational strategies while taking into consideration the relationship of human resource management and leadership.

Key words: Human resource management; leadership styles; managerial grid; employee trust; organizational commitment; structural equation modeling.
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Chapter 01
Introduction

1.1 Overview

The introduction chapter start with background of the study. Organizations are faced with the problems of lack of employee trust and low organizational commitment, due to which employees spend most of their energy finding jobs in other organizations. At the same time leader-member exchange relationship is affecting employee performance. In this situation leader social environment is important which consists of leaders and subordinate’s interpersonal relations. Human resource management also focuses on building and maintaining relations between employee and organization. Some of the research questions raised regarding the influence of HRM on leadership include what characterizes the leadership styles of leaders in organizations? Do the HR practices have an impact on leadership styles? Do HR practices impact employee trust and organizational commitment?

The objectives of the study are discussed in detail under a separate heading. The significance and scope of current study has been discussed. The last section of the chapter explains the organization of thesis.

1.2 Background of the Study

Due to rapid economic development in several Asian countries there is shortage of managerial talent in organizations. The nature of employment relationship has transformed considerably in the current years. The influence of this transformation has been realized partially in the shape of poorer employee trust and organizational commitment. The modern-day management and employment relationship in organization has posed numerous challenges for management of organization to sustain the motivation, commitment and trust of employees, which can be termed as leadership challenge. As a result, the secondary challenge for management is to develop leadership competency throughout the organization,
which in turn creates challenge for Human Resource Management. To sustain employee trust and commitment, organization has to overcome the problem of ineffective leadership by developing leadership capacity at each and every level of the organization. The determination of these challenges require a foundation of leadership and its expression and demonstration in the workplace. Additionally, it call for a larger and better translation of these models and ideas into applied human resource management. Lastly, it needs an operationalization of these leadership standards and principles within HRM Functions such as staffing, training and development, motivation, maintenance etc. This way HRM Function have to perform a significant role in facilitating and helping all managers and employees learn to become and grow into better leaders.

Effective management is required for the efficient and effective utilization of organizational resources. To be an effective manager require the knack of leadership capability. Leadership is a function of management and is a unique from all other functions of management. Fayol (1949) stated that to be effective, managers must perform the functions of planning, organizing, coordinating, commanding and controlling. Nowadays, maximum number of management books have dropped the coordinating function and mentions Fayol (1949), commanding function as “leading”. Most of the researchers agree that the functions of management has been reduced to four: planning, organizing, leading and controlling. “A manager is someone who coordinates and oversees the work of others to achieve organizational objectives efficiently and effectively” (Robbins & Coulter, 1999; Robbins & Robbins, 2008).

Since, Fayol (1949) stated that leadership is a function of management, all managers are leaders and have a dominant leadership style. Newstorm and Davis (1993) referred to leadership style is a way (approach) of delivering guidance, executing plans and inspiring individuals. It contains the entire design of overt and implied activities accomplished by the
leader. Leaders can change their behavior with different followers, but they have one dominant leadership style which may be task-oriented or relationship-oriented (Fiedler, 1978; Blake & Mouton, 1964). Further, no one leadership style fit all situations and no managers have a single leadership style. They exert a backup style when their own dominant style is not effective in particular situation. The fate of an organization is decided by its leadership, that’s why leadership is of paramount importance in organization. Organizational and group members require the direction and support of their leaders. They fill the gap. Leaders can lead only when they can effectively influence people.

As mentioned earlier, the secondary challenge for management is to generate leadership competency throughout the organization, which in turn poses a challenge for Human Resource Management in organization. Leadership has been found to be an essential element of success in government, business and military services (Levine, 2000). It has been well recognized that an organization is nothing without its people or human resource. Humans are the greatest and most important asset of an organization. It is an inescapable fact that in current viable international marketplace, the effective management of individuals is vital for organizational existence and success. A substantial body of knowledge now advocates that high quality people management can deliver a company an edge over its competitors (Shipton, Fay, West, Patterson, & Birdi, 2005). The management of Human capital has been realized as the most fundamental component of a firm performance. According to Mullin (2007) an organization require the effective utilization of its human resource and the coordinated effort of its members to reach organizational goals. HRM practices influenced organization performance by shaping employee attitude and behaviors (Arthur 1994; Huselid, 1995). Ostroff and Bowen (2000) stated that the attitude, behaviors and performance of organizational members may be influenced by both personal elements and HRM policies and practices adopted by organizations. Since, HRM practices apply to
each and every manager at each and every level of the organization, it can influence the particular leadership style adopted by a manager in organizational setting. Human capital management in organization can develop desirable leadership behaviors that may be either transactional or transformational or mix.

Group members’ expectations are vital elements in leader’s social environment which is composed of leader’s subordinate’s relationships (Pfeffer & Salancik, 1975). One major issue related to poor employee performance, which is of greatest importance is the lack of employee’s trust in leadership. The most important element of social relationship in organizational life is trust. The roots of trust lies deep in expectation which are the basic ingredient of social relationships (Barber, 1983). Trust is based on subordinate’s expectations from supervisor. If supervisor meet those expectation, then trust is developed in subordinates. Trust in leadership is important for survival of the organization. (Engelbrecht & Cloete, 2000). Brockner et al. (1997), stated that mutual trust was essential for effective communication between supervisors and subordinates. Engelbrecht and Cloete (2000), concluded trust to be a vital element of interpersonal relationships and effective management and therefore organizations should proactively build up the level of trust among supervisor and subordinates. Gómez and Rosen (2001) observed trust to be a critical element for organizational success. Developing trust is the spirit of leadership. It seems to be the main element of leadership. In a survey conducted by Interaction Associates (2015) revealed that more than half of the employees don’t trust their leader. Due to lack of trust employee feel unsafe and spend most of their energy in self-preserving and job hunt than performing their jobs. As a result talent acquisition cost and turnover cost increases. A workforce that has high trust between leader and employees was more committed workforce (Laschinger, Finegan & Shamian, 2001) and a committed workforce was a performing workforce (Skarmeas, Katsikeas & Schlegelmilch, 2002). A holistic approach from the perspective of organization
based on strong ethical foundation is required to sum up the issues relating to employee trust in leader and organizational commitment.

1.3 Rationale of the Study

Despite the common objective of managing people in organization and inspite of bulk of research in organizational behavior and management, the relationship of HRM practice and leadership styles is a gap or void in the body of knowledge. Scant research exist that integrate these seemingly unrelated streams of research. Thus, it is essential and important to study the association of HRM practices and leadership styles.

1.4 Theoretical Foundations of the Study

The current study was based on Resource Based Theory of Firm (Barney, 1991) and The Skill Theory (Katz, 1955).

1.4.1 The Resource Based Theory of Firm

The Resource Based View (RBV) of firm asserts that internal resources are more significant for an organization than external resources in attaining and maintaining competitive advantage. It states that internal organizational assets mainly determine organizational success. (Barney, 1991, 1995; David, 2003; Boselie et al., 2005). There are three all-inclusive kinds of internal organizational resources: organizational resources, physical resources and human resources. Organizational resources comprised of organization structure, design processes, information structures, copyrights, brands, patents, databanks etc. Physical resources comprised of factory, tools, site, technology, raw material, machineries. Human resources consist of all workforce, education, know-how, information, intellect, abilities, skills, etc. To achieve sustained competitive advantage organizational resources should be valuable. For resource to be valuable, it must be rare, inimitable and non-substitutable (Barney, 1991, 1995; David, 2003; Boselie et al., 2005). Creating a continuous competitive advantage thus hinge on distinctive assets and competencies that a business
carries to competition. But Wright, McMahan and McWilliams (1994) claimed that resources should not be regarded as strategic assets since they are easily imitated, rather, it is the human or social capital held by an organization that matters.

HRM provides additional value via the tactical expansion of a firm’s rare, inimitable and non-substitutable resources. These resources comprises of all education, skills, experience, abilities, risk taking tendency and understanding of those working with a firm. HRM may perform a function in developing human capital and inspiring the kind of individual performance that truly make an advantage (Boxall & Steeneveled, 1999). Moreover, the achievement of sustained competitive advantage via organizational leadership has been advocated by Avolio et al., (1996).

Thus, the current study proposes that the basis of sustained competitive advantage for organization is to have leadership capacity throughout the organization and this leadership capacity is produced by Human Resource Management. It is based on the notion that competitive advantage be gained through leadership. Since Fayol (1949) stated that leadership is a function of management, all managers are leaders and have a dominant leadership style. And Hunt (1991) stated that leadership is a process that happens within a business and is not the specific to certain level or rank. Therefore, leadership is something that can be demonstrated by anybody in organization regardless of their level or rank. According to Camron and Quinn (1999) a leadership style composed of four components namely, facilitator, innovator, and technical expert and effective rival of competing firms. So everyone in organization, working at every level of organization is leader if he/she is a facilitator in his/her own and other department and facilitate group members. If he/she brings new and innovative ways of doing and performing job in organization. If he/she is technically expert in his or her area and him or her effectively contribute to competing with rival firms.
Thus, in order to achieve sustained competitive advantage, organizations need facilitators, innovators, technical experts and effective rivals at each and every level of organization.

1.4.2 The Skills Theory (Katz, 1955)

According to Skill theory (Katz, 1955), effective leadership require the learned knowledge and acquired abilities. Effective leadership needs the knowledge, skills and abilities of leaders. It emphasizes on people’s expertise and capabilities that can be acquired and grown (Northhouse, 2007). The most seminal work on skill approach was carried out by Katz’s (1955) who suggested that leadership (effective Administration) is based on three skills (Katz three Skills theory) namely technical, human and conceptual skills. Leadership performance is dependent upon acquired skill, learned knowledge and development of leadership style. It discard the trait approach to leadership. It emphasizes the allocation of organizational resources to training and development for development of effective leadership in organization.

1.5 Problem Statement

The shifting nature of management in current years has created challenges for management of organizations to sustain the motivation and commitment of workforce which can be called as leadership challenge. At the same time, the secondary challenge for management is to develop leadership competency throughout the organization, which in turn poses a challenge for Human Resource Management in organization. It is proposed through this research that to sustain employee trust and commitment, organization has to overcome the problem of ineffective leadership by developing leadership capacity inside the organization through Human Resource Management Function.

But the relationship of HRM and leadership has been ignored despite the bulk of studies in OB and Management. An examination of the literature revealed that previous research has studied the concepts of culture, gender, personality, corporate social
responsibility, sustainability and corporate philanthropy in organizations (Gond et al., 2011) but the relationship of HRM and Leadership Styles is a gap or void in the existing literature. Scant research exist about the relationship of HRM and Leadership Styles. Therefore, it is imperative to examine the impact of HRM practices in developing leadership potential within organizations, inspiring a leader to be trusted, meeting employee expectations, shaping an employee behavior to become committed employee and directing the energies within organization toward the accomplishment of organizational goals.

1.6 Research Objectives

Following were some of the objectives of the current research:

i. To explore the impact of HRM practices on managerial grid and leadership styles.

ii. To find the indirect effect of HRM practices on Managerial grid and Leadership styles through Employee trust and Organizational commitment.

iii. To examine the moderating role of LMX model on the association of HRM practices, Managerial grid and Leadership styles.

1.7 Research Questions

The current research was carried out with the objective to answer the following questions:

Q1. Do the HRM practices have an impact on Managerial Grid and Leadership Styles?

Q2. Do HRM practices indirectly affect Managerial Grid and Leadership Styles through Employee Trust and Organizational Commitment?

Q3. Does the Leader Member Exchange Model (LMX) moderate the relationship of HRM practices, Managerial Grid and Leadership Styles?
1.8 Significance of the Study

The current research is significant to the field of HRM, Leadership, Management and Organizational Behavior. The theoretical gap that exists in the present literature will be filled by current study. It will offer an understanding of the effect of HRM Practices on Managerial Grid and Leadership Styles. The outcomes of the present study will help to transform the ideas and beliefs of the scholars and academics in the field. It will provide help to practitioners in devising policies to align HR practices and Leadership styles. The current study will determine the strength of those HRM practices which are strongly related to employee trust. The study is also important from the perspective of developing employee trust in organization. It will reveal a set of core HRM practices which were adopted by top performers in industry. Managers can compare their own HR practices with those implemented nationally and internationally by firms in the same industry. They can consider these practices as a benchmark for their own organization.

Examining the relationship of HRM Practices, Managerial Grid and leadership styles will help organization evaluate its leaders and managers’ behaviors, traits and other personality related variables. Certain leadership styles may be best suited to particular group of subordinates and specific industry. As some industries are production oriented while others are service oriented or skill based. So a particular leadership style may not be suitable for some industry while it may be plentiful for some other industry. Through this research, certain leadership styles which are best suited to particular industry were identified.

The mediating relationship will reveal that how these two variables affect leadership behavior in organization. Testing the relationship of HRM practices with Managerial Grid and leadership styles in the presence of Leader-Member exchange model (moderator) will inform Organizations to reconsider their policies regarding certain important variables such as reward, productivity, promotion, turnover intention, organizational commitment etc.
1.9 Dissertation Plan/Scheme of Study

The thesis is organized in the following order:

Chapter 1. Introduction
Chapter 2. Literature review
Chapter 3. Research methodology
Chapter 4. Data analysis, Results and Discussion
Chapter 5. Conclusion and Recommendations
Chapter 02

Literature Review

2.1 Overview

This chapter contains a detail review of previous literature. HRM Practices are discussed in details. The dependent variable Managerial Grid and Leadership Styles has been discussed. Similarly the mediating variables Employee Trust and Organizational Commitment are discussed in great details. The theories supporting the research study are also presented and discussed with regards to theoretical framework of the study. Leader-Member Exchange Model has been defined and discussed from different perspectives and how the term evolved in the history. Definitions and various components of research variables are discussed.

2.2 Management

The nature of employment relationship has transformed considerably in the current years. The influence of this transformation has been realized partially in the shape of poorer employee trust and organizational commitment. The modern-day management and employment relationship in organization has posed numerous challenges for management of organization to sustain the enthusiasm and commitment of employees, which can be termed as leadership challenge. As a result, the secondary challenge for management is to develop leadership competency throughout the organization, which in turn postures challenge for Human Resource Management. The determination of these challenges require a foundation of leadership and its expression and demonstration in the workplace. Additionally, it call for a larger and better translation of these models and ideas into applied human resource management. Lastly, it needs an operationalization of these leadership standards and principles within HRM Functions such as staffing, training and development, motivation, succession planning, career management, maintenance etc. This way HRM Function have to
perform a significant role in facilitating and helping all managers and employees learn to become and grow into better leaders.

2.2.1 Definition of management

“A manager is someone who coordinates and oversees the work of others to achieve organizational objectives efficiently and effectively” (Robbins & Coulter, 1999; Robbins, 2008).

2.2.2 Functions of management

Fayol (1949) stated that to be effective, managers must perform the functions of planning, organizing, coordinating, commanding and controlling. Nowadays, maximum number of management books have dropped the coordinating function and mentioned Fayol (1949) commanding function as “leading”. Most of the researchers agree that the functions of management has been reduced to four: planning, organizing, leading and controlling. “A manager is someone who coordinates and oversees the work of others to achieve organizational objectives efficiently and effectively” (Robbins & Coulter, 1999; Robbins, 2008). All the management functions are equally important but leadership is the most vital because it is the leader who decides the fate of an organization. Leadership is one of the fundamental function of management, therefore, all managers should be leaders (Robbins & Coulter, 2008).

In the current research, leadership is studied from the managerial perspective. Only leadership in businesses or organizations is focused, that’s why most of the definitions of leaderships and leadership styles are ignored.

2.2.3 Management and leadership

Management is the application of pre-established solution to recognized problems in organization following stated rules and standards (Day, 2000). Manager need specific knowledge, skills and abilities to improve task performance in management roles. Leadership
involves the creation and articulation of vision for organization and teams. The leader as an individual set in and communicates the organization’s culture and values (Schein, 1985). Management crops consistency while leadership produces direction (Kotter, 1990). Managers improves task performance through their learned knowledge and skills. Leaders are at the front position when groups and teams want to learn their way out of problem that could not have been expected. Leaders take decisions at time of crisis and trouble which define future direction. Further, they nurture team work and develop trust so as to empower group members to act. However, everyone is a leader and a manager who exercise formal authority due to managerial role in organization. Covey (1989) stated that management is the capability of climbing the ladder of victory; leadership is placing the ladder against the right wall.

2.3 Leadership

Interest in leadership studies date back to early civilization. Confucius (500 BC) wrote one of the comprehensive treatise on leadership (Ayman, 1993). The debates on leadership can be noticed in the books of Plato, Putarch and Caeser (Bass & Yammarino, 1991). One of the noteworthy and momentous work on leadership in 16th century was “The Prince” by Machiavelli (1940-1950) as cited by Iqbal and Pervez (2013). In more modern times, leadership has continued to be a subject of interest. Numerous school of thoughts of leadership exists (Stogdill, 1974). It is important to define the term leadership before discussing leadership theories that developed overtime.

2.3.1 Definition of leadership

Table 1 contains some of the well-known definitions given by management and leadership researchers and the respective theme of each definition.
Table 1
Leadership Definitions

<table>
<thead>
<tr>
<th>s.#</th>
<th>Author (year)</th>
<th>Definition of leadership</th>
<th>Common themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cowley, (1928)</td>
<td>“A person who has a program and is moving toward an objective with his or her group in a definite manner”.</td>
<td>change</td>
</tr>
<tr>
<td>2</td>
<td>Bernard, (1928)</td>
<td>“Any person who is more than ordinarily efficient in carrying successful psychological stimuli to others and is thus effective in conditioning collective responses may be called a leader”</td>
<td>motivation</td>
</tr>
<tr>
<td>3</td>
<td>Stogdill, (1950)</td>
<td>“The practice of guiding the actions of an organized group in its effort toward goal setting and goal attainment”</td>
<td>Influence</td>
</tr>
<tr>
<td>4</td>
<td>Davis, (1951)</td>
<td>“A leader is a main dynamic force that inspires, stimulates and directs the group in the achievement of its goals”.</td>
<td>Motivation, change</td>
</tr>
<tr>
<td>5</td>
<td>Hempill &amp; Coons (1957)</td>
<td>“The behavior of a leader in directing the activities of a group toward a shared goal”</td>
<td>Influence, change</td>
</tr>
<tr>
<td>6</td>
<td>Davis (1962)</td>
<td>“Leadership is a human element which keep individuals organized and inspire them to an objective”</td>
<td>motivation</td>
</tr>
<tr>
<td>7</td>
<td>Kahn &amp; Katz, (1978)</td>
<td>“The influential increments over and above the mechanical compliance with the routine directives of the organization”.</td>
<td>Influence, change</td>
</tr>
<tr>
<td>8</td>
<td>Rauch &amp; Behling (1984)</td>
<td>“The process of influencing the activities of an organized group toward goal achievement”</td>
<td>influence</td>
</tr>
<tr>
<td>9</td>
<td>Richard &amp; Engle (1986)</td>
<td>“Leadership is about enunciating vision, symbolizing values and building an atmosphere where things can be achieved”.</td>
<td>Motivation, change</td>
</tr>
<tr>
<td>10</td>
<td>Jacob &amp; Jaques (1990)</td>
<td>“The process of giving purpose (meaningful direction) to shared effort and causes willing effort to be expected to achieve purpose”</td>
<td>Motivation, change</td>
</tr>
<tr>
<td>11</td>
<td>Schein (1992)</td>
<td>“The ability to step outside the culture and to start evolutionary change processes that are more adaptive”.</td>
<td>change</td>
</tr>
<tr>
<td>12</td>
<td>Drath &amp; Palus (1994)</td>
<td>“The process of making sense of what people are doing together so that people will understand and be committed”</td>
<td>influence</td>
</tr>
<tr>
<td>13</td>
<td>Daft, (1999)</td>
<td>“Leadership effects the association between the leader and the groups who want the actual changes that reflect their common goals”.</td>
<td>influence</td>
</tr>
<tr>
<td>15</td>
<td>Dubrin (2008)</td>
<td>“Leadership is the ability to inspire confidence and support among people who are needed to achieve organizational goals”.</td>
<td>Motivation, change</td>
</tr>
<tr>
<td>16</td>
<td>Robbins &amp; Coulter (2008)</td>
<td>“The process of leading a group of people and influencing that group to achieve its objectives”.</td>
<td>Influence,</td>
</tr>
</tbody>
</table>
Spitzberg (1986) believed that the definition and meaning of leadership hinge on the kind of institution in which it is found. Bass (1997) observed that most of the definitions were vague. The current study developed a definition of leadership comprised of all four themes i.e. vision, motivation, influence, change. This study defines leadership as “the process of having a vision, articulating change that reflect shared goals and influencing group members to achieve group goals”. The definition covers all the four themes (vision, motivation, influence and change) that were previously revealed while presenting leadership definitions. From these four themes, it was concluded that leadership has four component i.e. having a vision, articulating change, shared goals and influence of leader over group members. The current study believe that leader is someone who has a vision and who can see behind the fog. Who is proactive and know where the group is headed. The second component of this definition is change. A leader must have a plan to move the group from the current state (position) to a new state (position). The leader will articulate that change and need to reveal the benefits or advantages of moving from status quo to new position. Third component is about shared goals. The leader will direct group members toward the achievement of shared goals. It is the responsibility of leader to communicate to the group members about group goals. The leader develop group harmony by communicating to group members know where they are headed. The fourth component is influence. The leader influence group members through charisma or through exchange transaction (reward and punishment). Influence over group members is the most important component of leadership. Leaders require influencing power (charisma or reward) to inspire people and achieve group goals. A leader will motivate group members to move to new state. Without influence over group members, a leader cannot achieve group goals. Most of the leadership researchers believe that the word “follower” is not a suitable so it has been replaced by the word “group member”. **
2.3.2 Leadership styles

The way a leader inspire individuals, execute strategies and provide direction is called leadership style. It is the behavior adopted by managers while carrying out their managerial roles. It embraces the overall shape of overt and implied activities executed by a leader (Newstorm & Davis, 1993). It is related with the influence of leadership on those being directed (Mullin, 2007). A leadership style composed of four components namely, facilitator, innovator, technical expert and effective rival of competing firms (Camron & Quinn, 1999). The success of an organization require a leader to adopt a particular leadership style. The three leadership styles used in the current study are discussed in the next section.

2.3.2.1 Transactional leadership

Transactional leadership encompasses an exchange between leader and group members (Burns, 1978; Bass & Avolio, 1994). The notion of transactional leadership was coined by Burns (1978) which was further modified by Bass (1985). Hartog, Muijen and Koopman (1997) stated that the follower receives several important outcomes like salaries, reputation etc. when they perform according to leader’s wishes. Dubrin (2008) argued that a transactional leader emphasizes routine transactions rewarding group members for meeting standards i.e. contingent reinforcement”. Transactional leadership operates at the elementary stages of need satisfaction within the perspective of Maslow’s Hierarchy of Needs (Maslow, 1943). The leader concentrate on the inferior level needs by demanding specific job performance (Hargis, Watt & Piotrowski, 2011). The leader practices an exchange model with reward being offered for decent work and positive outcome. On the other hand, inadequate work and negative result is penalized till the issue is solved. Sadeghi and Pihie (2012) provided the evidence that transactional leaders allow group members to accomplish their individual self-interest, reduce workstation nervousness and focuses on organizational goals such as better quality, client facility, cost reduction and improved productivity. Masa’deh,
Obeidat and Tarhini (2016) found that transactional and transformational leadership indirectly influence firm performance. Martinez-Corcoles and Stephanou (2017) concluded that active transactional leadership had a substantial influence on performance via safety climate.

### 2.3.2.1.1 Components of transactional leadership

The construct of transactional leadership comprised of four elements: contingent reward, management by exception (active), management by exception (passive) and laissez-faire.

**2.3.2.1.1 Contingent reward (CR):** Contingent reward indicates that leader explains target and reward workers when target is accomplished. It shows the amount of leader’s productive relations or exchange with group members (Judge & Piccolo, 2004). The leader elucidates prospects and creates the incentive for fulfilling these prospect. Odumeru and Ogbonna (2013) stated that contingent rewards are provided when the set objectives are attained on time, before time or to have group members employed at a decent pace at dissimilar times during accomplishment. It demonstrates the extent to which leader express group members what to do to be compensated, stresses what leader anticipate from them and distinguish their achievement.

**2.3.2.1.2 Management by Exception (Active):** Active leaders constantly observe members’ conduct, predict evils and take remedial actions earlier it generates grim complications. It is the degree to which leader observes and seek nonconformity from guidelines and criteria and takes remedial actions. The leaders’ decision’s center around the outcomes of leader member transaction. Such a leader frequently observe deviance from principles, note mistakes and errors and takes curative actions as needed. It considers whether leaders communicate others the business necessities and coped with usual performance.
2.3.2.1.3 Management by Exception (Passive): Passive leaders are not proactive. They delay till the conduct generates difficulties before undertaking corrective actions (Judge & Piccolo, 2004). The degree to which a leader intervene simply when the criteria are not met. Such a leader waits inactively till the aberration from normal, fault or error happens and then corrects employees.

2.3.2.2 Transformational leadership

A transformational leader is an individual who promotes the supporters’ intensity of awareness about the significance and worth of wanted objectives and the means of getting those objectives (Burns, 1978). The notion of transformational leadership was presented by Burns (1978) in his descriptive research. Robbins (1999) argued that transformational leaders have exceptional influence over their followers. Transformational leaders maintain close social ties with group members and stimulate them beyond their material welfare. Warrilow (2012) stated that transformational leadership was all about developing positive change in organization and inspiring group members help and support each other. They influence individual and group values and beliefs. As a result of change in attitudes, values and beliefs, individual perform above their performance standards (Rubin, Munz & Bommer, 2005). This was attained by enunciating future vision of organization and presenting a model that was consistent with the vision. Arnold et al., (2015) delivered empirical evidence for the relationship of leadership styles, emotions regulations and burnout.

A transformational leadership style was characterized by two kinds of leadership behavior: individual versus group oriented (Wu, TSui & Kinicki, 2010). Individualized consideration and intellectual stimulation affect employee individually while idealized influence and motivational inspiration affect the entire group.
2.3.2.2.1 Components of transformational leadership

There are four elements of transformational leadership developed (Bass, 1985; Avalio, 1994; Bass & Riggio, 2006). Bass et al. (1985) specified that transformational leaders exhibit each one of these four constituents to different levels in order to achieve the wanted organizational change via group members. The four main components of transformational leadership comprised of charisma or idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Avalio, 1994). These components are labelled as “Four Is”. Transformational leaders often combine the first two components together as charisma (Bass & Riggio, 2006). Others scholars (Bass & Riggio, 2006; Warrilo, 2012) also approved these four elements. These four features conjoin to make the leader transformational leader (MicCleskey, 2014). These features are labeled as the “Four I’s.

2.3.2.2.1.1 Charisma or idealizes influence (II): According to Bass and Riggio (2006) two aspects are there of the idealized effect regarding the follower of leader’s relationship. Firstly, the follower’s characteristic’s the leader with specific traits that the followers wish to imitate. Secondly, the leader inspires followers by means of their behaviors. The extent which leaders express their vision and values in a compelling manner that inspire group members (Illies, Curseu, Dimotakis & Spitzmuller, 2012).Idealized Influence specifies that leaders perform as a role model, embraces subordinates’ trust, and uphold their confidence and reverence.

2.3.2.2.1.2 Inspirational motivation (IM): Optimism and enthusiasm are the basic features of inspirational motivation (Bass & Riggio, 2006). It is the extent to which a leader has vision and utilize suitable images and symbols to influence others and make them feel that their work is important.

2.3.2.2.1.3 Intellectual stimulation (IS): Bandura (1977) argued that intellectual stimulation necessitates openness on the part of leader. The extent to which leaders
emphasizes followers to find new ways of solving traditional problems and question individual and organizational beliefs and values. Further, such openness should be deprived of fear of criticism and enlarged level of confidence in problem resolving. Effectiveness can be improved by increasing the self-efficacy of followers. This permits leaders to upsurge followers’ exertions at innovation by inquiring assumptions, reframing problems and put on new methodologies to old and already existed circumstances (Bass & Riggio, 2006).

2.3.2.1.4 Individualized consideration (IC): Personalized Consideration specifies the extent to which leaders demonstrates interest in others’ welfare, allot project to individuals and focus on those who look like they are less involved in the group. It takes in acting as a mentor in order to support followers to reach their complete potential. Further, leaders make available learning opportunities and helpful climate to their followers (Bass & Riggio, 2006). A transformational leadership style is characterized by two kinds of leadership behavior: individual versus group oriented (Wu, TSui & Kinicki, 2010). Individualized consideration and intellectual stimulation are related to individuals while idealized influence and motivational inspiration are related to group behavior.

2.3.2.3 Laissez-fair leadership

Laissez-Fair endures certain similarity to Management by exception. It is actually the absence of leadership. It is considered different from all other leadership styles because it represent the nonexistence of any leadership (Bass & Avolio, 1997). Such leaders avoid taking actions and are not present when needed.

The current study focused on transactional, transformational and laissez-faire leadership. Previously, Advani (2015) also reported a substantial link between leadership styles and employee performance in Pakistan Banking sector. Akhtar and Butt (2002) found that the banks or financial institutions in public sector solely depend on people-oriented leadership style while on other side financial institutions in private sector practice task-
oriented leadership styles. Khalil, Iqbal and Khan (2016) studied the leadership styles of 50 school head teachers in district Lahore, Pakistan. The results showed that transactional leadership styles is emerging as the most popular leadership style as compared to transformational and laissez-faire leadership style among school administrators. It was also noted that female’s administrators are more transactional than male administrators.

Paracha et al., (2012) revealed that the transactional and transformational leadership were significantly associated to employee performance. Zahra, Sarwar and Baig (2015) observed that leadership styles of middle level managers both male and female within organization exhibit mostly transactional leadership style in Pakistan.

Malik, Saleem and Naeem (2016) investigated 72 leaders and 144 subordinates of three telecom companies and found that organizational citizenship behavior and leadership styles were positively associated. Tahir (2015) found that transformational leadership significantly affected organizational performance whereas; the transactional leadership had negative and significant impact on organizational performance.

Amin, Shah and Tatlah (2013) studied 287 faculty members and confirmed a significant positive association between leadership styles and job satisfaction. Javaid and Mirza (2012) found that leadership styles were significantly positively related to organizational commitment in faculty members of Pakistan Higher Education Institutes. Transformational style was more effective than transactional leadership style in enhancing organizational commitment. Awan, Mehmood and Idrees (2014) found a non-significant relationship between leadership styles and organizational commitment in both public and private universities. Saeed et al., (2014) examined the rapport between the styles of leadership and conflict management style in 150 middle level managers working in the manufacturing industries of Pakistan. The findings revealed that leadership styles significantly affected conflict management. Rasool et al., (2015) claimed a significant
association between leadership styles and employee performance. Further, transformational leadership has been found one of the dominant leadership styles in the Pakistan health sector.

2.3.3 The Managerial grid

Managerial grid is a matrix that measures managerial leadership styles along two dimensions of concern for production and concern for people. The model was developed by Blake and Mouton (1964). Firstly, the dimension concern for production would include of outcomes and returns. Concern for people involve receiving outcomes grounded on reliance, admiration, compliance and care. A total of 81 grid positions were developed, out of which only five are well known and significant to the study of leadership. These are discussed as under:

2.3.3.1. Impoverished Management (1, 1): Managers with impoverished management style hold slight concern for both production and people, avoid taking sides and stay out of conflicts. They employ marginal effort to get the necessary work done which is suitable to withstand organizational affiliation.

2.3.3.2. Country Club Management (1, 9): Manager with this style have slight interest in production and have greater concern for people. They maintain friendly working environment by paying attention to people needs and interpersonal relationship.

2.3.3.3. Authority-Compliance (9, 1): This style of management is described by ample concern for manufacture and minute concern for individuals. They don’t value human relations and inspirations and use controlled mechanisms to efficiently accomplish organizational objectives.

2.3.3.4. Middle-Of-The Road Management (5, 5): Managers with this style strive to maintain both concern for production and people but are not devoted to either. They take average concern for both production and people. They consider that organizational
performance is possible by matching the requirement of production with retaining a reasonable level of optimism (medium concern for both goals and people).

2.3.3.5. Team Management (9, 9): Managers with team management style have huge concern for both production and people. They grasp the level of achievement by encouraging and stimulating workers. It is considered as a perfect leadership style among others. The team manager tries to create a relationship of respect and trust. Goals are achieved through interdependence of committed group member sharing a common purpose. Such leaders value change and are flexible and responsive to changes. This is the most effective leadership style for organization (Blake & Mouton, 1964).

2.4 Human Resource Management

2.4.1. Personnel Management and HRM

“Humane Resource Management” is often used interchangeably with “Personnel Management” or “People Management”. HRM is developed from Personnel Management. However, Personnel Management is not HRM. Personnel Management was primarily concerned with management of workers actions in each division. It was a record keeping role in operation level to retain sensible terms and conditions of service. It can be defined as all managerial actions and decisions that immediately influence employees as organizational members rather than as job holders. It was a traditional approach that focused on personnel administration, compensation, labor relations and employee wellbeing. It consider people as input in production process.

Human Resource Management is concerned with creating and maintaining a good working relationship within the organization to achieve organizational objectives as well as to meet employee expectations. It deals with management of human energy and capabilities. It regards people as human resources and is considered a strategic function. It consider humans as strategic resource in organization system.
2.4.2 Definition of Human Resource Management

Beer (1984) defined HRM as “all managerial decisions and actions that influence the quality of association between business and its workforce”. Ivancevich and Glueck (1989) argued that the function of HRM is aimed to support the most efficient utilization of individuals to accomplish business and individual goals. Dessler (2006) described HRM as “the process of acquiring, training, appraising and compensating employees and of attending to their labor relations, health, safety and fairness concerns. This is accomplished through a unique set of unified work rules, plans and systems. It is the process of inviting, developing and sustaining a capable and enthusiastic staff to support the strategies, mission and objectives of an organization (Schmermerhorn, 2011).

Robbins and Coulter (2008) argued that organization can create superior shareholder value by maintaining people oriented HRM system. Francis and Keegan (2006), stated that the HR function has shifted from a pre-dominant emphasis on operational issues to a more strategic focus and there is significant transformation reflecting the amplified responsibility placed upon it to bring advancement in the workplace and add to organization’s sustained competitive advantage

HRM has been gradually considered as a dire strategic partner. It is defined by numerous researchers as a strategic function. The first phase of the strategic management process is accompanied by HR planning. When organization define its vision, mission and goals, it also involve in HR planning in which organization decide the future HR needs of the organization. They decide whether to recruit or decruit people. Thus, a business or an organization cannot form a group of worthy working professionals without decent Human Resource. HRM is about getting results-through people. Dessler (2006), stated:

“A manager can lay brilliant plans, draw clear organization charts, setup modern assembly lines and use sophisticated accounting controls–but still fail, by hiring the
wrong people or not motivating subordinates. On the other hand, many managers were successful with inadequate plans, organizations and controls because they had the knack of hiring the right people for the right job. Getting results is the bottom line of management and HR manager get these results through people. This is achieved through a distinctive set of integrated employment policies, programs and practices”.

The above definitions and discussion revealed that HRM is all about “management of people” and “management in its simplest form refers to “planned, organized and controlled activities”. As HRM is management, so it is a set of planned, organized and controlled activities. Another aspect of HRM is focus on employee needs and expectations. Thus, HRM is a set of all planned, organized and controlled activities which focus on meeting employee needs and expectations. But the goal of HRM like all other management activities is to achieve organizational goals, so the current study defined HRM as: “a set of planned, organized and controlled activities which strive to create and maintain a worthy working relationship within the organization to achieve organizational objectives as well as to meet employee expectations”.

The function of Human Resource Management is to create and maintain a good working relationship between organization and its employees to meet employee expectations as well as business objectives. HRM not only focuses on meeting organizational objectives but it is also about devising ways to meet employee expectations. It is always concerned with both sides’ i.e. organizational objectives and employee expectations.

2.4.3 Human Resource Management Practices

A greatly integrated collection of HR practices blends to form an HR system. Jiang, Wang and Zhao, (2012) stated that an HR system can be divided into bundles of interrelated HR practices that are aimed to achieve organizational goals. Some scholars (Arthur, 1994; Huselid, 1995) suggested that HRM practices improved corporate performance by influencing worker attitudes and behaviors. Huselid, (1995) studied 968 organizations and
reported that ample employee staffing, widespread employee involvement, training and performance appraisal connected to enticements were related with lesser employee turnover, higher output and corporate performance.

In many organizations, HRM is considered as an element of the total organizational strategy (Myloni, Harzing, & Mirza, 2004). HRM is considered as one of the drivers of modernization of the public sector (Boyne, 2003; Pollitt & Bouckaert, 2004). Most academics and researchers suggested that HRM is vital for the accomplishment of organizational goals (Barney, 1991; Pfeffer, 1994; Tubre & Collins, 2000). Robin and Coulter (2008) observed that HR practices are known as high-performance work practices as it lead to individual and organizational performance. Operating accomplishment can be improved through certain combination of HRM practices (Youndt et al., 1996). Bhattacharya, Gibson, and Doty (2005) found a significant relationship between firm performance and HRM practices.

Redman and Snape (2005) found a significant positive association between organization citizenship behavior and HR practices. Wright et al., (2005) observed a positive association among HR practices, organizational commitment and job satisfaction. Zacharatos, Barling and Iverson (2005) provided evidence of association of high performing work system and trust in organization. Dysvik and Kuvaas (2008) observed a positive association between HRM and work performance. Boselie, Dietz and Boon (2005) examined the articles published in pre-eminent HRM journals from 1994 to 2003 and revealed that 58 studies applied a practice approach while the outstanding 46 applied system approach. Further, no generally acknowledged rationale existed for choosing practices as certainly vital to HRM. However, some scholars (Pfeffer, 1994; Boxall, 1996) claimed that well compensated, well-motivated workforce, employed in a setting of support and dependence produced greater output and lower unit cost.
2.4.3.1 Recruitment, selection and socialization

Recruitment involves recognizing and enticing a group of eligible applicants to fill human resource requirements of an organization. It is the method of discovering the right candidate for the right position at the right time. According to Flippo (1976) “Recruitment is the practice of searching for potential personnel and inspiring them to apply for job”. Decenzo & Robbins (2005) defined Recruitment as “the process of finding out potential job applicants.” Dessler (2006) stated that “recruiting is to construct a pool (group) of competent applicants”. The procedure originates when new people are required and finish when applications are received.

Selection is the process of picking the best fit applicant for a specific position amongst the potential candidates. The objective is to select the right individual for the right job. French (2003) indicated that selection is the process of selecting amid individuals who apply for job within an organization. Werther and Davis (1989) indicated that selection is a sequence of stages used to decide which recruit should be appointed. The methodical selection process involves of application form assessment, initial interview, selection tests, selection interview, reference checks, physical examination and hiring conclusion.

Socialization is the process of adjustment. Novel employees required to be socialized not only to the job setting but also to organization’s values. Every organization has a culture which contains of mutual norms, values, dogmas and ideologies that directs suitable conduct for its members. Werther and Davis (1989) described socialization as the enduring procedure through which an employee initiates to recognize and admits the standards, rules and dogmas held by others in organization. Robbins and Decenzo (2005) denoted socialization as the process of adaptation that takes place as individual’s tries to acquire the standards and norms of the work roles. Socialization procedure also called onboarding results in the meeting of organizational culture and incumbent personality. The socialization process contains of three
phases viz. prearrival stage (preentry stage), encounter (entry stage) and metamorphosis (change stage).

### 2.4.3.2 Involvement

Workers with high altitudes of job involvement powerfully recognizes with and truly care about the type of work they perform. It is the extent to which a member of staff recognizes with his or her job, enthusiastically take part in it and reflects his or her job performance to be significant to his or her self-worth (Robbins, 1999). Their optimistic approach leads them to add to their work in constructive behaviors. High level of job involvement have been found to be associated to less absenteeism, lesser resignation rates and greater employee engagement with work.

### 2.4.3.3 Training and development

*Training* denotes the methods used to provide fresh or current workers the abilities they need to accomplish their job (Dessler, 2006). Training is the procedure of improving employee performance of the job related capabilities by improving their knowledge, skills and abilities. It improves competences essential to develop performance in the current job. Training in organizations intended at learning. Learning is the key to developed abilities and potential of employees. Learning is a continuing modification in conduct through training or experience.

*Human Resource Development* is related with growing the proficiencies through knowledge, skills, abilities, attitudes and experiences of people in organization. Individuals turn out to be human resources when they obtain skills. Human Resource Development is concerned with getting ready employees to work efficiently and effectively in organization (Robbins & Decenzo, 2005). According to Rao (2000) Human Resource Development intends at a range of capabilities of workers and evolving a philosophy in the organization to employ these capabilities and add to organizational development. Management development
is an organized procedure of refining managerial performance. According to Dessler (2006) management development the process of developing skills and changing attitudes to develop present or upcoming management performance. It is future oriented training concentrating on personal development of employees.

2.4.3.4 Working conditions

Working conditions refers to an appropriate setting and favorable environments for keeping the physical and psychological well-being of the individuals. Organization should offer basic assistances i.e. healthcare, transportation, food etc. It must implement programs that aid employees handle incidents and avoid workplace happenings. The employees must be delivered with benign environment and extra assistances of fitness gymnasiums, country clubs and grounds. Services and work settings must be ergonomic, relaxed and suitable.

2.4.3.5 Performance appraisal

Performance refers to the achievement of allotted jobs by a member of staff. It is the outcome of capabilities plus inspiration. Performance appraisal is the assessment of an individual real performance on job and his/her ability for adopting prospective responsibilities. It offers advice to workers. Cascio (1991) defined performance evaluation as an assessment of the job related strengths and weaknesses of an individual or team in an organization. Beach (1980) stated that performance evaluation is the organized assessment of individuals with reference to their performance on the job and their potential for growth. Performance appraisal is connected to reward and punishment. The relationship between “effort-performance-rewards” rises the motivation of employees for enlarged efforts. It also function as a foundation for relocation, raise and termination.

2.4.3.6 Compensation and reward

Compensation denotes to all types of monetary rewards that employee obtain for accomplishment of their job. It contains pay, incentives, remunerations and facilities.
Compensation management comprises of planning a cost efficient pay structure that will attract, maintain and stimulate the capable workers. According to Armstrong and Taylor (2014) compensation management is fundamentally about planning, executing and sustaining pay systems which assist in organizational performance. Employee qualification must be compensated with market competitive remuneration. Rewards like bonuses, awards career plan must be the building block of organization’s compensation program (Devanna, 1984).

2.5 Theoretical Foundations of the Relationship of HRM Practices, Managerial Grid and Leadership Styles

2.5.1. The Resource based theory of firm

The Resource Based View (RBV) of firm asserts that internal resources are more significant for an organization than external resources in attaining and maintaining competitive advantage. It states that internal organizational assets mainly determine organizational success. (Barney, 1991, 1995; David, 2003; Boselie et al., 2005). There are three all-inclusive kinds of internal organizational resources: organizational resources, physical resources and human resources. Organizational resources comprised of organization structure, design processes, information structures, copyrights, brands, patents, databanks etc. Physical resources comprised of factory, tools, site, technology, raw material, machineries. Human resources consist of all workforce, education, know-how, information, intellect, abilities, skills, etc. To achieve sustained competitive advantage organizational resources should be valuable. For resource to be valuable, it must be rare, inimitable and non-substitutable (Barney, 1991, 1995; David, 2003; Boselie et al., 2005). Creating a continuous competitive advantage thus hinge on distinctive assets and competencies that a business carries to competition. But Wright, McMahan and McWilliams (1994) claimed that resources should not be regarded as strategic assets since they are easily imitated, rather, it is the human or social capital held by an organization that matters.
HRM provides additional value via the tactical expansion of a firm’s rare, inimitable and non-substitutable resources. These resources comprises of all education, skills, experience, abilities, risk taking tendency and understanding of those working with a firm. HRM may perform a function in developing human capital and inspiring the kind of individual performance that truly make an advantage (Boxall & Steeneveled, 1999). Moreover, the achievement of sustained competitive advantage via organizational leadership has been advocated by Avolio et al., (1996).

Thus, the current study proposes that the basis of sustained competitive advantage for organization is to have leadership capacity throughout the organization and this leadership capacity is produced by Human Resource Management. It is based on the notion that competitive advantage be gained through leadership. Because Hunt (1991) stated that leadership is a process that happens within a business and is not the specific to certain level or rank. Therefore, leadership is something that can be demonstrated by anybody in organization regardless of their level or rank. According to Camron and Quinn (1999) a leadership style composed of four components namely, facilitator, innovator, and technical expert and effective rival of competing firms. So everyone in organization, working at every level of organization is leader if he/she is a facilitator in his/her own and other department and facilitate group members. If he/she brings new and innovative ways of doing and performing job in organization. If he/she is technically expert in his or her area and him or her effectively contribute to competing with rival firms. Thus, in order to achieve sustained competitive advantage, organizations need facilitators, innovators, technical experts and effective rivals at each and every level of organization.

2.5.2. The skill theory

The skill theory suggested that effective leadership require knowledge, skills and abilities. Exercising effective leadership role need learned knowledge and acquired abilities.
It emphasizes on people’s talents and capabilities that can be acquired and developed (Northhouse, 2010). The most seminal work on skill approach was carried out by Katz’s (1955; 1974; 2009) who advocated that leadership effectiveness is dependent upon the acquisition and use of three skills namely technical, conceptual and human skills.

Technical skills refers to expertise grounded upon definite acquaintance in a specific field. Leaders should be proficient and well-informed with reverence to the actions particular to a business, its rules, policies, products and services (Katz, 2009; Yukl, 1990). Human Skills are abilities in dealing with individuals grounded on person’s expertise regarding individual or group behavior, their motives, attitudes and feelings. A leader utilizes it human skills to influence group member to achieve organizational objectives. The conceptual skills of leaders enable them to work with and through concepts. They utilize their conceptual skills to create a future direction of business, stating these philosophies in written and verbal forms and articulate the economic principles underlying their organization’s effectiveness.

Leadership performance is dependent upon acquired skill, learned knowledge and development of leadership style. It discard the trait approach to leadership. It emphasize the allocation of organizational resources to training and development for development of effective leadership in organization.

2.6 Organizational Commitment

2.6.1 Definition

“Organizational commitment as the strength of an individual identification with and involvement in a particular organization” (Porter et al., 1974). It can be categorized into Behavioral and attitudinal commitment (Staw & Salancik, 1977). Behavioral commitment denotes the notion that an individual’s previous behavior connects individual to organization (Staw, 1974). “An individual recognition with the objectives and ideals of organization and his or her desire to remain with organization is termed as attitudinal commitment” (Porter et
Meyer, Allen and Smith (1993) referred to organizational commitment as a psychological condition that illustrates a member association with the firm and has proposition for choice to stay or end firm membership.

**2.6.2 Elements of organizational commitment**

There are three elements of organizational commitment identified by Meyer and Allen (1991). These are discussed as under:

**2.6.2.1 Affective commitment**

A member who is effectively committed powerfully recognizes with the objectives of organization and wishes to carry on his or her service with organization. It is an employee positive emotive connection with organization. The individual stay committed to organization because he “wants to”.

**2.6.2.2 Continuance commitment**

An employee commitment to the organization for the reason that he or she senses great price of losing organizational association including financial cost such as pensions and social cost such as ties with organizational members. The individual remains member of organization because he “has to”.

**2.6.2.3 Normative Commitment**

An employee commitment to and desire to stay with organization due to feeling of obligations. Many sources can give rise to such feelings. It may also reflect an assumed norm, that one should be loyal to an organization. The individual feels obligated to continue their or her work with organization and stays with organization because he or she “ought to”.

In the current study organizational commitment was used as a mediator between HRM Practices and leadership styles. Previously, Yousef, (2000) used organizational commitment as mediating variable between leadership behavior, job satisfaction and job performance. Further, the study indicated the mediating effect of organizational commitment.
Sturges et al. (2005) studied the influence of transformational leadership on proactive customer behavior of front line employees with mediating role psychological empowerment and effective commitment. The study used a rigorous research design while collecting data from 225 supervisors working in Indian IT service organization. Akram, Afzal and Ramay empirically examined the mediating role of organizational commitment on the relationship of emotional intelligence and job performance. Similarly, Organizational commitment mediated the association of job satisfaction and job characteristics (Hsu & Liao, 2016). Dhar (2015) confirmed the mediating influence of organizational commitment on the association of employee training and service quality. Fu, Li and

2.7 Employee Trust

Organizations still face the issues related to employee performance. One such issue related to poor employee performance, which is of paramount importance is the lack of employee’s trust in leadership. The survival of an organization require trust in leadership (Engelbrecht & Cloete, 2000). Brockner et al., (1997) observed a falling amount of trust between managers and subordinates. Further, mutual trust was essential for effective communication between supervisors and subordinates. Engelbrecht & Cloete (2000) concluded trust to be a vital element of interpersonal relationships and effective management and therefore organizations should proactively build up the level of trust supervisor and subordinates. Organizational effectiveness require trust among group members (Gómez & Rosen, 2001). An online survey revealed that 45% of the respondents relate poor performance to lack of trust in leadership.

Group member’s anticipations are vital elements in leader social environment (Pfeffer & Salancik, 1975). This social environment is made up of leader relationship with its group members. Trust is one the core dimensions of interpersonal relations and organizational life. Barber (1983), believed that expectations give rise to trust and trust is the basic ingredient of
social interaction. It is based on subordinate’s expectations from supervisor. If supervisor meet those expectation, then trust is developed in subordinates.


2.7.1 Definition of employee trust

“Trust is the willingness of a party to be vulnerable to the actions of another party based on expectations that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer, Davis & Schoorman, 1995). Colquitt, Scott and LePine (2007) defined trust as an emotional condition encompassing the intents to receive susceptibility founded on optimistic anticipations of the activities of the executor.

2.7.2 Dimensions of employee trust

2.7.2.1 Reliability

The first condition that affect trust is the reliability of the person or system involved. Reliability consists of systematic and consistent procedures and behaviors and is strengthened when promises and commitments are kept and fulfilled (Butler, 1991). If employees are
reliable and predictable overtime and across situations, managers can better predict their future behavior. Graen and Uhl-Bien (1995) argued that in a relationship expected optimistic performance strengthens the level of trust.

2.7.2.2 Ability

Another factor of trust is the ability of the party to be trusted (Meyer, 1993). Being competent, skillful, knowledgeable and powerful to do what is needed in sufficient and adequate way will instill confidence and reliance in the relationship (Butler, 1991; Cook & Wall, 1980). If employees are highly competent in their work, managers can better predict their future outcomes.

2.7.2.3 Concern

Concern means is the belief of one party that other will not take unfair advantage of it (Mishra, 1996). Employees facing some kind of risk in their employment situation will be concerned about the manager’s best interest, even though this may sometimes be against their own interests.

2.7.2.4 Harmony

A positive combination of interest, feelings, opinions, purpose and values inside the employment relationship system creates harmony. High level of trust require shared values of group members. These shared values are the main tools through which persons practiced the maximum type of trust that is “unconditional trust” (Jones & George, 1998). Harmony signifies congruence, devotion and acceptability.

2.8 The Relationship of HRM Practices Employee Trust and Organizational Commitment.

2.8.1 The social exchange theory

Employees demonstrate positive attitude and behaviors and are motivated within an employment relationship once they observe that their company value their work (Wayne,
Shore & Liden, 1997; Cropanzano, Rupp, & Byrne 2003; Kuvaas & Dysvik, 2010). This theory is founded on the standards of mutual benefit within group relationship (Blau, 1964; Emerson, 1976).

Arthur (1994) argued the development of committed employee who perform job duties require the implementation of high commitment HRM within organization. HRM practices generated favorable attitude and behaviors in conditions where employee trust their organization (Alfes, Shantsz & Truss, 2012). Organizational commitment, job satisfaction and organization citizenship behavior was closely associated with trust (Konovsky & Pugh, 1994; Morgan & Hunt, 1994).

Mishra and Morrisey, (1990) argued that lack of mutual trust resulted in anxiety, distrust, doubt, little confidence, reduced job satisfaction and commitment. Due to lack of trust employee feel unsafe and spend most of their energy in self-preserving and job hunt than performing their jobs. As a result talent acquisition cost and turnover cost increases. A workforce that has high trust between leader and employees was more committed workforce (Laschinger, Finegan, & Shamian, 2001) and a committed workforce was a performing workforce (Skarmeas, Katsikeas, & Schlegelmilch, 2002).

A holistic approach from the perspective of organization based on strong ethical foundation was required to sum up the matters involving employee trust in leader and organizational commitment.

2.9 Leader-Member Exchange (Model) Relationship

2.9.1 Statement of LMX theory

The Vertical Dyad Linkage Theory which is also known as Leader-Member Exchange (LMX) Theory was originally developed by Dansereau, Graen and Haga (1975). This theory stated that in dealing with group members, leaders do not practice an identical style but rather use a diverse kind of connection or exchange with each member. The leader creates near
social relations or connections with some individuals (in-group) due to scarce resources and shortage of time for every member of organization. Graen, (1976) stated that this interactive social exchange develops and become stable to form a dyadic relationship. Organizational members who are not part of this special group are classified as out-group. It focuses on the relationship of leader with individual subordinates within the group. It doesn’t take into account the relationship of leader with the group.

LMX relationship has been significantly related to numerous essential job outcomes. It is positively associated with organizational commitment (Duchon et al., 1986), job satisfaction (Vecchio et al., 1984), and autonomy (Scandura et al., 1986) and negatively associated to turnover (Grean et al., 1982).

2.9.2 Components of LMX model

The three components of LMX model are contribution, loyalty and affection. Contribution is the awareness of the extent, direction and excellence of job oriented action every follower put forth toward mutual objectives. Loyalty denotes the degree of leader and follower loyalty to each other. Loyal group members openly encourage each other’s activities and behavior. The relational attraction of leader and members is called affection (Diensech & Liden, 1986).

2.9.3 Theoretical Foundations of the Impact of Moderator LMX relationship
2.9.3.1 The role theory

The role theory served as basis for LMX relationship (Graen, 1976). Katz and Kahn, (1978) argued that in organization every person carry out certain role. Organizational members accomplish their work through roles (Dienesch & Liden, 1986). Further, the joint endorsement of role lead to the development of role and a joint anticipation that the subsequent role will advantage both the leader and follower (Dienesch & Liden, 1986; Graen & Scandura, 1987).
Leader-member relationship grows as a consequence of range of role making experiences. Managers transfer role expectations to subordinates through work consignments’. Then managers reciprocate to the degree that subordinates act in accordance with these expectations by providing work related resources, autonomy and interesting assignment (Graen & Scandura, 1987).

The followers see themselves having good working relationship with leaders as a result of high level of LMX relationship (Graen et al., 1982). It predicts a member career outcome and can be associated with lower turnover (Ferris, 1985). Further, due to high quality exchange relationship, followers are provided greater opportunities, enhanced job task and more autonomy. On the contrary, followers with low quality relationship are provided less opportunities and unpopular assignments (Graen et al., 1982). The members of the in-group are provided with special benefits and rewards which are not provided to members of out-group (Carson, Tesluk & Marrone, 2007).

2.10 Research Hypotheses

In the backdrop of the situation discussed in the literature review, the current study hypothesized the following relationships:

Hypothesis H1: There is significant positive association between HRM practices and leadership styles.

H1a: there is significant positive association between HRM practices and transactional leadership.

H1b: there is significant positive association between HRM practices and transformational leadership.

H1c: there is significant positive association between HRM practices and Laissez-faire leadership.
Hypothesis H2: there is significant positive association between HRM practices and Managerial grid.

Hypothesis H3: The association of HRM practices and leadership styles is mediated by organizational commitment.

Hypothesis H4: The association of HRM practices and managerial grid is mediated by organizational commitment.

Hypothesis H5: The association of HRM practices and leadership styles is mediated by employee trust.

Hypothesis H6: the association of HRM practices and managerial grid is mediated by employee trust.

Hypothesis H7: The association of HRM practices and leadership styles is moderated by LMX model.

Hypothesis H8: The association of HRM practices and managerial grid is moderated by LMX model.

2.11 Summary

Human Resource Management has been defined differently by different authors. Leadership development is also an area of research in today’s global world. It focuses on to how to expand the capacity of an individual to become effective leader. The term leadership has been defined and the three common forms of leadership transactional, transformational and laissez-fair are discussed. The chapter also shed light on Organizational commitment and Employee trust. The leader-member exchange model focus on the relationship of leaders and individual followers. Some employees are favored by leaders called “in-group” while others who are given less privileges, time and attention by the leaders are members of the “out-group”. This relationship affects employee trust in organization.
Chapter 03
Research Methodology

3.1 Overview

The methodology of the study is discussed in this chapter. The current study utilized a cross-sectional research design in which sample was derived from the population and is tested for making inferences about the population. It discusses the philosophical assumptions of the study. Positivist view was adopted. Simple random sampling technique was used to draw sample from population. It also covers the details of the various measurement instruments used in the current research. The operational definition of research variables are given at the end of the chapter.

3.2 Research Design

The research design of the current study was descriptive and cross-sectional. A survey instrument was used for data collection from 384 managers working in private sector. It includes defining the philosophical assumptions/research paradigm, strategies of enquiry and the specific method and procedure of data collection.

3.2.1 Philosophical assumption/Research paradigm

The principle of Positivism was adopted throughout this research since existing theory was used to develop hypotheses and then the hypotheses were tested using a quantitative survey. In the current study, the researcher strived to be independent, which means that the researcher did not want to affect or be affected by the subject or the research. The researcher was neutral during research and his expectations did not influence the results.

3.2.2 Research Methodology/Strategy of Enquiry

The strategy of enquiry was quantitative as it was implied by the Philosophical assumption, the use of Survey instrument and the use of statistical procedure. Related with this methodology is the positivist worldview. The researcher personal experience in
econometrics, statistical software and report writing convinced him to choose a quantitative methodology. Using the quantitative methodology, the researcher identified the variables of study, developed research questions and hypotheses, collected data, find the relationship of variables, used already tested unbiased approaches and statistical procedure for data analysis.

3.3 Measurement Scales

The research instruments/scales adapted had been thoroughly authenticated in the literature to inspect the study questions. The following instruments/scales were used in this study:

3.3.1 Human resource management (HRM) practices

HRM practices were measured on a scale developed by Demo et al., (2012). It contained total 40 items with 06 items for measuring each dimension of “Recruitment & Selection”, “Training, Development & Education” and “Work Conditions”. Similarly 12 items were included for measuring “Involvement” and 05 items each were used for measuring “Competency-Based Performance Appraisal” and “Compensation & Reward”. Previously, this instrument has been used in several studies and validated in several contexts (Abubakar, Chauhan & Kura, 2014; Bal, Buzkart & Ertemsir, 2014; de Jesus & Rowe, 2015; Tabouli, Habtoor & Nashief, 2016; Abba, Anumaka & Mugizi, 2017; Kura, 2017; Mayes et al., 2017).

3.3.2 Leadership styles

To measure leadership styles, an adapted form of Multi-Factor Leadership Questionnaire developed by Bass and Avalio (1998) was employed. This is a renowned tool used to measure the perceived frequency of transactional and transformational leadership behavior. The instrument consists of 24 items/questions for measuring leadership styles. Transformational leadership consists of four components including idealized influence (II), intellectual stimulation (IS), inspirational motivation (IM) and individualized consideration (IC). There were 09 items to measure these four components. The transactional leadership
styles was measured using 9 items in the questionnaire. The transactional leadership style comprised of three aspects’ namely contingent reward, management by exception and laissez-faire leadership. In this questionnaire, three items were used to measure each of these dimensions. Earlier, this instrument has been used in several studies (Bass, 1995; Carless, 1998; Den Hartog & Van Muijen, 1997; Bass, Avolio, Jung & Berson, 2003; Rowold & Heinitz, 2007; Jones & Rudd, 2008; Schneider & Goerge, 2011; Dumdum, Lowe & Avolio, 2013; Zaher & Rosing, 2015; Dabke, 2016; Zaech & Baldegger, 2017; Holtz, Holtz, Hu & Hu, 2017).

3.3.3 Managerial grid

Managerial Grid leadership styles of managers were measures on a scale originally developed by Blake and Mouton (1964). The scale comprised of 18 items which measure five leadership styles namely authority compliance, country club management, middle of the road, team management and impoverished management.

3.3.4 Organizational commitment

The scale created by Meyer and Allen (1997) was utilized to assess organizational commitment. It was comprised of 18 items which measure the normative, affective and continuance commitment of individuals in organization. The original scale developed by Allen and Meyer (1990) consist of 24 items which was modified by Meyer and Allen (1997). Formerly, several other researchers have utilized this instrument (Jaros, 1997; Finegan, 2000; Eisengerger et al., 2001; Riketta, 2002; Laschinger, Finegan & Shamian, 2002; Avolio et al., 2004; Pare & Tremblay, 2007; Tsai & Huang, 2008). Peng et al., (2014), Rhoades (2014), Devece, Palacios-Marques & Alugacil (2016) also utilized this instrument in their research for measuring organizational commitment.
3.3.5 Employee trust

For measuring Employee Trust, the scale developed by Tzafrir and Dolan (2004) was used. The scale measures employee trust on three dimensions of “Harmony”, “Reliability” and “Concern”. There were 5 items each for Harmony and Reliability while the Concern dimension was measured on 6 items.

Earlier, the instrument has been used by several other researcher in their own studies (Tzafrir, 2005; Dietz & Hartoog, 2006; Chang & Chi, 2007; More & Tzafrir, 2009; Laeequdin, Sahay & Sahay, 2010; Mach, Dolan & Tzafrir, 2014; Subramaniam, Selvanayagam & Yogarajha, 2016; Cappell, Tzafrir, Enosh & Dolan, 2017)

3.3.6 Leader-Member exchange relationship

To measure LMX relationship, the scale of Liden and Maslyn (1998) was used. The scale consists of 12 items to measure components loyalty, affect, contribution and professional respect.

3.4 Data Collection Methods

3.4.1. Survey questionnaire

All scales measuring the variables of the study were incorporated into a Likert-scale questionnaire. Data was collected from the participants through this questionnaire ranging from 01 to 05 where 01= strongly disagree, 02= disagree, 03= neutral, 04= agree and 05= strongly agree. The questionnaire consists of two broad section. In the first section, there were 8 questions about personal information of the respondents including respondent’s name, age, gender, experience, management level, location and company size. The next section collect responses on variables of the study which was further sub-divided into numerous sections for each variables. The participants were requested to rate each item on a scale from 01 to 05.
An online version of the questionnaire was prepared using Google forms application. The link of the questionnaire was sent to the participants through emails from 1st December, 2016. The participants were asked to follow the link or copy the link and paste into their browser so they can take part in the survey. The respondents were also sent reminders in email as a follow-up on questionnaires. Reminders were sent to the respondents from 16th December, 2016, onward. There was a low response rate from the respondents. The problem of low response rate was overcome by calling the phone numbers of the respondents and sending SMS to remind and request them to take part in the survey. The phone calls were annoying so the respondents were informed through SMS only.

The questionnaires were distributed among 650 participants. The response rate was 62%. Hair et al., (1998) stated that this sample size was sufficient and suitable for Structural Equation Modelling (SEM). Some researchers (Kline, 2005; Westone & Gore, 2005) recommended to have a minimum sample of 200 respondents for any SEM analysis.

3.4.2 Ethical consideration in data collection

The participants were not put at risk and their rights were protected during the data collection by developing an Informed Consent Form which was mailed to the respondents before engaging in the study. Their privacy was ensured and the personal information provided by respondents was not disclosed.

3.5 Sampling Design

The process through which a sample is drawn from a population is called sampling design. The steps in the sampling design are discussed as under:

3.5.1 Population of the study

The population of the current study consists of managers of top 25 private sector companies of 2015 listed on Pakistan Stock Exchange (PSX. 2016). The list of these companies is attached in Appendix-I. These companies operate in Banking, Cement, Textile,
Engineering, Technology & Communication, Chemical, Transport, Oil & Gas Marketing Companies, Investment or securities banks/ companies and Power generations & Distribution sectors and other sectors. There were a total of 94,041 employees working in these companies.

3.5.2 Source list/Sampling frame

The source list or sampling frame consists of all the potential respondents in a population (Creswell, 2009). The sampling frame comprised of 21040 managerial level employees including CEO, Director, President, Vice President, HR Manager, supervisor, shift Incharge and Foreman etc. working in 25 listed companies of Pakistan Stock Exchange. The source list was prepared from the information available on Financial Times, LinkedIn, Security and Exchange commission of Pakistan (SECP), Pakistan Stock Exchange (PSX, 2016) and Google. Most of the information regarding managerial level employees was acquired by searching manually through professional networking websites like LinkedIn and Slide Share. Companies’ websites and annual reports were also searched and consulted for the development of sampling frame. The source list contain the name, designation, email addresses and contact numbers of the target respondents. The companies were also contacted for sharing their payrolls but the response was very limited.

3.5.3 Sample Size

The formula given by Cochran (1977) was used to determine the sample size for the current study. The exact equation used to determine the sample size is given below:

\[
n = \frac{z^2 \cdot s^2}{d^2}
\]

Where, \( n = \) Sample size, \( z = \) Standard Score associated with 95 % confidence level (1.96), \( s = \) Estimate of standard deviation in population, \( d = \) Acceptable Margin of Error (0.016).

Since, a five-point Likert scale was used for data collection in this research, the following formula was used to determine variance in data:
\[
S = \text{Estimate of standard deviation for 5 point scale} / 6
\]
\[
S = 5/6
\]
\[
S = 0.83
\]

Now, to determine the acceptable Margin of Error, the following equation was used:

\[
d = \text{Number of Points on Primary Scale} \times \text{acceptable Margin of error}
\]
\[
d = 5 \times 0.016
\]
\[
d = 0.08
\]

Thus, the sample size is given as,

\[
n = 1.96^2 \times 0.83^2 / 0.08^2
\]
\[
n = 3.8416 \times 0.6889 / 0.0064
\]
\[
n = 413.44
\]
\[
n = 412
\]

So the minimum required sample size was 412.

As in social sciences a response rate of 60 to 65 % is desirable and acceptable (Bartlett, Kotrlik & Higgins, 2001), an oversampling procedure (Bartlett et al., 2001) was used to get the desired response rate and obtain an optimum sample. The details of the procedure and the calculations were as follows:

\[
\text{Anticipated response rate} = 65\%
\]
\[
n_1 = \text{sample size adjusted for 65% response rate}
\]
\[
n = 412 (\text{(minimum sample size})
\]
\[
\text{Therefore, } n = 412 / 0.65
\]
\[
n_1 = 633 \text{ respondents}
\]

The desired sample size for this study was 633 respondents with precision level of 0.05.
3.5.4 Sampling Procedure

In current study, the sample was derived from the population by using Simple random sampling. The study was delimited to only top 25 private sector companies for the year 2014 and 2015 operating at national level (Psx. 2016). The desired sample size was achieved through allocation of equal sampling units to each company. Through Equal allocation, 26 organizational members including at least one representative from HR department (HR manager, AM HR, HR officer, HR Executive) were randomly selected and 26 questionnaires were distributed in each organization. This gave a total number of 650 sampling units (25*26=650). The list of these companies is attached in Appendix-I.

3.6 Operational Definitions of Variables

3.6.1 Human Resource Management (HRM) Practices

All those activities related to the acquisition, appraising, compensating, training and developing workforce and concentrating on labor affairs, well-being, security and fairness concerns (Dessler, 2006).

3.6.2 Leadership Styles

The approach and manner of motivating individuals, executing strategies and offering direction. It comprises the entire design of obvious and inherent activities accomplished by the leader (Newstrom & Davis, 1993).

3.6.3 Managerial Grid

A grid measuring managerial leadership styles along two dimensions of concern for people and concern for production giving rise to five leadership styles i.e. impoverished management, country club management, authority compliance, middle of the road management and team management (Blake & Mouton, 1964).
3.6.4 Organizational Commitment

“The strength of an individual identification with and involvement in a particular organization” (Porter et al., 1974).

3.6.5 Employee Trust

“A willingness to increase one’s resource investment in another party, based on positive expectations, resulting from past positive mutual interactions” (Tzafrir & Dolan, 2004).

3.6.6 Leader-Member Exchange (LMX) Relationship

Leader develop certain exchange relationship with group members, whereby the quality of the association changes the effect on significant leader and member outcomes (Gerstner & Day, 1997).
Chapter 04

Data Analysis, Results and Discussion

4.1 Overview

The chapter covers the data analysis procedure and major findings of the study. First the normality of data was tested through Skewness and Kurtosis. The demographic features of the respondents are presented showing the mean, mode, standard deviation and other values. The frequency tables show the frequencies and percentage of data. Reliability, validity, exploratory and confirmatory factor analysis are discussed. The model fit indices presented in tables show the model fitness. The results of the assessment of theoretical model are also presented in this chapter. The direct and indirect effect of mediation is calculated and presented in this chapter. The chapter contains details of moderation analysis.

4.2 Data Analysis Techniques

The current study utilized SPSS (22) and AMOS (22) for data analysis. HRM is fundamentally a multilevel field of study. Complex processes in the environment interact with organizations to affect outcomes at the firm, unit and individual levels. The availability of the Structural Equation Modeling (SEM) techniques developed by Byrne (2001) allows scholar to investigate complex HRM models so as to better understand the complexity involved in social and psychological processes. The hypotheses developed from literature review were tested through SEM. The preliminary analysis was undertaken as a prelude to substantive analysis and to meet the assumptions of normality. In the next section, details of data analysis are provided.

4.2.1 Missing data

The online survey did not permit the respondents from continuing to next section until all responses were completed, so no missing data was attributable to the questionnaire. Further,
AMOS offers excellent analysis tools for avoiding missing data. Therefore no missing observations resulting from typing errors were possible.

4.2.2 Normality

In AMOS normality was determined by using the test for normality and outliers in the output window with a benchmark value of ± 2.0. This command generated statistics on Skewness and Kurtosis.

4.2.3 Descriptive statistics

The demographic data was analyzed by calculating the various descriptive statistics in SPSS. It provided an understanding of the profiles of the respondents and their personal and demographic characteristics. It described the basic features of the data. The descriptive statistics for the demographic variables of age, gender, experience, organization size and location were calculated. The statistics of mean, standard deviation, mode, Skewness and kurtosis were calculated for demographic variables. Along with descriptive statistics the frequency tables shows the Frequency and Percentages of various categories of demographic variables.

4.2.4 Reliability

The following procedure was employed to assess the reliability of the measurement model.

4.2.4.1 Internal Reliability

The internal reliability of measurement scales was tested by using Cronbach’s’ alpha co-efficient of reliability (Cronbach’s, 1951). According to Hair et al., (1995) an instrument having α value > 0.70 is viewed as reliable. The scales were reliable by demonstrating an alpha value of greater than the recommended value of 0.60.

4.2.4.2 Composite Reliability

A value of critical ratio (CR) greater than 0.60 is considered as a standard for composite reliability of a construct.
4.2.4.3 Average Variance Extracted

It shows the usual proportion of deviation described by the computing items for underlying constructs. A value of AVE greater than 0.50 is mandatory for every single construct.

4.2.5. Validity

Convergent, discriminant and content validity were calculated to evaluate the validity of the measuring instrument. The questionnaire was reviewed by three experts.

4.2.6 Exploratory Factor Analysis (EFA)

Exploratory factor analysis with Principal Component technique (Hottling, 1933) was employed to explore the factor structure. First, the Bartlett Test of Sphericity (Bartlett, 1950) was utilized to decide the fitness of the data for Factor Analysis. Additionally, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (Kaiser, 1974) was applied to evaluate the fitness of data for factor analysis. Next, factors were extracted through principal component analysis (Hotelling, 1933). In all cases the computed values were greater than the recommended values of 0.60. All the items that exhibited factor loadings <0.50 were suppressed.

4.2.7 Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis was performed to validate the factor structure. The fitness of measurement model was shown through Fit Indices. Table 2 presents the goodness of fit criteria used in the study. Items with factor loadings < 0.50 were not allowed to load on any factor.

4.2.8 Unidimensionality

The unidimensionality of the factors was ensured by deleting all the measuring items having factor loading smaller than 0.50.
4.3 Testing Hypotheses

4.3.1 Proposed Theoretical Framework

All the hypothesized relationships were tested by employing structural equation modeling in AMOS. Hypothesized relationships between HRM practices, Managerial Grid and Leadership Styles were tested using SEM. Direct and indirect effects were computed using a 95% confidence interval. Several Fit Indices i.e. Absolute fit, Incremental fit and Parsimonious fit, reflect how fit is the model to the data. Hair et al., (1995; 2010) and Holmes-Smith (2006) recommended the use of at least one fit index from each category. The fit indices are presented in Table 2.

Table 2

<table>
<thead>
<tr>
<th>Name of Category</th>
<th>Measures</th>
<th>Threshold</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Fit</td>
<td>Chi-Square</td>
<td>P-Value &gt;0.05</td>
<td>Wheaton et al., (1977)</td>
</tr>
<tr>
<td></td>
<td>Root mean square of approximation (RMSEA)</td>
<td>&lt;0.05=Good; 0.05-0.10=Moderate &gt;0.10= Bad</td>
<td>Brown &amp; Cudeck (1993)</td>
</tr>
<tr>
<td></td>
<td>Goodness of Fit Index (GFI)</td>
<td>Above 0.9</td>
<td>Joreskog &amp; Sorbom (1984)</td>
</tr>
<tr>
<td>Incremental Fit</td>
<td>Adjusted Goodness of Fit Index (AGFI)</td>
<td>Above 0.9</td>
<td>Tanaka &amp; Huba (1985)</td>
</tr>
<tr>
<td></td>
<td>Comparative-Fit-Index (CFI)</td>
<td>Above 0.9</td>
<td>Bentler (1990)</td>
</tr>
<tr>
<td></td>
<td>Normed-Fit-Index (NFI)</td>
<td>Above 0.9</td>
<td>Bollen (1989b)</td>
</tr>
<tr>
<td></td>
<td>Tucker-Levis Index (TLI)</td>
<td>Above 0.9</td>
<td>Bentler &amp; Bonet (1980)</td>
</tr>
<tr>
<td>Parsimonious Fit</td>
<td>CMIN/DF</td>
<td>&lt;3 Good: &lt;5 sometime permissible</td>
<td>Marsh &amp; Horcevar (1985)</td>
</tr>
</tbody>
</table>

LEGENDS: RMSEA: Root mean square of approximation; GFI: Goodness of Fit Index; AGFI: Adjusted Goodness of Fit Index; CFI: Comparative-Fit-Index; NFI: Normed-Fit-Index; TLI: Tucker-Levis Index; CMIN: minimum value of the Discrepancy Function; DF: Degrees of Freedom.

4.3.2 Mediation Analyses

Structural equation modeling in AMOS was employed for measuring the mediating influence of employee trust and organizational commitment on the relationship of HRM practices,
Managerial grid and Leadership styles. Direct, indirect and total effects were calculated. The respective econometric models for the mediating role of Organizational commitment are presented in the following equations:

**Step 1:** \[ LS_1 = c_0 + c_1 HR + e_1 \] \hspace{1cm} (I)

**Step 2:** \[ OC = a_0 + a_1 HR + e_2 \] \hspace{1cm} (II)

**Step 3:** \[ LS_2 = b_0 + b_1 OC + e_3 \] \hspace{1cm} (III)

**Step 4:** \[ LS_3 = c_0' + c_1' HR + c_2' OC + e_4 \] \hspace{1cm} (IV)

Similarly, econometric model for the mediating role of Organizational commitment on the relationship of HR practices and Managerial Grid is given as follows:

**Step 1:** \[ MG_1 = c_0 + c_1 MG + e_1 \] \hspace{1cm} (V)

**Step 2:** \[ OC = a_0 + a_1 HR + e_2 \] \hspace{1cm} (VI)

**Step 3:** \[ MG_2 = b_0 + b_1 OC + e_3 \] \hspace{1cm} (VII)

**Step 4:** \[ MG_3 = c_0' + c_1' HR + c_2' OC + e_4 \] \hspace{1cm} (VIII)

The respective econometric models for the mediating role of Employee trust on the association of HRM practices and Leadership styles are given in the following equations:

**Step 1:** \[ LS_1 = c_0 + c_1 ET + e_1 \] \hspace{1cm} (IX)

**Step 2:** \[ ET = a_0 + a_1 HR + e_2 \] \hspace{1cm} (X)

**Step 3:** \[ LS_2 = b_0 + b_1 ET + e_3 \] \hspace{1cm} (XI)

**Step 4:** \[ LS_3 = c_0' + c_1' HR + c_2' ET + e_3 \] \hspace{1cm} (XII)

Similarly, the econometric model for the mediating role of Employee trust on the association of HRM practices and Managerial grid are given in the following equations:

**Step 1:** \[ MG_1 = c_0 + c_1 ET + e_1 \] \hspace{1cm} (XII)

**Step 2:** \[ ET = a_0 + a_1 HR + e_2 \] \hspace{1cm} (XIV)

**Step 3:** \[ MG_2 = b_0 + b_1 ET + e_3 \] \hspace{1cm} (XV)

**Step 4:** \[ MG_3 = c_0' + c_1' HR + c_2' ET + e_3 \] \hspace{1cm} (XVI)
4.3.3 Moderation Analysis

In this study, Leader Member Exchange (LMX) Model moderates the relationship of HRM Practices (Independent Variable) and Leadership Styles (Dependent Variable). First, an interaction term “LMXHR” was computed from “Compute” command in SPSS by multiplying HRM with LMX. The econometric models for the moderating influence of LMX model on the association of HRM practices and leadership styles are presented in the following equations:

\[ LS1 = \alpha_1 + \beta_1HR + e \] .......................... (XVII)
\[ LS2 = \alpha_2 + \beta_2LMX + e_2 \] .......................... (XVIII)
\[ LS3 = \alpha_3 + \beta_3LMXHR + e_3 \] .......................... (XIX)

The overall econometric model for the moderating influence of LMX model on the association of HRM practices and Leadership styles is given by equation XX:

\[ Y = \alpha + \beta_1HR + \beta_2LMX + \beta_3LMXHR + e \] .......................... (XX)

Where,

\( \alpha \) = the intercept
\( \beta_1 \) = coefficient of independent variable HR.
\( \beta_2 \) = Coefficient of moderating variable LMX.
\( \beta_3 \) = Coefficient of interaction term LMXHR.
\( e \) = error term

The regression coefficient of interaction term \( \beta_3 \), was tested for moderating effect. It was tested if \( \beta_3 \) is significant (significantly different from zero), then there is significant moderation of HRM and Leadership Styles.

The econometric models for the moderating influence of LMX model on association of HRM practices and Managerial grid are presented in the following equations:

\[ MG1 = \alpha_1 + \beta_1HR + e \] .......................... (XXI)
\[ MG_2 = \alpha_2 + \beta_2 LMX + \varepsilon_2 \]  
\[ MG_3 = \alpha_3 + \beta_3 LMXHR + \varepsilon_3 \]

The overall econometric model for the moderating influence of LMX model on the association of HRM practices and Managerial Grid is given by equation XXIV:

\[ Y = \alpha + \beta_1 HR + \beta_2 LMX + \beta_3 LMXHR + \varepsilon \]  

Where,
\[ \alpha \] the intercept
\[ \beta_1 \] coefficient of independent variable HR.
\[ \beta_2 \] Coefficient of moderating variable LMX.
\[ \beta_3 \] Coefficient of interaction term LMXHR.
\[ \varepsilon \] = error term

The regression coefficient of interaction term \( \beta_3 \), was tested for moderating effect. It was tested if \( \beta_3 \) is significant (significantly different from zero), then there is significant moderation of HRM and Managerial Grid.

4.4. Results

4.4.1 Normality

In this study the normality of the data was analyzed in AMOS (Byrne, 2001) by employing the test for normality in the output window. Normality was determined by calculating Skewness and Kurtosis values and evaluating the actual values with a standard value of ± 2.0. It is apparent from Table 3 that Skewness and Kurtosis do not seem to be major harm in the data. Items displaying Skewness and Kurtosis values greater than acceptable range were eliminated. No items displayed significant Kurtosis except the variables TRR1, TRR4 and TRR5 demonstrated Skewness somewhat greater (3.00) than the acceptable value of ± 2.0. These minor departures from the normality pose no threat to the deduction and conclusion of the research. Compeau and Higgins, (1995, 1995b) used questionnaire items that
demonstrated Kurtosis for Structural Equation Modeling (SEM). These researches were concerned with significance level of the path coefficients, so the abnormality of data can be justifiably disregarded.

Table 3

<table>
<thead>
<tr>
<th>Variable</th>
<th>skew</th>
<th>kurt</th>
<th>Variable</th>
<th>skew</th>
<th>kurt</th>
<th>Variable</th>
<th>skew</th>
<th>kurt</th>
</tr>
</thead>
<tbody>
<tr>
<td>LMX_X_HRM</td>
<td>-0.196</td>
<td>0.373</td>
<td>TRH5</td>
<td>2.000</td>
<td>0.725</td>
<td>CC2</td>
<td>0.139</td>
<td>-1.341</td>
</tr>
<tr>
<td>WC6</td>
<td>0.115</td>
<td>-1.061</td>
<td>TRH4</td>
<td>2.000</td>
<td>-0.293</td>
<td>CC3</td>
<td>0.087</td>
<td>-1.316</td>
</tr>
<tr>
<td>LS4</td>
<td>0.634</td>
<td>-0.815</td>
<td>TRH3</td>
<td>2.000</td>
<td>-0.231</td>
<td>CC4</td>
<td>0.130</td>
<td>-1.358</td>
</tr>
<tr>
<td>LS7</td>
<td>0.703</td>
<td>-0.688</td>
<td>TRH2</td>
<td>2.000</td>
<td>-0.094</td>
<td>CR3</td>
<td>0.449</td>
<td>-1.293</td>
</tr>
<tr>
<td>LS10</td>
<td>0.790</td>
<td>-0.837</td>
<td>TRH1</td>
<td>2.000</td>
<td>-0.114</td>
<td>CR4</td>
<td>0.460</td>
<td>-1.248</td>
</tr>
<tr>
<td>LS13</td>
<td>0.476</td>
<td>-1.207</td>
<td>TRC1</td>
<td>2.000</td>
<td>-0.139</td>
<td>CR5</td>
<td>0.459</td>
<td>-1.006</td>
</tr>
<tr>
<td>LS16</td>
<td>0.665</td>
<td>-0.971</td>
<td>TRC2</td>
<td>2.000</td>
<td>0.237</td>
<td>WC1</td>
<td>0.194</td>
<td>-1.242</td>
</tr>
<tr>
<td>LS17</td>
<td>0.502</td>
<td>-1.193</td>
<td>TRC3</td>
<td>2.000</td>
<td>0.146</td>
<td>WC2</td>
<td>0.089</td>
<td>-1.137</td>
</tr>
<tr>
<td>LS19</td>
<td>0.917</td>
<td>-0.553</td>
<td>TRC4</td>
<td>3.000</td>
<td>0.239</td>
<td>RS5</td>
<td>0.364</td>
<td>-1.426</td>
</tr>
<tr>
<td>LS20</td>
<td>0.815</td>
<td>-0.754</td>
<td>TRC5</td>
<td>2.000</td>
<td>-0.029</td>
<td>RS6</td>
<td>0.408</td>
<td>-1.365</td>
</tr>
<tr>
<td>LS22</td>
<td>0.929</td>
<td>-0.549</td>
<td>TRC6</td>
<td>0.076</td>
<td>0.176</td>
<td>PA1</td>
<td>0.429</td>
<td>-1.220</td>
</tr>
<tr>
<td>LS2</td>
<td>0.829</td>
<td>-0.625</td>
<td>TRR1</td>
<td>3.000</td>
<td>0.256</td>
<td>PA2</td>
<td>0.466</td>
<td>-1.238</td>
</tr>
<tr>
<td>LS1</td>
<td>0.711</td>
<td>-0.897</td>
<td>TRR2</td>
<td>0.287</td>
<td>0.108</td>
<td>CC5</td>
<td>0.128</td>
<td>-1.294</td>
</tr>
<tr>
<td>NC4</td>
<td>0.164</td>
<td>-1.406</td>
<td>TRR3</td>
<td>0.635</td>
<td>0.017</td>
<td>CC6</td>
<td>0.253</td>
<td>-1.309</td>
</tr>
<tr>
<td>NC3</td>
<td>0.107</td>
<td>-1.417</td>
<td>TRR4</td>
<td>3.000</td>
<td>0.083</td>
<td>RS1</td>
<td>0.405</td>
<td>-1.437</td>
</tr>
<tr>
<td>NC2</td>
<td>0.010</td>
<td>-1.431</td>
<td>TRR5</td>
<td>3.000</td>
<td>0.055</td>
<td>RS2</td>
<td>0.376</td>
<td>-1.496</td>
</tr>
<tr>
<td>NC1</td>
<td>0.168</td>
<td>-1.397</td>
<td>AC6</td>
<td>0.893</td>
<td>0.023</td>
<td>RS3</td>
<td>0.389</td>
<td>-1.447</td>
</tr>
<tr>
<td>CC1</td>
<td>0.103</td>
<td>-1.381</td>
<td>AC5</td>
<td>2.000</td>
<td>0.112</td>
<td>RS4</td>
<td>0.411</td>
<td>-1.436</td>
</tr>
<tr>
<td>MG18</td>
<td>0.781</td>
<td>-0.637</td>
<td>AC4</td>
<td>2.000</td>
<td>-0.023</td>
<td>WC3</td>
<td>0.148</td>
<td>-1.190</td>
</tr>
<tr>
<td>MG14</td>
<td>0.693</td>
<td>-0.899</td>
<td>AC3</td>
<td>0.487</td>
<td>-0.012</td>
<td>WC4</td>
<td>0.099</td>
<td>-1.237</td>
</tr>
<tr>
<td>MG12</td>
<td>0.687</td>
<td>-0.989</td>
<td>AC2</td>
<td>0.521</td>
<td>-0.022</td>
<td>WC5</td>
<td>0.104</td>
<td>-1.189</td>
</tr>
<tr>
<td>MG11</td>
<td>0.648</td>
<td>-1.029</td>
<td>AC1</td>
<td>0.693</td>
<td>-0.032</td>
<td>TD1</td>
<td>0.364</td>
<td>-1.330</td>
</tr>
<tr>
<td>MG9</td>
<td>1.070</td>
<td>-0.416</td>
<td>NC6</td>
<td>2.000</td>
<td>0.124</td>
<td>TD2</td>
<td>0.358</td>
<td>-1.330</td>
</tr>
<tr>
<td>MG4</td>
<td>0.789</td>
<td>-0.787</td>
<td>NC5</td>
<td>0.384</td>
<td>0.116</td>
<td>TD3</td>
<td>0.314</td>
<td>-1.389</td>
</tr>
<tr>
<td>MG3</td>
<td>0.766</td>
<td>-0.784</td>
<td>IN3</td>
<td>0.059</td>
<td>0.056</td>
<td>TD4</td>
<td>0.352</td>
<td>-1.330</td>
</tr>
<tr>
<td>MG2</td>
<td>0.696</td>
<td>-0.934</td>
<td>IN2</td>
<td>0.248</td>
<td>-1.604</td>
<td>TE5</td>
<td>0.423</td>
<td>-1.273</td>
</tr>
<tr>
<td>MG8</td>
<td>0.518</td>
<td>-1.149</td>
<td>IN1</td>
<td>0.070</td>
<td>-1.616</td>
<td>TD6</td>
<td>0.349</td>
<td>-1.382</td>
</tr>
<tr>
<td>MG6</td>
<td>0.917</td>
<td>-0.553</td>
<td>CR1</td>
<td>0.580</td>
<td>-1.632</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MG5</td>
<td>0.693</td>
<td>-0.899</td>
<td>CR2</td>
<td>0.482</td>
<td>-1.162</td>
<td>WC3</td>
<td>0.148</td>
<td>-1.190</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

4.4.2 Descriptive Statistics

The demographic features of the respondents are shown in Table 4. It shows statistics for mean, mode, standard deviation, Skewness and kurtosis. The total number of observations
were 384. Majority of quantitative studies in Management and social sciences use the concept of mean to analyze the demographic and other research variables. But when data is collected on a Likert Scale questionnaire, it is desirable to use the statistic of mode for analysis instead of mean (reference). Mode is the most frequently occurring value in the data set. The modal value for the demographic variable age was 1.00 which indicates that most of the participants were of the age between 25 and 35. It means that most of the respondents of the survey were young managers. Similarly, the value of mode in Table 4 also gives useful information. The value of mode for gender is 1.00 which indicates that most of the respondents were male. The mode value for management level is 3.00 which shows that a greater number of respondents were employee who were working in the lower level. Similarly, the mode values for experience and location are 1.00. It shows that the experience of the majority of the respondents was 01 or less than 01 years and that most of the respondents were belonging to the Punjab province. Similarly, the value of mode for the demographic variable organization size is 4.00 which indicates that majority of the companies in the target population are where more than 1000 employees work.

The values of the standard deviation are also useful indicators of the distance of the data points from its means. A larger standard deviation value entails that the data points are far from the mean while smaller values shows that the data points are closer to mean. It is evident from Table 4 that the values of standard deviations for all demographic variables are close to its mean values. So it is clear that the data was normally distributed and there were no outliers as the data points were located closer to its means.

The values of Skewness and kurtosis were also calculated for the demographic variables. It is evident from the Table 4 that the Skewness values for age, experience and location are 1.385, 0.559 and 0.420. These values are within the acceptable range of +2. These values also showed that the data is positively skewed. The value of Skewness for the
variable gender was 4.304 which was greater than the acceptable range and showed asymmetry of distribution values from its mean. Similarly all the Kurtosis values were within the acceptable range of -2 and +2 except gender.

Table 4
Demographic Features of the Respondents

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Age</th>
<th>Gender</th>
<th>Management Level</th>
<th>Experience</th>
<th>Location</th>
<th>Organization Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>384</td>
<td>384</td>
<td>384</td>
<td>384</td>
<td>384</td>
<td>384</td>
</tr>
<tr>
<td>Mode</td>
<td>1.00</td>
<td>1.00</td>
<td>3.00</td>
<td>1.00</td>
<td>1.00</td>
<td>4.00</td>
</tr>
<tr>
<td>Std.Dev</td>
<td>1.20783</td>
<td>.21165</td>
<td>.58482</td>
<td>1.30711</td>
<td>1.34892</td>
<td>.95968</td>
</tr>
<tr>
<td>Skewness</td>
<td>1.385</td>
<td>4.304</td>
<td>-1.097</td>
<td>.559</td>
<td>.420</td>
<td>-1.097</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>.647</td>
<td>16.614</td>
<td>.205</td>
<td>-.826</td>
<td>-1.650</td>
<td>1.624</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

4.4.3 Frequency Tables

In this study, the frequency tables for demographic data were also calculated to show the patterns and trends in data. Two statistics of frequency and percentages were calculated. The details are as follows:

4.4.3.1 Age

In this study a total of 384 respondents took part in the survey, out of which 63.5% (244) of the respondents were of the age between 25 and 35. Similarly, 13.5% (52) of the participants were between 36 to 40 years, 09% respondent’s ages were between 41 to 45, 08% of the respondents were having ages of 45 to 50 and 04% of the respondents were above the age of 50. So most of participants who took part in the survey were young. The frequencies and percentages of different age groups of participants are presented in Table 5.

Table 5
Age Groups of Participants

<table>
<thead>
<tr>
<th>Age groups</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-35</td>
<td>244</td>
<td>63.5</td>
</tr>
<tr>
<td>36-40</td>
<td>52</td>
<td>13.5</td>
</tr>
<tr>
<td>41-45</td>
<td>36</td>
<td>9.4</td>
</tr>
<tr>
<td>45-50</td>
<td>34</td>
<td>8.9</td>
</tr>
<tr>
<td>above 50</td>
<td>18</td>
<td>4.7</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS
4.4.3.2 Gender

The statistics for gender are shown in the Table 6. It shows that out of 384 respondents, 366 (95.3%) were male while 18 (4.7%) were females who took part in the survey.

Table 6

*Frequency Table for Gender*

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>366</td>
<td>95.3</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>4.7</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Author’s calculation on SPSS

4.4.3.3 Management Level

Table 4.4.3 shows the frequencies and percentages of respondent’s management level. It is obvious from Table 7 that 63% (245) of the participants were from the lower management and 31.3% (120) from the middle management. There were 19 respondents from top management.

Table 7

*Frequency Table for Management Level of the Respondents*

<table>
<thead>
<tr>
<th>Management Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>19</td>
<td>4.9</td>
</tr>
<tr>
<td>Middle Management</td>
<td>120</td>
<td>31.3</td>
</tr>
<tr>
<td>Lower Management</td>
<td>245</td>
<td>63.8</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

4.4.3.4 Experience Level of Respondents

Out of the 384 respondents who took party in the survey, 30% of the respondents had an experience of 01 year or less. Similarly, 27% (106 respondents) had experience of 01 to 03 years. Out of 384 respondents, 18% of the respondent had an experience of 03 to 05 years and 13.3% had an experience of 05 to 10 years. Some of the respondent were having experience
of more than 10 years and they constitutes 09 % of the respondents group. The details of the respondent’s experience are given in Table 8.

Table 8

<table>
<thead>
<tr>
<th>Experience Level of Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year or less</td>
<td>118</td>
<td>30.7</td>
</tr>
<tr>
<td>1 - 3 years</td>
<td>106</td>
<td>27.6</td>
</tr>
<tr>
<td>3 – 5 years</td>
<td>72</td>
<td>18.8</td>
</tr>
<tr>
<td>5 – 10 years</td>
<td>51</td>
<td>13.3</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>37</td>
<td>9.6</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

4.4.3.5 Location

In this study a total of 384 respondents took part in the survey, out of which 181 (47%) were from Punjab, 133 respondents (34.6) from Karachi, 65 (16.9 %) from Islamabad and 05 respondents (1.3 %) from KPK. Table 9 shows the frequencies and percentages of respondent’s location.

Table 9

<table>
<thead>
<tr>
<th>Location of the Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>181</td>
<td>47.1</td>
</tr>
<tr>
<td>Islamabad</td>
<td>65</td>
<td>16.9</td>
</tr>
<tr>
<td>KPK</td>
<td>05</td>
<td>1.3</td>
</tr>
<tr>
<td>Karachi</td>
<td>133</td>
<td>34.6</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

4.4.3.6 Organization Size

Table 10 shows the frequencies and percentages of respondent’s organization size. Out of 384 respondents, 166 respondents were belonging to organizations with 1000 to 5000 employees. Similarly, 115 respondents were members of the organizations where more than 5000 employees work and 86 of these respondents organization had 500 to 999 employees.
About 4% (17 respondents) were from small organizations with a size of less than 500 employees.

Table 10

<table>
<thead>
<tr>
<th>Organization Size</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 500 employees</td>
<td>17</td>
<td>4.4</td>
</tr>
<tr>
<td>500 - 999 employees</td>
<td>86</td>
<td>22.4</td>
</tr>
<tr>
<td>1000-5000 employees</td>
<td>166</td>
<td>43.2</td>
</tr>
<tr>
<td>More than 5000 employees</td>
<td>115</td>
<td>29.9</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

**4.4.4 Reliability Analysis**

**4.4.4.1 Internal reliability**

The internal reliability of the scales used in the research was determined by employing Cronbach’s alpha co-efficient of Reliability. The common benchmark for evaluating this co-efficient is $\alpha > 0.70$ (Hair et al., 1995). The $\alpha$ (alpha co-efficients) were computed in SPSS for all the scales/instruments measuring the research variables namely HRM Practices, Leadership Styles, Organizational Commitment, Employee Trust, LMX Relationship and Managerial Grid. The alpha values were also calculated for the sub-scales of these variables. The details of the Internal Reliability analysis are given in the following section:

**4.4.4.1.1. Internal reliability: HRM Practices**

In this study, HRM Practices was used as an independent variable measured on a scale. The scale consists of 06 sub-scales measured by 36 items. Cronbach’s alpha test of Reliability was employed to test the internal reliability of the scale. It is apparent from the Table 11 that the cumulative (Overall) alpha co-efficient value was 0.968 for variable HR Practices. The sub-scale reliability co-efficients were 0.921 for Recruitment & Selection (RS), 0.922 for Involvement (INV), 0.969 for Training & Development (TDE), 0.961 for
Working Conditions (WC), 0.951 for Performance Appraisal (PA) and 0.968 for Compensation & Reward (CR). The results as shown in Table 11 indicated that the scale used in this study for measuring HRM Practices was adequate.

### Table 11

<table>
<thead>
<tr>
<th>Item Name</th>
<th>No. of items</th>
<th>Cronbach’s alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment &amp; Selection (RS)</td>
<td>06</td>
<td>0.921</td>
</tr>
<tr>
<td>Involvement (INV)</td>
<td>08</td>
<td>0.922</td>
</tr>
<tr>
<td>Training &amp; Development (TD)</td>
<td>06</td>
<td>0.969</td>
</tr>
<tr>
<td>Working Conditions (WC)</td>
<td>06</td>
<td>0.961</td>
</tr>
<tr>
<td>Performance Appraisal (PA)</td>
<td>05</td>
<td>0.951</td>
</tr>
<tr>
<td>Compensation &amp; Reward (CR)</td>
<td>05</td>
<td>0.968</td>
</tr>
<tr>
<td>HRM Practices (cumulative)</td>
<td>36</td>
<td>0.968</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

#### 4.4.4.1.2 Internal Reliability: Leadership Styles

In this study the variable Leadership Styles was measured on a scale which comprised of 03 sub-scales namely Transactional, Transformational and Laissez-faire Leadership. These sub-scales were measured by 24 items. The Cronbach’s alpha co-efficient was calculated for the scale measuring Leadership Styles. The alpha values (α) were also determined for sub-scales of Transactional, Transformational and Laissez-Faire leadership styles. It is apparent from Table 12 that α values for sub-scales of Transformational Leadership was 0.976 and 0.889 for Transactional Leadership. It was 0.810 for Laissez-faire Leadership. The overall alpha value for the scale measuring Leadership Styles was 0.961. The results provided evidence that the scale used in this study was reliable measure of Leadership Styles.
Table 12

*Cronbach’s alpha Co-efficients Values of Leadership Styles Scale*

<table>
<thead>
<tr>
<th>Item Name</th>
<th>No. of items</th>
<th>Cronbach’s alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership</td>
<td>15</td>
<td>0.976</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>06</td>
<td>0.889</td>
</tr>
<tr>
<td>Laissez-faire Leadership</td>
<td>03</td>
<td>0.810</td>
</tr>
<tr>
<td>Leadership Styles (cumulative)</td>
<td>24</td>
<td>0.968</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

4.4.4.1.3 Internal Reliability: Organizational Commitment

The Cronbach’s’ α was also computed for the sub-scales of Affective, Normative and Continuance Commitment. The “α” values were 0.918 for Affective commitment, 0.926 for Normative Commitment and 0.980 Continuance Commitment. The overall alpha value was 0.909. Table 13 shows the results of the reliability analysis.

Table 13

*Cronbach’s alpha Co-efficients Values for Organizational Commitment Scale*

<table>
<thead>
<tr>
<th>Item Name</th>
<th>No. of items</th>
<th>Cronbach’s alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Commitment</td>
<td>06</td>
<td>0.918</td>
</tr>
<tr>
<td>Normative Commitment</td>
<td>06</td>
<td>0.926</td>
</tr>
<tr>
<td>Continuance Commitment</td>
<td>06</td>
<td>0.980</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>18</td>
<td>0.909</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

4.4.4.1.4 Internal Reliability: Employee Trust

In this study, Employee trust was used as mediating variable which was measured on a scale comprised of 03 sub-scales and 16 items. The reliability of the Employee Trust scale was computed. The Employee Trust scale comprised of three sub-scales namely Harmony, Reliability and Concern. The results of the test are provided in Table 14. For sub-scale Harmony the alpha value was 0.894, 0.949 for Reliability and 0.909 for Concern. The overall co-efficient value was 0.925.
Table 14

*Cronbach’s alpha Co-efficients for Employee Trust*

<table>
<thead>
<tr>
<th>Item Name</th>
<th>No. of items</th>
<th>Cronbach’s alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harmony</td>
<td>05</td>
<td>0.894</td>
</tr>
<tr>
<td>Reliability</td>
<td>05</td>
<td>0.949</td>
</tr>
<tr>
<td>Concern</td>
<td>06</td>
<td>0.909</td>
</tr>
<tr>
<td>Employee Trust (cumulative)</td>
<td>16</td>
<td>0.925</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

### 4.4.4.1.5 Internal Reliability: Leader-Member Exchange Relationship (LMX)

In this study the LMX Relationship was measured on scale which comprised of four sub-scales namely Affect, Loyalty, Contribution and Professional Respect. These sub-scales were measured by 12 items. The values for LMX relationship are presented in Table 15.

Table 15

*Cronbach’s alpha Co-efficients for LMX Relationship*

<table>
<thead>
<tr>
<th>Item Name</th>
<th>No. of items</th>
<th>Cronbach’s alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affect</td>
<td>03</td>
<td>0.873</td>
</tr>
<tr>
<td>Loyalty</td>
<td>03</td>
<td>0.756</td>
</tr>
<tr>
<td>Contribution</td>
<td>03</td>
<td>0.904</td>
</tr>
<tr>
<td>Professional Respect</td>
<td>03</td>
<td>0.839</td>
</tr>
<tr>
<td>LMX Relationship (cumulative)</td>
<td>12</td>
<td>0.843</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS

### 5.4.1.6 Internal Reliability: Managerial Grid

The Managerial Grid was measured on scale which comprised of two dimensions namely people oriented and task oriented. These sub-scales were measured by 18 items. Table 16 shows α values for Managerial grid.

Table 16

*Cronbach’s alpha Co-efficients for Managerial Grid*

<table>
<thead>
<tr>
<th>Item Name</th>
<th>No. of items</th>
<th>Cronbach’s alpha values</th>
</tr>
</thead>
<tbody>
<tr>
<td>People Oriented</td>
<td>09</td>
<td>0.817</td>
</tr>
<tr>
<td>Task Oriented</td>
<td>09</td>
<td>0.842</td>
</tr>
<tr>
<td>Managerial Grid (cumulative)</td>
<td>12</td>
<td>0.852</td>
</tr>
</tbody>
</table>

Source: Author’s calculation on SPSS
4.4.4.2 Composite Reliability (Critical Ratios)

A value of critical ratio CR greater than 0.60 is considered to be an acceptable value for the composite reliability of a construct (Hu & Bentler, 1999). The composite reliability was determined by calculating the critical ratio (CR) values for the sub-scales which measures a particular construct. The outcomes of the composite reliability analysis are provided in Table 17. The following formula was used for calculating the CR values:

\[
CR = \frac{(\sum K)^2}{[\sum K^2 + (\sum 1 - K^2)]} \quad (I)
\]

Where,

- \(K\) = factor loadings of items
- \(n\) = number of items in model

The CR values for the subscales of the variable HR Practices were 0.923 for Involvement, 0.969 for Training & Development, 0.961 for Working Conditions, 0.968 for Compensation and Reward, 0.922 for Performance Appraisal and 0.953 for Recruitment and Selection. The CR values for the subscale of the variable Leadership styles were 0.975 for Transactional Leadership, 0.884 for Transformational Leadership and 0.814 for Laissez-faire Leadership. The CR values for the two dimensions of Managerial Grid were 0.890 for People Orientation and 0.914 for Task Orientation. The CR value for the sub-scale of the variable Organizational Commitment were 0.912, 0.931 and 0.984 for Affective, Normative and Continuance commitment respectively.

Similarly, the CR values for the sub-scales of variable Employee Trust were 0.894 for Harmony, 0.951 for Reliability and 0.914 for Concern. The CR values for the sub-scales measuring variable LMX Relationship were 0.944 for Affect, 0.774 for Loyalty, 0.952 for Contribution and 0.910 for Professional Respect. It is evident from Table 17 that all the constructs exhibited the CR > 0.60. Thus, the scales used in the study were dependable and consistent in computing the proposed concepts.
### Table 17

**Composite Reliability Statistics for Constructs of the Study**

<table>
<thead>
<tr>
<th>S.no</th>
<th>Construct/Scale</th>
<th>Sub-scales/Dimensions</th>
<th>Critical Ratio (CR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td><strong>HRM Practices</strong></td>
<td>Involvement (INV)</td>
<td>0.923</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training &amp; Development (TDE)</td>
<td>0.969</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working Conditions (WC)</td>
<td>0.961</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensation &amp; Reward (CR)</td>
<td>0.968</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance Appraisal (PA)</td>
<td>0.922</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recruitment &amp; Selection (RS)</td>
<td>0.953</td>
</tr>
<tr>
<td>02</td>
<td><strong>Managerial Grid</strong></td>
<td>People Orientation</td>
<td>0.890</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Task Orientation</td>
<td>0.914</td>
</tr>
<tr>
<td>03</td>
<td><strong>Leadership Styles</strong></td>
<td>Transactional Leadership (TSL)</td>
<td>0.975</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transformational Leadership (TFL)</td>
<td>0.884</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laissez-faire Leadership (LFL)</td>
<td>0.814</td>
</tr>
<tr>
<td>04</td>
<td><strong>Organizational Commitment</strong></td>
<td>Affective commitment (AC)</td>
<td>0.912</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Normative commitment (NC)</td>
<td>0.931</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continuance commitment (CC)</td>
<td>0.984</td>
</tr>
<tr>
<td>05</td>
<td><strong>Employee Trust</strong></td>
<td>Harmony (HAR)</td>
<td>0.894</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reliability (REL)</td>
<td>0.951</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Concern (CON)</td>
<td>0.910</td>
</tr>
<tr>
<td>06</td>
<td><strong>LMX Relationship</strong></td>
<td>Affect (AFF)</td>
<td>0.944</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loyalty (LOY)</td>
<td>0.774</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contribution (CONT)</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional Respect (PR)</td>
<td>0.910</td>
</tr>
</tbody>
</table>

Source: author’s calculation in AMOS

### 4.4.5 Validity Analysis

#### 4.4.5.1. Convergent Validity

To establish the convergent Validity, Average Variance Extracted (Fornell & Larker, 1981), was used in this study. The Average Variance Extracted (AVE) (Fornell & Lacker, 1981) was determined for all the sub-scales of constructs used in the study. An AVE value greater than 0.50 is considered to be an accepted value (Hu & Bentler, 1991). According to Malhotra and Dash (2011) AVE is more conservative measure of Convergent validity.
because the CR value alone will determine a good fit even though more than 50% of the variance is due to error. The following formula was used for calculating the AVE:

\[ AVE = \frac{\sum K^2}{n} \]  

\[ \text{(II)} \]

Where,

- \( K \) = Factor loadings of items
- \( n \) = number of items in model.

Table 18 shows values of the AVE for the explained Variables. The AVE values for the subscales of HR Practices were 0.605 for Involvement, 0.840 for Training & Development, 0.805 for Working Conditions, 0.859 for Compensation & Reward, 0.665 for Performance Appraisal and 0.801 for Recruitment and Selection. Similarly, the AVE values for the two dimensions of Managerial Grid People Orientation and Task Orientation were 0.846 and 0.650 respectively. The AVE values for the sub-scale of variables Leadership Styles were 0.733 for Transactional Leadership, 0.565 for Transformational Leadership and 0.594 for Laissez-faire Leadership. The AVE values for the sub-scale were 0.696, 0.893 and 0.641 for Affective, Normative and Continuance commitment respectively. Similarly, the AVE values for the subscales of variable Employee Trust were 0.797 for Harmony, 0.628 for Reliability and 0.636 for Concern. In the same way the AVE values were also calculated for the variable LMX Relationship. The AVE values were 0.868 for Affect, 0.850 for Loyalty, 0.771 for Contribution and 0.533 for Professional Respect. The results presented in Table 18 showed that for all the constructs the AVE > 0.50. Thus results demonstrated that the items sufficiently explained the latent constructs used in the study.
Table 18

**AVE Statistics for Measurement Scales**

<table>
<thead>
<tr>
<th>S.no</th>
<th>Construct/Scale</th>
<th>Sub-scales/Dimensions</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>HRM Practices</td>
<td>Involvement (INV)</td>
<td>0.605</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Training &amp; Development (TDE)</td>
<td>0.840</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working Conditions (WC)</td>
<td>0.805</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensation &amp; Reward (CR)</td>
<td>0.859</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance Appraisal (PA)</td>
<td>0.665</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recruitment &amp; Selection (RS)</td>
<td>0.801</td>
</tr>
<tr>
<td>02</td>
<td>Managerial Grid</td>
<td>People Orientation</td>
<td>0.846</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Task Orientation</td>
<td>0.650</td>
</tr>
<tr>
<td>03</td>
<td>Leadership Styles</td>
<td>Transactional Leadership (TSL)</td>
<td>0.733</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transformational Leadership (TFL)</td>
<td>0.565</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laissez-faire Leadership (LFL)</td>
<td>0.594</td>
</tr>
<tr>
<td>04</td>
<td>Organizational Commitment</td>
<td>Affective commitment (AC)</td>
<td>0.696</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Normative commitment (NC)</td>
<td>0.893</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continuance commitment (CC)</td>
<td>0.641</td>
</tr>
<tr>
<td>05</td>
<td>Employee Trust</td>
<td>Harmony (HAR)</td>
<td>0.797</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reliability (REL)</td>
<td>0.628</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Concern (CON)</td>
<td>0.636</td>
</tr>
<tr>
<td>06</td>
<td>LMX Relationship</td>
<td>Affect (AFF)</td>
<td>0.868</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loyalty (LOY)</td>
<td>0.850</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contribution (CONT)</td>
<td>0.771</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional Respect (PR)</td>
<td>0.533</td>
</tr>
</tbody>
</table>

Source: author’s calculation in AMOS

### 4.4.5.2 Discriminant Validity

Fornell & Larcker (1981) is the best technique to find the discriminant validity of the constructs (Farrell & Rud, 2009). Using this technique, the Variance Extracted should be greater than the Squared Correlations Estimates (Hair et al., 2006). Fornell & Larcker, (1981) indicated that for any constructs, AVE estimates have to be greater than the shared variance estimates (MSV). Moreover, to establish discriminant validity CR>AVE>MSV (Hair et al., 2010). DV can be evaluated by matching the shared variance (squared correlation) between...
each pair of constructs against the average of AVEs for these constructs (Farrel & Rudd, 2009; Hassan, Walsh, Shiu, Hastings & Harris, 2007).

4.4.5.2.1 Discriminant Validity: HRM Practices

The validity measures for the construct HRM practices are given in Table 19. It is evident from the Table that Composite Reliability (CR) values for sub-scales INV, TDE, WC, FI, PA and RS were 0.923, 0.969, 0.961, 0.968, 0.922 and 0.953 respectively. Similarly the Average Variance Extracted (AVE) of all the subscales were 0.605, 0.840, 0.805, 0.859, 0.665 and 0.801 respectively. The Maximum Shared Squared Variance (MSV) values were 0.339 for INV, 0.387 for TDE, 0.341 for WC, 0.460 for FI, 0.387 for PA and 0.480 for RS. These values indicated that the CR values for all sub-scales were greater than AVE, and all AVE values of Sub-scales were greater than MSV. Moreover, the average AVE values of two subscales were greater than their corresponding Squared Correlation. These results showed the establishment of discriminant validity for the construct HRM Practices.

Table 19

Validity Measures for HRM Practices

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>INV</th>
<th>TDE</th>
<th>WC</th>
<th>F1</th>
<th>PA</th>
<th>RS</th>
</tr>
</thead>
<tbody>
<tr>
<td>INV</td>
<td>0.923</td>
<td>0.605</td>
<td>0.339</td>
<td>0.778</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TDE</td>
<td>0.969</td>
<td>0.840</td>
<td>0.387</td>
<td>0.392***</td>
<td>0.917</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WC</td>
<td>0.961</td>
<td>0.805</td>
<td>0.341</td>
<td>0.488***</td>
<td>0.584***</td>
<td>0.897</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F1</td>
<td>0.968</td>
<td>0.859</td>
<td>0.460</td>
<td>0.524***</td>
<td>0.470***</td>
<td>0.474***</td>
<td>0.927</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PA</td>
<td>0.922</td>
<td>0.665</td>
<td>0.387</td>
<td>0.582***</td>
<td>0.622***</td>
<td>0.580***</td>
<td>0.481***</td>
<td>0.816</td>
<td></td>
</tr>
<tr>
<td>RS</td>
<td>0.953</td>
<td>0.801</td>
<td>0.460</td>
<td>0.544***</td>
<td>0.428***</td>
<td>0.477***</td>
<td>0.678***</td>
<td>0.506***</td>
<td>0.895</td>
</tr>
</tbody>
</table>

Significance of Correlations: * p < 0.050, ** p < 0.010, *** p < 0.001.

4.4.5.2.2 Discriminant Validity: Managerial Grid

The validity measures for the scale of Managerial Grid are given in Table 20. The CR values for the dimensions PO and TO were 0.890 and 0.914 respectively. The AVE values were 0.846 and 0.650 while the MSV values were 0.427 and 0.398 respectively. These values showed that CR values were greater than AVE values, which were greater than MSV values.
These values indicated the establishment of Discriminant Validity for the construct of Managerial Grid.

Table 20

Validity Measures for Managerial Grid

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>PO</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>PO</td>
<td>0.890</td>
<td>0.846</td>
<td>0.427</td>
<td>0.749</td>
<td></td>
</tr>
<tr>
<td>TO</td>
<td>0.914</td>
<td>0.650</td>
<td>0.398</td>
<td>0.520***</td>
<td>0.634</td>
</tr>
</tbody>
</table>

Significance of Correlations: * p < 0.050, ** p < 0.010, *** p < 0.001.

4.4.5.2.3 Discriminant Validity: Leadership Styles

The validity measures for the construct Leadership Styles are given in Table 21. It is apparent from Table 21 that the Critical Ratio (CR) values for sub-scales TSL, TFL and LFL were 0.975, 0.884 and 0.814 respectively. Similarly, the values of Average Variance Extracted (AVE) were 0.733 for TSL, 0.565 for TFL and 0.594 for LFL respectively. The Maximum Shared Squared Variance (MSV) values were 0.340 for TSL, 0.340 for TFL, 0.341 and 0.324 for LFL. These values showed that the CR values for all sub-scales were greater than AVE, and all AVE values of Sub-scales were greater than MSV i.e. (CR>AVE>MSV). Furthermore, the average AVE values of two subscales were greater than their respective Squared Correlation. These results indicated the establishment of discriminant validity for the construct Leadership Styles.

Table 21

Validity Measures for Leadership Styles

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>TSL</th>
<th>TFL</th>
<th>LFL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSL</td>
<td>0.975</td>
<td>0.733</td>
<td>0.340</td>
<td>0.856</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TFL</td>
<td>0.884</td>
<td>0.565</td>
<td>0.340</td>
<td>0.583***</td>
<td>0.752</td>
<td></td>
</tr>
<tr>
<td>LFL</td>
<td>0.814</td>
<td>0.594</td>
<td>0.324</td>
<td>0.467***</td>
<td>0.570***</td>
<td>0.771</td>
</tr>
</tbody>
</table>

Significance of Correlations: * p < 0.050, ** p < 0.010, *** p < 0.001.
**4.4.5.2.4 Discriminant Validity: Organizational Commitment**

The validity measures for the construct Organizational Commitment are presented in Table 22 which shows that the CR values for sub-scales NC, CC and AC were 0.931, 0.980 and 0.912 respectively. Similarly, the values of Average Variance Extracted (AVE) were 0.696 for NC, 0.893 for CC and 0.641 for AC respectively. The Maximum Shared Squared Variance (MSV) values were 0.079 for NC, 0.079 for CC, 0.341 and 0.057 for AC. The CR values exhibited by all sub-scales were greater than AVE and all AVE values of Sub-scales were greater than MSV i.e. (CR>AVE>MSV). Moreover, the CR values of all subscales were also greater than the Squared Correlations for two sub-scales. These results showed the establishment of discriminant validity for the construct Organizational Commitment.

<table>
<thead>
<tr>
<th></th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>NC</th>
<th>CC</th>
<th>AC</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC</td>
<td>0.931</td>
<td>0.696</td>
<td>0.079</td>
<td>0.834</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC</td>
<td>0.980</td>
<td>0.893</td>
<td>0.079</td>
<td>0.282***</td>
<td>0.945</td>
<td></td>
</tr>
<tr>
<td>AC</td>
<td>0.912</td>
<td>0.641</td>
<td>0.057</td>
<td>0.238***</td>
<td>0.196***</td>
<td>0.801</td>
</tr>
</tbody>
</table>

Significance of Correlations: * p < 0.050, ** p < 0.010, *** p < 0.001.

**4.4.5.2.5 Discriminant Validity: Employee Trust**

The validity measures for the sub-scales of construct Employee Trust are presented in table 23 which indicated that the critical ratio (CR) values were 0.951, 0.910 and 0.894 for sub-scales REL, CON and HAR respectively. Likewise, the values of Average Variance Extracted (AVE) were 0.797 for REL, 0.628 for CON and 0.636 for HAR respectively. Also, the Maximum Shared Squared Variance (MSV) values were 0.243 for REL, 0.243 for CON and 0.207 for HAR. All sub-scales revealed the CR values which were greater than AVE and MSV i.e. (CR>AVE>MSV). Furthermore, the average AVE values of two subscales were
greater than their related Squared Correlation. The results revealed the establishment of discriminant validity for the construct Employee Trust.

Table 23

<table>
<thead>
<tr>
<th>Validity Measures for Employee Trust</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>REL</th>
<th>CON</th>
<th>HAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>REL</td>
<td>0.951</td>
<td>0.797</td>
<td>0.243</td>
<td>0.893**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CON</td>
<td>0.910</td>
<td>0.628</td>
<td>0.243</td>
<td>0.492***</td>
<td>0.792</td>
<td></td>
</tr>
<tr>
<td>HAR</td>
<td>0.894</td>
<td>0.636</td>
<td>0.207</td>
<td>0.436***</td>
<td>0.455***</td>
<td>0.797</td>
</tr>
</tbody>
</table>

Significance of Correlations: * p < 0.050, ** p < 0.010, *** p < 0.001.

4.4.5.2.6 Discriminant Validity: LMX Relationship

The validity measures for the sub-scales of construct LMX Relationship are offered in Table 24. It is obvious from the table that the critical ratio (CR) values were 0.952, 0.944, 0.910 and 0.774 for sub-scales CONT, AFF, PR and LOY respectively. Similarly, the values of Average Variance Extracted (AVE) were 0.868 for CONT, 0.850 for AFF, 0.771 for PR and 0.533 for LOY respectively. Furthermore, the Maximum Shared Squared Variance (MSV) values were 0.404 for CONT, 0.360 for AFF, 0.406 for PR and 0.404 for LOY. All sub-scales exhibited the CR values greater than their respective AVE and MSV values i.e. (CR>AVE>MSV). Additionally, the average AVE values of two subscales were greater than their respective Squared Correlation. The results revealed the establishment of discriminant validity for the construct LMX Relationship.

Table 24

<table>
<thead>
<tr>
<th>Validity Measures for LMX Relationship</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
<th>CONT</th>
<th>AFF</th>
<th>PR</th>
<th>LOY</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONT</td>
<td>0.952</td>
<td>0.868</td>
<td>0.404</td>
<td>0.932**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFF</td>
<td>0.944</td>
<td>0.850</td>
<td>0.360</td>
<td>0.293***</td>
<td>0.922</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>0.910</td>
<td>0.771</td>
<td>0.406</td>
<td>0.431***</td>
<td>0.360***</td>
<td>0.878</td>
<td></td>
</tr>
<tr>
<td>LOY</td>
<td>0.774</td>
<td>0.533</td>
<td>0.406</td>
<td>0.635***</td>
<td>0.600***</td>
<td>0.637***</td>
<td>0.730</td>
</tr>
</tbody>
</table>

Significance of Correlations: * p < 0.050, ** p < 0.010, *** p < 0.001.
4.4.5.3 Content Validity

The survey questionnaire was carefully reviewed by two Assistant Professors of Management Studies. After review, the experts advised minor changes which were incorporated before administering it. The questionnaire was also pilot tested from 20 respondents. A few minor issues were highlighted which were worked out and the questionnaire was then used in the study.

4.4.6 Exploratory Factor Analysis (EFA)

4.4.6.1 Exploratory Factor Analysis (EFA): Human Resource Management Practices

Exploratory Factor analysis was executed for the independent variable Human Resource Practices. The construct of HRM practices comprised of 06 factors. These were Recruitment & Selection (RS), Involvement (INV), Training & Development (TDE), Working Conditions (WC), Performance Appraisal (PA) and Compensation & Reward (CR). These constructs were measured by items in the questionnaire.

First, Barltlett test (Kaiser, 1974) was utilized to know if the correlation matrix in the factor analysis was an Identity Matrix. The test results presented in Table 25 showed significant p-values indicating that the variables load together properly. Additionally, the KMO test (Kaiser, 1974) was performed to see the suitability of data for factor analysis. The KMO value was 0.869 which showed that the sample size was sufficient for factor analysis.

Table 25

<table>
<thead>
<tr>
<th>Results of KMO and Bartlett’s Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>Bartlett’s Test of Sphericity</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Significance level: P<0.005
The number of factors to be retained was restricted to 06 factors which were extracted through the most popular technique of Principal Component analysis (Hottling, 1933) which represented 80 percent of the change in the latent variable HRM Practices. Hair et al., (1995) stated that in Social Sciences a much lower percentage as low as 60 percent is usually acceptable. The first factor accounted for greatest amount of variance (19.825 %) with an Eigen value of 7.137. Each subsequent factor explained the remaining portion of variance in variable where a point was reached (Eigenvalue of 1) where the factors no longer influenced the model as displayed in Table 26.

### Table 26

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>2</td>
<td>5.634</td>
<td>15.650</td>
</tr>
<tr>
<td>3</td>
<td>4.110</td>
<td>11.416</td>
</tr>
<tr>
<td>5</td>
<td>2.764</td>
<td>7.677</td>
</tr>
<tr>
<td>6</td>
<td>2.123</td>
<td>5.896</td>
</tr>
<tr>
<td>7</td>
<td>1.096</td>
<td>3.045</td>
</tr>
<tr>
<td>8</td>
<td>.919</td>
<td>2.553</td>
</tr>
<tr>
<td>9</td>
<td>.822</td>
<td>2.284</td>
</tr>
<tr>
<td>10</td>
<td>.719</td>
<td>1.997</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

The rotation method used was Promax with Kaiser Normalization and Kappa value of 04. Table 27 shows the results of EFA. It is apparent in Table 28 that PA1 and WC4 had highest factor loadings of 0.97 and 0.96 respectively. The sub-construct Training & Development is loaded on Factor 02 where all the items exhibited factor loading > 0.50. Similarly, the constructs of “Working Conditions” “Compensation & Reward” “Recruitment & Selection and Performance Appraisal were loaded on Factor 03, Factor 04, Factor 05 and Factor 06 respectively as shown in Table 27.
Table 27

**Exploratory Factor Analysis: Human Resource Practices**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Factor Loading</th>
<th>Factor</th>
<th>Factor Loading</th>
<th>Factor</th>
<th>Factor Loading</th>
<th>Factor</th>
<th>Factor Loading</th>
<th>Factor</th>
<th>Factor Loading</th>
<th>Factor</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>IN1</td>
<td>.544</td>
<td>TD1</td>
<td>.912</td>
<td>WC1</td>
<td>.847</td>
<td>CR1</td>
<td>.916</td>
<td>RS1</td>
<td>.716</td>
<td>PA1</td>
<td>.977</td>
</tr>
<tr>
<td>IN4</td>
<td>.622</td>
<td>TD5</td>
<td>.868</td>
<td>WC3</td>
<td>.950</td>
<td>CR3</td>
<td>.902</td>
<td>RS2</td>
<td>.932</td>
<td>PA2</td>
<td>.902</td>
</tr>
<tr>
<td>IN3</td>
<td>.788</td>
<td>TD6</td>
<td>.595</td>
<td>WC4</td>
<td>.962</td>
<td>CR2</td>
<td>.975</td>
<td>RS3</td>
<td>.881</td>
<td>PA4</td>
<td>.945</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>WC6</td>
<td>.930</td>
<td>CR4</td>
<td>.957</td>
<td>RS4</td>
<td>.860</td>
<td>PA5</td>
<td>.908</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

4.4.6.2 Exploratory Factor Analysis (EFA): Managerial Grid

The current study used a two dimensional grid for measuring Managerial Grid. The two dimensions were People Orientation and Task Orientation. Each was measured by 9 items. First, Bartlett test (Kaiser, 1974) was utilized to know if the correlation matrix in the factor analysis was an Identity Matrix. The test results presented in Table 28 showed significant p-values indicating that the variables load together properly. Additionally, the KMO test (Kaiser, 1974) was performed to see the suitability of data for factor analysis. The KMO value was 0.936 which showed that the sample size was sufficient for factor analysis.

Table 28

**Results of KMO and Bartlett's Test**

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .936 |
| Approx. Chi-Square                              | 3282.323 |
| Bartlett's Test of Sphericity | df | 55 |
|                               | Sig. | .000 |

Significance level: p<0.005

The sum of factors was restricted to two which accounted for 71% of the variation in the latent variable Managerial Grid. Table 29 shows the results of the exploratory factor analysis for Managerial grid.
Table 29

<table>
<thead>
<tr>
<th>Factor 1</th>
<th>Factor loadings</th>
<th>Factor 2</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>MG2</td>
<td>.875</td>
<td>MG6</td>
<td>.757</td>
</tr>
<tr>
<td>MG3</td>
<td>.941</td>
<td>MG8</td>
<td>.759</td>
</tr>
<tr>
<td>MG4</td>
<td>.956</td>
<td>MG9</td>
<td>.748</td>
</tr>
<tr>
<td>MG5</td>
<td>.832</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MG11</td>
<td>.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MG12</td>
<td>.892</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MG14</td>
<td>.757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MG18</td>
<td>.803</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

4.4.6.3 Exploratory Factor Analysis (EFA): Leadership Styles

In this study the dependent variable was Leadership Styles which was measured by a construct. The construct of Leadership Styles (LS) comprised of three dimensions namely Transactional (TSL), Transformational (TFL) and Laissez-faire Leadership (LFL). Each of these dimensions were measured by items in questionnaire.

First, Bartlett test (Kaiser, 1974) was utilized to know if the correlation matrix in the factor analysis was an Identity Matrix. The test results presented in Table 30 revealed significant p-values indicating that the variables load together properly. Additionally, the KMO test (Kaiser, 1974) was performed to see the suitability of data for factor analysis. The KMO value was 0.95 which indicated that the sample size was sufficient for factor analysis.

Table 30

<table>
<thead>
<tr>
<th>Results of KMO and Bartlett's Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
</tr>
<tr>
<td>Sig.</td>
</tr>
</tbody>
</table>

Significance level: P < 0.005

Exploratory Factor Analysis with Kaiser Normalization and Promax rotation (Cureton & Mulaik, 1975) was employed to arrive at the exact number of factors for further analyses.
As the construct consists of three dimensions so the number of factors to be extracted were restricted to 03.

Table 31

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>13.229</td>
<td>55.121</td>
</tr>
<tr>
<td>2</td>
<td>2.856</td>
<td>11.900</td>
</tr>
<tr>
<td>3</td>
<td>1.333</td>
<td>5.554</td>
</tr>
<tr>
<td>4</td>
<td>1.081</td>
<td>4.506</td>
</tr>
<tr>
<td>5</td>
<td>.640</td>
<td>2.668</td>
</tr>
</tbody>
</table>

Extraction method: Principal Component Analysis

Three factors were retained which accounted for 72 % of the variation in the latent variable Leadership Styles. The first factor accounted for the greatest amount of variance (55 %) with an Eigenvalue of 13.229. All the item exhibited factor loadings greater than 0.70. Among the items, item LS19 had the highest loading of 0.941 and LS16 with lowest loading of 0.707. Table 32 shows the results of the EFA for Leadership styles.

Table 32

<table>
<thead>
<tr>
<th>Factor01</th>
<th>Factor loadings</th>
<th>Factor02</th>
<th>Factor loadings</th>
<th>Factor03</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>LS1</td>
<td>.810</td>
<td>LS13</td>
<td>.860</td>
<td>LS20</td>
<td>.889</td>
</tr>
<tr>
<td>LS2</td>
<td>.929</td>
<td>LS16</td>
<td>.707</td>
<td>LS22</td>
<td>.893</td>
</tr>
<tr>
<td>LS4</td>
<td>.915</td>
<td>LS17</td>
<td>.900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LS7</td>
<td>.873</td>
<td>LS19</td>
<td>.941</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LS10</td>
<td>.862</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction method: Principal Component analysis.
Rotation method: Promax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

4.4.6.4 Exploratory Factor Analysis (EFA): Organizational Commitment

Organizational commitment was measured on a scale with three dimensions namely Affective, Normative and Continuance commitment. All of the three dimensions were measured by 6 items in the questionnaire. Barltlett test (Kaiser, 1974) was utilized to know if the correlation matrix in the factor analysis was an Identity Matrix. The test results
presented in Table 33 revealed significant p-values indicating that the variables load together properly. Additionally, the KMO test (Kaiser, 1974) was performed to see the suitability of data for factor analysis. The KMO value was 0.893 which indicated that the sample size was sufficient for factor analysis.

**Table 33**

*Results of KMO and Bartlett’s Test*

<table>
<thead>
<tr>
<th>Measure of Sampling Adequacy</th>
<th>Kaiser-Meyer-Olkin</th>
<th>Approx. Chi-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.893</td>
<td>8447.038</td>
</tr>
</tbody>
</table>

Bartlett’s Test of Sphericity

<table>
<thead>
<tr>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>153</td>
<td>.000</td>
</tr>
</tbody>
</table>

Significance level: P<0.005

The three factors accounted for 78% of the variation in the construct. Six items for Continuance Commitment (CC) loaded on first Factor which account for the greatest amount of variance (40%) with an Eigenvalue of 7.215.

**Table 34**

*Total Variance Explained*

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>7.215</td>
<td>40.081</td>
</tr>
<tr>
<td>2</td>
<td>3.691</td>
<td>20.507</td>
</tr>
<tr>
<td>3</td>
<td>3.301</td>
<td>18.339</td>
</tr>
<tr>
<td>4</td>
<td>.734</td>
<td>4.078</td>
</tr>
<tr>
<td>5</td>
<td>.631</td>
<td>3.506</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

The items for each factor loaded predominantly on separate factors. The factor loadings of all items were greater than 0.60 with CC2 being the highest (0.98) and NC3 being lowest (0.64). The results of EFA for Organizational commitment are presented in Table 35.
### Table 35

**Results of Exploratory Factor Analysis for Organizational Commitment**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Factor loadings</th>
<th>Factor</th>
<th>Factor loadings</th>
<th>Factor</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC1</td>
<td>.956</td>
<td>NC2</td>
<td>.898</td>
<td>AC1</td>
<td>.859</td>
</tr>
<tr>
<td>CC2</td>
<td>.982</td>
<td>NC3</td>
<td>.645</td>
<td>AC5</td>
<td>.816</td>
</tr>
<tr>
<td>CC4</td>
<td>.976</td>
<td>CC5</td>
<td>.918</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC6</td>
<td>.901</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction method: Principal Component analysis.
Rotation method: Promax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

### 4.4.6.5 Exploratory Factor Analysis (EFA): Employee Trust

Employee Trust (ET) was used as a mediator in this study which was measured by a construct comprised of three dimensions. These three dimensions were Harmony (HAR), Reliability (REL) and Concern (CON). Harmony (HAR) and Reliability (REL) were measured by 05 items while Concern (CON) was measured by 06 items. The KMO value was 0.900 and Chi-Square was 5465.098 with 120 degree of freedom (DF) and P-Value of 0.000. All these statistics shown in Table 36 indicated that the sample size was adequate and data was appropriate for factor analysis.

### Table 36

**Results of KMO and Bartlett’s Test**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</td>
<td>.900</td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>5465.098</td>
</tr>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td>df 120</td>
</tr>
<tr>
<td></td>
<td>Sig. .000</td>
</tr>
</tbody>
</table>

Significance level:p<0.005

Factor Analysis with Principal Component technique was performed for Employee Trust (ET). Three factors were retained and items with factor loadings less than 0.5 were restricted to load on any factor.

The three factors extracted accounted for 74 % of the variation in explained variable. The first factor accounted for 47 % of the variation with eigenvalue of 7.616 while the second and third factor accounted for 13 % variance with eigenvalues 2.216 and 2.083 respectively. These results are presented in Table 37.
Table 37

Total Variance Explained

<table>
<thead>
<tr>
<th>Componen</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>7.616</td>
<td>47.601</td>
</tr>
<tr>
<td>2</td>
<td>2.216</td>
<td>13.852</td>
</tr>
<tr>
<td>3</td>
<td>2.083</td>
<td>13.017</td>
</tr>
<tr>
<td>4</td>
<td>.639</td>
<td>3.991</td>
</tr>
<tr>
<td>5</td>
<td>.545</td>
<td>3.406</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

All items loaded on separate factors. The items for Reliability (REL) were loaded on first factor whereas the items for Concern (CON) and Harmony (HAR) loaded on second and third factor respectively. All the factor loadings were greater than 0.60 as presented in Table 38.

Table 38

Results of Exploratory Factor Analysis for Employee Trust

<table>
<thead>
<tr>
<th>Factor01</th>
<th>Factor loadings</th>
<th>Factor02</th>
<th>Factor loadings</th>
<th>Factor03</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRR2</td>
<td>.699</td>
<td>TRC3</td>
<td>.801</td>
<td>TRH1</td>
<td>.820</td>
</tr>
<tr>
<td>TRR3</td>
<td>.991</td>
<td>TRC4</td>
<td>.795</td>
<td>TRH4</td>
<td>.890</td>
</tr>
<tr>
<td>TRR4</td>
<td>.962</td>
<td>TRC5</td>
<td>.906</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TRC6</td>
<td>.815</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction method: Principal Component analysis.
Rotation method: Promax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

4.4.6.6 Exploratory Factor Analysis (EFA): LMX Relationship

LMX relationship was used as moderator in the current study and it was measured by a construct comprised of 12 items and four sub-constructs/dimensions i.e. Affect, Contribution, Loyalty and Professional Respect. Each element was measured by three items in the questionnaire. The KMO value was 0.845, with Chi-Square value of 3855.150. The DF value was 66 and P-value of 0.00. The results presented in Table 39 indicated that the sample size was adequate and the data was fit for Factor Analysis.
Table 39

Results of KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Measure of Sampling Adequacy</th>
<th>Value</th>
<th>Bartlett’s Test of Sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin</td>
<td>.845</td>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>df</td>
<td>66</td>
<td>Sig.</td>
</tr>
</tbody>
</table>

Factor Analysis with Principal Component Method was performed for LMX Relationship. Four factors were extracted which accounted for 84% of the variation in explained variable LMX Relationship. The results are shown in Table 40.

Table 40

Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>5.763</td>
<td>48.026</td>
</tr>
<tr>
<td>2</td>
<td>1.986</td>
<td>16.552</td>
</tr>
<tr>
<td>3</td>
<td>1.514</td>
<td>12.615</td>
</tr>
<tr>
<td>4</td>
<td>.838</td>
<td>6.987</td>
</tr>
<tr>
<td>5</td>
<td>.476</td>
<td>3.966</td>
</tr>
</tbody>
</table>

Extraction method: Principal Component Analysis.

All items loaded predominantly on separate factors. The items for Contribution loaded on Factor 01. All the items exhibited factor loadings greater than 0.90 as shown in Table 40. The three items measuring the sub-construct Affect was loaded on Factor 02. Professional Respect was loaded on Factor 03 and Loyalty was loaded on Factor 04. All of the items measuring these constructs had factor loadings greater than 0.70.

Table 40

Results of Exploratory Factor Analysis LMX Relationship

<table>
<thead>
<tr>
<th>Factor01 Factor loadings</th>
<th>Factor02 Factor loadings</th>
<th>Factor03 Factor loadings</th>
<th>Factor03 Factor loadings</th>
<th>Factor03 Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>LMXC7 .931</td>
<td>LMXA1 .920</td>
<td>LMXPR10 .906</td>
<td>LMXL4 .957</td>
<td></td>
</tr>
<tr>
<td>LMXC8 .958</td>
<td>LMXA2 .954</td>
<td>LMXPR11 .937</td>
<td>LMXL5 .798</td>
<td></td>
</tr>
<tr>
<td>LMXC9 .973</td>
<td>LMXA3 .950</td>
<td>LMXPR12 .889</td>
<td>LMXL6 .660</td>
<td></td>
</tr>
</tbody>
</table>

Extraction method: Principal Component analysis.
Rotation method: Promax with Kaiser Normalization.
4.4.7 Confirmatory Factor Analysis

Confirmatory factor analysis in AMOS was utilized to confirm and validate the factor structure. The details of Confirmatory Factor Analyses (CFA) are given in the following sections:

4.4.7.1 Confirmatory Factor Analysis (CFA): HRM Practices

The factor structure of HRM practices scale was validated and confirmed through confirmatory factor analysis. It is evident from Figure 1 that all items exhibited standardized factor loadings greater than 0.50. It is an indication of well-designed construct in terms of perceived items’ validity. The item TD5 exhibited the highest factor loadings of 0.79 while factor IN2 exhibited the lowest factor loadings of 0.57. Furthermore, the squared multiple correlation (R²) for all the factors were greater than 0.40.

The model fitness was examined through a Chi-Square and Modification Indices. Besides the Chi-Square (Wheaton et al., 1977), 07 Fit Indices namely CFI (Bentler (1990), GFI (Joreskog & Sorbom, 1984), AGFI (Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980) and RMSEA (Brown & Cudeck, 1993) were used to examine how well the theoretical model predict the endogenous variables. It is evident from Table 42 that p-value was greater than 0.05 which indicated validity of the theoretical model. The error term indices RMSEA and PMR had values 0.032 which were less than the standardized value 0.08. It indicates the low magnitude of residuals between the designed measurement model and the collected data set. The CMIN/DF value was 2.488 which less than the standard value of 5.00. Additionally, all other model fit indices met the standard criteria of model fitness: GFI= 0.943, AGFI= 0.910 CFI=0.952, NFI=0.923, and TLI= 0.946. These results indicated that the initial 06 factors model was found to be a good model. Therefore, the measurement model meeting the goodness of fit indices supported the HRM Practices Scale.

Table 42

<table>
<thead>
<tr>
<th>Measure (CMIN/DF)</th>
<th>Values</th>
<th>PMR</th>
<th>P-values</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Author’s calculation in AMOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4.7.2 Confirmatory Factor Analysis: Managerial Grid

The factor structure of Managerial grid was confirmed and validated through Confirmatory factor analysis in AMOS. It is apparent from Figure 2 that all items revealed standardized factor loadings greater than 0.70. The item MG4 exhibited the highest factor loadings of 0.92 while factor MG14 exhibited the lowest factor loadings of 0.79. Moreover, all the response items exhibited the squared multiple correlation (R²) greater than 0.30.
The model fitness was analyzed through a Chi-Square (Wheaton et al., 1977), and 07 Model Fit Indices namely CFI (Bentler, 1990), GFI (Joreskog & Sorbom, 1984), AGFI (Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980) and RMSEA (Brown & Cudeck, 1993) were used to examine how well the theoretical model predict the endogenous variables. The results of analysis revealed how well the theoretical model predict the endogenous variables. It is obvious from Table 43 that p-value was greater than 0.05 which indicated validity of the proposed model. The error term indices RMSEA and PMR values were 0.017 and 0.029. These values were less than the standardized value 0.08 and CMIN/DF value was 2.395 which was less than the standard value of 5.00. Besides these: all model fit indices satisfied the threshold values: GFI= 0.917, AGFI= 0.909, CFI= 0.934, NFI=0.921, and TLI= 0.923. The results presented in Table 43 indicated that the initial 03 factors model was found to be a good model. Therefore, the measurement model meeting the goodness of fit indices supported the Managerial Grid Scale.
### Table 43

**Model Fit Indices for Managerial Grid**

<table>
<thead>
<tr>
<th>Measure</th>
<th>CMIN/DF</th>
<th>PMR</th>
<th>P-values</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>2.395</td>
<td>0.029</td>
<td>0.420</td>
<td>0.917</td>
<td>0.909</td>
<td>0.934</td>
<td>0.921</td>
<td>0.923</td>
<td>0.017</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

---

#### 4.4.7.3 Confirmatory Factor Analysis: Leadership Styles

The construct validity of measurement scale for Leadership styles was evaluated through Confirmatory factor analysis in AMOS. It is apparent from Figure 3 that all items revealed standardized factor loadings greater than 0.30. The item LS2 exhibited the highest factor loadings of 0.91 while the item LS16 exhibited the lowest factor loadings of 0.33. Moreover, all the response items exhibited the squared multiple correlation ($R^2$) greater than 0.30.

![Figure 3. CFA Leadership Styles](image)

**LEGENDS:** TFL: Transformational Leadership; TSL: Transactional Leadership; LFL: Laizzes-Faire Leadership.

Model fitness was analyzed through a Chi-Square (Wheaton et al., 1977), and 07 Model Fit Indices namely CFI (Bentler, 1990), GFI (Joreskog & Sorbom, 1984), AGFI...
(Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980) and RMSEA (Brown & Cudeck, 1993) were used to examine how well the theoretical model predict the endogenous variables. The results of analysis revealed how well the theoretical model predict the endogenous variables. It is obvious from Table 44 that p-value was greater than 0.05 which indicated the validity of the theoretical model. The error term indices RMSEA and PMR values were 0.023 and 0.022. These values were less than the standardized value 0.08 and the CMIN/DF value was 2.811 which less than the standard value of 5.00. All other model fit indices met the model fitness standards: GFI= 0.956, AGFI= 0.914, CFI= 0.958, NFI=0.959, and TLI= 0.948. The results presented in Table 40 indicated that the initial 03 factors model was found to be a good model. Therefore, the measurement model meeting the goodness of fit indices supported the Leadership Styles Scale.

Table 44

<table>
<thead>
<tr>
<th>Measure</th>
<th>(CMIN/DF)</th>
<th>PMR</th>
<th>P-Value</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>2.811</td>
<td>0.022</td>
<td>0.572</td>
<td>0.956</td>
<td>0.914</td>
<td>0.958</td>
<td>0.959</td>
<td>0.948</td>
<td>0.023</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

4.4.7.4 Confirmatory Factor Analysis (CFA): Organizational Commitment

The factor structure of Organizational commitment scale was validated and confirmed through confirmatory factor analysis in AMOS. The outcomes of CFA for Organizational commitment as displayed in Figure 4 showed that the standardized factor loadings of all items were greater than 0.60. The item CC2 exhibited the highest factor loadings of 0.99 while the item AC4 exhibited the lowest factor loadings of 0.23 respectively. Furthermore, all other response items exhibited the squared multiple correlation (R²) greater than 0.40.
The model fitness of the Organizational Commitment scale was examined through a Chi-Square (Wheaton et al., 1977) and Model Fit Indices namely CFI (Bentler (1990), GFI (Joreskog & Sorbom, 1984), AGFI (Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980) and RMSEA (Brown & Cudeck, 1993). These indices examined how well the theoretical model predict the endogenous variables. The results revealed that the theoretical model predicted the endogenous variables. It is obvious from Table 45 that p-value was greater than 0.05 which indicated the validity of theoretical model. The error term indices RMSEA and PMR values were 0.045 and 0.024. These values were less than the standardized value 0.08. The CMIN/DF value was 2.174 which was less than the standard value of 5.00. The model fit indices were statistically sound i.e. GFI = 0.946, AGFI= 0.912, CFI= 0.987, NFI=0.977, and TLI= 0.982. The results presented in Table 41 indicated that the initial 03 factors model was found to be a good fit model. Hence, the measurement model meeting the goodness of fit indices supported the Organizational Commitment Scale.
4.4.7.5 Confirmatory Factor Analysis (CFA): Employee Trust

The scale of Employee Trust was assessed for construct validity through a Confirmatory Factor Analysis in AMOS. All the response items exhibited standardized factor loadings larger than 0.60. The results depicted in Table 42 indicated the validity of the construct in terms of observed items’ validity. The item TRR3 demonstrated the highest factor loadings of 0.95 while the item TRC5 demonstrated the lowest factor loadings of 0.32. Furthermore, all other response items exhibited the squared multiple correlation ($R^2$) greater than 0.30. The factor structure is depicted in Figure 5.

**Figure 5. CFA Employee Trust**


The model fitness of the Employee Trust scale was examined through a Chi-Square (Wheaton et al., 1977), and Model Fit Indices namely CFI (Bentler (1990), GFI (Joreskog & Sorbom, 1984), AGFI (Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980).
1980) and RMSEA (Brown & Cudeck, 1993). These indices were used to examine how well the theoretical model predict the endogenous variables. The p-value was greater than 0.05 which indicated the validity of theoretical model as shown in Table 46. The error term indices RMSEA and PMR values were 0.031 and 0.037. These values were less than the standardized value 0.08. The CMIN/DF value was 2.295 which was less than the standard value of 5.00. All other model fit indices met the standard criteria of model fitness i.e. GFI = 0.940, AGFI= 0.907, CFI=0.979, NFI=0.964, and TLI= 0.971. The results presented in Table 42 indicated that the initial 03 factors model was found to be a good fit model. Therefore, the measurement model meeting the goodness of fit indices supported the Employee Trust Scale.

**Table 46**

<table>
<thead>
<tr>
<th>Measure</th>
<th>(CMIN/DF)</th>
<th>PMR</th>
<th>p-value</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>2.295</td>
<td>0.037</td>
<td>0.074</td>
<td>0.940</td>
<td>0.907</td>
<td>0.979</td>
<td>0.964</td>
<td>0.971</td>
<td>0.031</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

4.4.7.6 Confirmatory Factor Analysis: LMX Relationship

The construct validity of the measurement scale for LMX relationship was evaluated through confirmatory factor analysis. The results are depicted in *Figure 6*. It is evident from *Figure 6* that all the response items demonstrated factor loadings greater than 0.60. The item LMXC9 revealed the highest factor loadings of 0.96 whereas the item LMXA1 exhibited the lowest factor loadings of 0.29. Furthermore, all the factors exhibited the squared multiple correlation (R²) greater than 0.30.
The model fitness of the LMX Relationship scale was inspected through a Chi-Square (Wheaton et al., 1977), and Model Fit Indices. The Model Fit Indices namely CFI (Bentler (1990), GFI (Joreskog & Sorbom, 1984), AGFI (Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980) and RMSEA (Brown & Cudeck, 1993) were used to examine how well the theoretical model predict the endogenous variables. It is apparent from Table 47 that p-value was less than 0.05 which indicated that validity of theoretical model. The error term indices RMSEA and PMR values were 0.027 and 0.034. These values were less than the standardized value 0.08. The CMIN/DF value was 1.957 which was less than the standard value of 5.00. All other model fit indices demonstrated the model fitness i.e. GFI =0.966, AGFI= 0.936, CFI = 0.990, NFI=0.979, and TLI= 0.984. The results presented in Table 43 indicated that the initial 04 factors model was found to be a good fit model. Therefore, the measurement model meeting the goodness of fit criteria supported the LMX Relationship Scale.
Table 47

<table>
<thead>
<tr>
<th>Measure</th>
<th>(CMIN/DF)</th>
<th>PMR</th>
<th>p-value</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>1.957</td>
<td>0.034</td>
<td>0.124</td>
<td>0.966</td>
<td>0.936</td>
<td>0.990</td>
<td>0.979</td>
<td>0.984</td>
<td>0.027</td>
</tr>
</tbody>
</table>

Source: Author's calculation in AMOS

4.4.7 Assessment of Proposed Theoretical Model (Testing of Hypotheses)

4.4.7.1 Impact of HRM practices on Leadership styles.

Hypothesis H1: There is significant association between HRM practices and Leadership Styles.

The current study explored the relationship of HRM Practices, Managerial Grid and leadership styles. In the current model HRM practices was used as an independent variable while leadership style was used as a dependent variable. There were two mediators i.e. organizational Commitment and Employee Trust and a moderator LMX relationship in the current study. The hypotheses developed from literature review were tested through Structural Equation Modeling (SEM). The Proposed Theoretical Framework is presented in Figure 7. HRM is inherently a multilevel field of study. The availability of the SEM techniques allows scholars to investigate complex HRM models so as to better understand the complexity involved in social and psychological processes. First, the model fitness was evaluated in terms of Statistical Significance and Model Fit Indices. It is evident from the Table 48 that the error term indices RMSEA and PMR values were 0.042 and 0.039. These values were less than the benchmark values of 0.08 indicating that the measurement model exhibit small amount of residuals. The CMIN/DF value was 2.843 which was less than the standard value of 5.0. In addition, the model satisfied the model fitness criteria i.e. GFI=0.963, AGFI=0.921, CFI=0.987, NFI=0.982, and TLI=0.964. The results showed that the model was found to be a good fit model.
The relationship between the HRM Practices and Leadership Styles was examined through SEM analysis. The path coefficient estimate of the direct path between HRM Practices and endogenous variable Leadership styles was significant at alpha (α) level 0.001. The P-value was less than 0.001 as shown in Table 49. The standardized regression weight was 0.30 for HRM Practices in predicting Leadership Styles as depicted in Figure 7. It means that a one unit change in HRM Practices will bring 30 percent change in Leadership Styles. Thus, HRM Practices has a positive and significant association with Leadership Styles. Hence, Hypothesis $H_1$ was supported.
**Table 49**

*Standardized Regression Weights of Paths among Variables in Proposed Model*

<table>
<thead>
<tr>
<th>Constructs and Measures</th>
<th>( R^2 )</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM ( \rightarrow ) LEADERSHIP_STYLES</td>
<td>.30</td>
<td>.039</td>
<td>4.840</td>
<td>***</td>
</tr>
<tr>
<td>HRM ( \rightarrow ) MANAGERIAL GRID</td>
<td>.28</td>
<td>.061</td>
<td>3.361</td>
<td>***</td>
</tr>
<tr>
<td>HRM ( \rightarrow ) OC</td>
<td>.20</td>
<td>.070</td>
<td>3.929</td>
<td>***</td>
</tr>
<tr>
<td>OC ( \rightarrow ) LEADERSHIP_STYLES</td>
<td>.22</td>
<td>.026</td>
<td>4.219</td>
<td>***</td>
</tr>
<tr>
<td>HRM ( \rightarrow ) TRUST</td>
<td>.24</td>
<td>.032</td>
<td>3.726</td>
<td>***</td>
</tr>
<tr>
<td>TRUST ( \rightarrow ) LEADERSHIP_STYLES</td>
<td>.17</td>
<td>.075</td>
<td>2.567</td>
<td>.002</td>
</tr>
<tr>
<td>OC ( \rightarrow ) MANAGERIAL GRID</td>
<td>.21</td>
<td>.043</td>
<td>4.349</td>
<td>***</td>
</tr>
<tr>
<td>TRUST ( \rightarrow ) MANAGERIAL GRID</td>
<td>.17</td>
<td>.124</td>
<td>3.058</td>
<td>.002</td>
</tr>
<tr>
<td>LMX_X_HRM ( \rightarrow ) LEADERSHIP_STYLES</td>
<td>-.07</td>
<td>.024</td>
<td>-2.586</td>
<td>.130</td>
</tr>
<tr>
<td>LMX_X_HRM ( \rightarrow ) MANAGERIAL GRID</td>
<td>-.09</td>
<td>.011</td>
<td>-1.896</td>
<td>.048</td>
</tr>
</tbody>
</table>

Significance level: \( p < 0.05 \)

### 4.4.7.2 Impact of HRM practices on Transactional Leadership.

**Hypothesis H1a:** There is significant association between HRM practices and Transactional Leadership.

Structural Equation Modeling was used to find the association between HRM Practices and Transactional Leadership Styles. The model fitness was assessed in terms of statistical significance and model fit indices. It is evident from the Table 50 that the CMIN value was 3215.362 and associated P-value was greater than 0.001. The CMIN/DF values was 2.691. The GFI value was 0.969 and AGFI was 0.917. The CFI, NFI and TLI values were 0.918, 0.918 and 0.913 respectively. Similarly, error term indices PMR and RMSEA were 0.044 and 0.035 which were less than the standardized values of 0.08. All these model fit indices indicated the fitness of the theoretical model.

**Table 50**

*Model Fit Indices Showing Relationship of HRM Practices and Transactional Leadership*

<table>
<thead>
<tr>
<th>Measure</th>
<th>(CMIN/DF)</th>
<th>PMR</th>
<th>p-value</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>2.691</td>
<td>0.044</td>
<td>0.518</td>
<td>0.969</td>
<td>0.917</td>
<td>0.918</td>
<td>0.918</td>
<td>0.913</td>
<td>0.035</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS
Finally, the path co-efficient estimates (regression weight) of the direct path concerning HRM Practices and Transactional Leadership was assessed. The path co-efficient estimate was statistically significant at alpha (α) level 0.001 as displayed in Table 51. The standardized regression weight for HRM Practices was $\beta = 0.36$ in predicting the Transactional Leadership Styles as illustrated in Figure 8. It means HRM practices had significant positive association with Leadership styles. A one unit change in HRM Practices bring 36 units change in Transactional Leadership. The exogenous variable HRM Practices predicted the endogenous variable Transactional Leadership. Hence, Hypothesis $H_{1a}$ was supported.

### Table 51

Path Co-efficient Estimates of HRM Practices and Transactional Leadership

<table>
<thead>
<tr>
<th>Constructs and Measures</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM $\rightarrow$ TRL</td>
<td>.360</td>
<td>.063</td>
<td>6.483</td>
<td>***</td>
</tr>
</tbody>
</table>

Relationship was significant at $p<0.001$

#### 4.4.7.3 Impact of HRM practices on Transformational Leadership.

**Hypothesis $H_{1b}$:** There is significant association between HRM practices and Transformational leadership.

The relationship of HRM Practices and Transformational Leadership Style was analyzed through SEM analysis. In the first place, the model fitness was evaluated in term of
Model Fit Indices. It is apparent from the Table 52 that the CMIN/DF values was 2.845 with associated P-Value greater than 0.001. The error term indices PMR and RMSEA were 0.045 and 0.015 which stood less than standard value of 0.08. The GFI and AGFI were greater than 0.90 (GFI= 0.979 and AGFI=0.919). In the same way, all other model fit indices were greater than the threshold value of 0.90 (CFI=0.924, NFI=0.924, TLI=0.917). These model fit indices indicated the fitness of the theoretical model.

![Figure 9. HRM Practice and Transformational Leadership](image)

**Table 52**

<table>
<thead>
<tr>
<th>Measure</th>
<th>(CMIN/DF)</th>
<th>PMR</th>
<th>p-value</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>2.845</td>
<td>0.045</td>
<td>0.102</td>
<td>0.979</td>
<td>0.919</td>
<td>0.924</td>
<td>0.924</td>
<td>0.917</td>
<td>0.015</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

Lastly, Structural Equation Modeling (SEM) was utilized to estimate the path-coefficient of direct path between HRM Practices and Transformational Leadership. The path co-efficient (standardized regression weight) for the exogenous variable HRM Practices was 0.28 in predicting the endogenous variable Transformational Leadership as depicted in *Figure 9*. It was statistically significant at level 0.001 as shown in Table 53. A one unit change in exogenous variable HRM Practices will bring 28 Percent change in the endogenous variable Transformational Leadership. Thus, HRM Practices has positive and significant association with Transformational Leadership. Hence, Hypothesis $H_{lb}$ was supported.
Table 53

SEM Estimates for HRM Practices and Transformational Leadership

<table>
<thead>
<tr>
<th>Constructs and Measures</th>
<th>Estimate</th>
<th>S.E</th>
<th>C.R</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM ===&gt; TFL</td>
<td>0.28</td>
<td>0.065</td>
<td>4.793</td>
<td>***</td>
</tr>
</tbody>
</table>

Relationship was significant at p<0.001

4.4.7.4 Impact of HRM practices on Laissez-faire Leadership.

**Hypothesis H1c:** There is significant association between HRM practices and Laissez-faire Leadership.

The relationship of HRM Practices with Laissez-faire Leadership was tested through SEM analysis. First and foremost, the model fitness was evaluated in terms of Model Fit Indices and statistical significance. It is evident from the Table 54 that the CMIN value was 1914.28 and P-value was greater than 0.001. The CMIN/DF values was 2.691. The GFI value was 0.969 and AGFI was 0.917. The CFI, NFI and TLI values were 0.931, 0.925 and 0.936 respectively. In addition, error term indices PMR and RMSEA were 0.028 and 0.035 which were less than the standardized values of 0.08. All these model fit indices indicated the fitness of the theoretical model.

Also, the path co-efficient (regression weight) of the direct path between HRM Practices and Laissez-faire Leadership was estimated. The standardized regression weight for the exogenous variable HRM Practices was 0.30 in predicting the endogenous variable.
Laissez-faire Leadership as depicted in *Figure 10*. The relationship was statistically significant at level 0.001 as shown in Table 52. A 1 unit change in exogenous variable HRM Practices will bring 33 percent change in the endogenous variable Laissez-faire Leadership. Therefore, the exogenous variable HRM Practices predicted the endogenous variable Laissez-faire Leadership. Thus, HRM Practices has positive and significant association with Laissez-faire Leadership. Hence, *H1c* was accepted.

**Table 54**  
*Model Fit Indices for HRM Practices and Laissez-faire Leadership*

<table>
<thead>
<tr>
<th>Measure</th>
<th>CMIN/DF</th>
<th>PMR</th>
<th>p-value</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>NFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>2.807</td>
<td>0.028</td>
<td>0.346</td>
<td>0.963</td>
<td>0.911</td>
<td>0.931</td>
<td>0.925</td>
<td>0.931</td>
<td>0.037</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

**Table 55**  
*SEM estimates for HRM Practices and Laissez-faire Leadership*

<table>
<thead>
<tr>
<th>Constructs and Measures</th>
<th>Estimate</th>
<th>S.E</th>
<th>C.R</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM ===&gt; LFL</td>
<td>0.321</td>
<td>0.067</td>
<td>5.022</td>
<td>***</td>
</tr>
</tbody>
</table>

Relationship was significant at p<0.001

4.4.8. Impact of HRM practices on Managerial grid.

**Hypothesis H2**: There is significant association between HRM practices and Managerial grid. The path co-efficient of direct path amid HRM Practices and Managerial Grid was estimated. The standardized regression weight for the exogenous variable HRM Practices was 0.28 in predicting the endogenous variable Managerial Grid as depicted in *Figure 7*. The relationship was statistically significant at level 0.001 as shown in Table 45. A one unit change in exogenous variable HRM Practices will bring 28 percent change in the endogenous variable Managerial Grid. Therefore, the exogenous variable HRM Practices significantly predicted the endogenous variable Managerial Grid. Thus, HRM Practices has positive and
significant association with Managerial Grid. Hence, Hypothesis $H_2$: ‘There is significant association between HRM Practices and Managerial Grid’ was accepted.

4.4.9 Mediation Analysis

The mediating effect of Employee trust and Organizational commitment on the relationship of HRM practice, Managerial grid and Leadership styles was analyzed through Structural Equation Modelling in AMOS. The following basic assumptions and statistical steps were considered (Kline, 2005; Bae, 2006; Hair et al., 2006; Song, Lim, Kang & Kim, 2014):

- The direct path between exogenous and endogenous variable should be statistically significant when controlled for mediating variable.
- The direct path between exogenous variable and mediator are significant.
- The direct path between endogenous variable and mediator are significant.
- The direct path between exogenous and endogenous variable either become statistically significant or insignificant and the magnitude of relationship ($R^2$) either increases or decreases after adding the mediating variable.

4.4.9.1 The mediating role of Organizational Commitment on the relationship of HRM Practices and Leadership Styles.

**Hypothesis II3**: The relationship of HRM practices and Leadership styles is mediated by Organizational Commitment.

To test the mediating role of Organizational commitment on the association of HRM practice and Leadership styles, three types of effects such as total effects, direct affects and indirect effects were measured in this study as shown in Table 56 and Figure 7. Allowing for all variables collectively in the model, the direct effect of HRM Practices and Leadership Styles was statistically significant ($P < 0.001$). The standardized path co-efficient estimate (regression weight) of the exogenous variable HRM Practices was $\beta=0.30$ for predicting the endogenous variable Leadership Styles as shown in Figure 7. The indirect effect of exogenous variable HRM practices on mediating variable Organizational commitment was
statistically significant (P < 0.001) with standardized path co-efficient (regression weight) of β = 0.20. The indirect effect of mediating variable Organizational Commitment and endogenous variable Leadership Style was also statistically significant (P < 0.001) with Standardized path co-efficient estimate (regression weight) of β = 0.22. Therefore, the indirect effect was β = 0.044 with P < 0.001, which was calculated through the multiplication of the effect of HRM Practices to Organizational commitment and the effect of Organizational commitment to Leadership Styles (β = 0.20 * 0.22 = 0.044 and P = 0.000 * 0.000 = 0.000).

Additionally, the total effect was the addition of direct and indirect effects (β = 0.30 + 0.044 = 0.344, P < 0.001). Furthermore, the direct effect of HRM Practices on Leadership Styles (β = 0.30) came close to zero in indirect effect (β = 0.044). The results of the mediation analysis are presented in Table 56. Thus, the results indicated that Organizational Commitment mediated the relationship of HRM Practices and Leadership Styles. The type of mediation was “partial mediation” since the direct effect of HRM Practices on Leadership Styles was still significant after the mediator entered the model. Hence, Hypothesis $H_3$ was supported.

**Table 56**

<table>
<thead>
<tr>
<th>Total, Direct and Indirect Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Effect</strong> = <strong>Direct effect</strong> + <strong>Indirect effect</strong></td>
</tr>
<tr>
<td><strong>Direct effect</strong> = HRM Practices to Leadership Styles</td>
</tr>
<tr>
<td><strong>Direct effect</strong> = 0.30, p&lt;0.001</td>
</tr>
<tr>
<td><strong>Indirect effect</strong> = HRM Practices to Organizational Commitment * Organizational Commitment to Leadership Styles</td>
</tr>
<tr>
<td><strong>Indirect effect</strong> = 0.20 * 0.22</td>
</tr>
<tr>
<td><strong>Indirect effect</strong> = 0.044</td>
</tr>
<tr>
<td><strong>Total Effect</strong> = 0.30 + 0.044 = 0.344</td>
</tr>
</tbody>
</table>

Significance level = p<0.001.
4.4.9.2 The mediating role of Organizational Commitment on the relationship of HRM Practices and Managerial Grid.

**Hypothesis H4**: The relationship of HRM practices and Managerial Grid is mediated by Organizational Commitment.

The mediating role of Organizational commitment on the association of HRM practice and Managerial grid was evaluated through SEM in AMOS. Three types of effects such as total effects, direct affects and indirect effects were measured in this study as shown in Table 56 and Figure 7. Allowing for all variables collectively in the model, the direct effect of HRM Practices and Managerial Grid was statistically significant (P < 0.001). The standardized path co-efficient estimate (regression weight) of the exogenous variable HRM Practices was β=0.28 for predicting the endogenous variable Managerial Grid as shown in Figure 7. The indirect effect of exogenous variable HRM practices on mediating variable Organizational commitment was statistically significant (P < 0.001) with standardized path co-efficient (regression weight) of β=0.20. The indirect effect of mediating variable Organizational Commitment and endogenous variable Managerial Grid was also statistically significant (P< 0.001) with Standardized path co-efficient estimate (regression weight) of β=0.21. Therefore, the indirect effect was β=0.042 with P<0.001, which was calculated through the multiplication of the effect of HRM practices to Organizational commitment and the effect of Organizational commitment to Managerial grid (β=0.20*0.21=0.042 and P=0.000*0.000=0.000).

Furthermore, the total effect was the addition of direct and indirect affects (β=0.28+0.042=0.322, P<0.001). Furthermore, the direct effect of HRM Practices on Managerial Grid (β=0.28) came close to zero in indirect effect (β=0.042). Thus, the outcomes offered in Table 57 showed that Organizational commitment merely partially mediated the association of HRM practices Managerial Grid, since the direct effect of HRM Practices on Managerial Grid was still significant after the mediation. Therefore, Hypothesis H4 was supported.
Table 57

**Total, Direct and Indirect Effect**

<table>
<thead>
<tr>
<th>Effect Type</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Effect</td>
<td>$= \text{Direct effect} + \text{Indirect effect}$</td>
<td></td>
</tr>
<tr>
<td>Direct effect</td>
<td>$\text{HRM Practices to Managerial Grid}$</td>
<td>0.28, p&lt;0.001</td>
</tr>
<tr>
<td>Indirect effect</td>
<td>$\text{HRM Practices to Organizational Commitment \times Organizational Commitment to Managerial Grid}$</td>
<td>0.042</td>
</tr>
</tbody>
</table>

Total Effect $0.28 + 0.042 = 0.322$

Significance level $p<0.001$.

4.4.9.3 The mediating role of Employee trust on the association of HRM practices and Leadership Styles.

**Hypothesis H5**: The relationship of HRM practices and Leadership styles is mediated by Employee Trust.

Structural Equation Modeling (SEM) was used to test the mediating effect of Employee Trust on the association of HRM practices and Leadership styles. Total effect, direct effect and indirect effect were computed. The direct effect of HRM practices on Leadership Styles was statistically significant ($P<0.001$). The standardized path coefficient estimate (regression weight) of the exogenous variable HRM Practices was $\beta=0.30$ for predicting the endogenous variable Leadership Styles as shown in Figure 7. The indirect effect of exogenous variable HRM Practices on mediating variable Employee Trust was statistically significant ($P=0.000$) with standardized path coefficient estimate (regression weight) of $\beta=0.24$. Similarly, the indirect effect of mediating variable Employee Trust and endogenous variable Leadership Style was also statistically significant ($P=0.002$) with Standardized path coefficient estimate (regression weight) of $\beta=0.17$. Therefore, the indirect effect was $\beta=0.040$ with $P<0.001$, which was calculated through the multiplication of the effect of HRM practice to Employee trust and the effect of Employee trust to Leadership Styles ($\beta=0.24\times0.17=0.040$ and $P=0.000\times0.002=0.000$). Additionally, the total effect was addition of direct and indirect effects ($\beta=0.30+0.040=0.34$, $P<0.001$). Furthermore, the direct effect of HRM Practices on Leadership Styles ($\beta=0.30$) came close to zero in indirect effect ($\beta=0.040$).
Thus, the results presented in Table 58 indicated that Employee Trust partially mediated the association of HRM practices and Leadership styles as the association between HRM practices and Leadership Styles was still significant after the mediation. Hence, Hypothesis $H_5$ was supported.

**Table 58**

*Total, Direct and Indirect Effect*

<table>
<thead>
<tr>
<th></th>
<th>Direct effect</th>
<th>Indirect effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Effect</td>
<td>$= 0.30 + 0.04$</td>
<td>$= 0.34$</td>
</tr>
<tr>
<td>Direct effect</td>
<td>$= 0.30$, $p&lt;0.001$</td>
<td></td>
</tr>
<tr>
<td>Indirect effect</td>
<td>$= 0.24 \times 0.17$</td>
<td>$= 0.04$</td>
</tr>
</tbody>
</table>

Significance level: $p<0.001$.

4.4.9.4 The mediating role of Employee trust on the relationship of HRM Practices and Managerial grid.

**Hypothesis $H_6$: The relationship of HRM practices and Managerial Grid is mediated by Employee Trust**

The mediating effect of Employee Trust on the relationship of HRM Practices and Managerial Grid was tested using Structural Equation Modeling (SEM). Three types of effects such as total effects, direct affects and indirect effects were computed. The direct effect of HRM practices and Managerial Grid was statistically significant ($P < 0.001$) and the standardized path co-efficient of the exogenous variable HRM Practices was $\beta = 0.28$ for predicting the endogenous variable Managerial Grid as. The indirect effect of exogenous variable HRM Practices on mediating variable Employee Trust was statistically significant ($P=0.000$) with standardized path co-efficient (regression weight) of $\beta = 0.24$. Similarly, the indirect effect of mediating variable Employee Trust and endogenous variable Managerial Grid was also statistically significant ($P=0.002$) with Standardized path co-efficient estimate (regression weight) of $\beta = 0.17$. Therefore, the indirect effect was $\beta = 0.040$ with $P<0.001$, which was computed through the multiplication of the effect of HRM practices to Employee
trust and the effect of Employee Trust to Leadership Styles (\(\beta=0.24*0.17=0.040\) and 
\(P=0.000*0.002=0.000\)). Additionally, the total effect was the addition of direct and indirect 
effects (\(\beta=0.28+0.040=0.32, P<0.001\)). Furthermore, the direct effect of HRM Practices on 
Managerial Grid (\(\beta=0.28\)) came close to zero in indirect effect (\(\beta=0.040\)). Thus, the results 
presented in Table 59 indicated that Employee Trust partially mediated the relationship of 
HRM practices and Managerial Grid as the association between HRM practices and 
Managerial Grid was still significant after the mediation. Hence, Hypothesis \(H_6\) was 
supported.

**Table 59**

<table>
<thead>
<tr>
<th>Total, Direct and Indirect Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Effect</strong> = Direct effect + Indirect effect</td>
</tr>
<tr>
<td><strong>Direct effect</strong> = HRM Practices to Managerial Grid</td>
</tr>
<tr>
<td>(\text{Direct effect} = 0.28, p&lt;0.001)</td>
</tr>
<tr>
<td><strong>Indirect effect</strong> = HRM Practices to Employee Trust * Employee Trust to Managerial Grid</td>
</tr>
<tr>
<td>(\text{Indirect effect} = 0.24*0.17)</td>
</tr>
<tr>
<td>(\text{Indirect effect} = 0.04)</td>
</tr>
<tr>
<td><strong>Total Effect</strong> = 0.28 + 0.04 = 0.32</td>
</tr>
</tbody>
</table>

Source: Author’s calculation in AMOS

4.4.10 Moderation Analysis

**Hypothesis \(H_7\):** The relationship of HRM Practices and Leadership styles is 
moderated by LMX model.

**Hypothesis \(H_8\):** The relationship of HRM Practices and Managerial Grid is 
moderated by LMX model.

The moderating influence of LMX model on association of HRM practices, 
Leadership Styles and Managerial grid was investigated in AMOS. First, the relationship of 
HRM Practices, LMX and Leadership styles were estimated which were significant as shown 
in Table 57. Then, an interaction term LMX_x_HRM was computed in SPSS from LMX 
model and HRM practices. To model the moderating effect of LMX_x_HRM on the 
association of HRM practice, Managerial grid and Leadership Styles, multi-group CFA was
performed. Awang (2015) suggested that multi-group CFA should be performed and the difference in the chi-square values of the two models should be assessed. For the test to be significant the difference must be greater than 3.84.

Following the steps in the multi-group CFA procedure, two models were estimated separately. One was the constrained model while the other one was unconstrained model as shown in Figure 11 and Figure 12. The difference in chi-square values was obtained between constrained and unconstrained models. The path of interest where moderator lie was assessed. This particular path was constrained with parameter 1 and was termed as constrained model. The constrained Model was estimated as given in Figure 11. The Chi-square value was 12471.920. Similarly the unconstrained model was also estimated as shown in Figure 12. The Chi-square value was 12407.470. The difference in the Chi-Square values of constrained and unconstrained model was 64.45. Thus, the moderation test was significant since the difference in the Chi-square was greater than 3.84. Since, the path co-efficient estimate between LMX_X_HRM and Managerial Grid was -0.09 and it was significant (p-value= 0.048) which indicated LMX_X_HRM negatively affected the relationship between HRM Practices and Managerial Grid. Thus, LMX_X_HRM weakened or decreased the direct relationship of HRM practices and Managerial Grid. The moderator LMX_X_HRM also decreased the causal effect of HRM Practices on Leadership Styles (β = -0.07), However, the path-co-efficient estimate between moderator LMX_X_HRM and Leadership Styles was insignificant (P-value= .130).

Hence, the test of hypothesis for moderation found that LMX Relationship moderated the causal effect of HRM Practices and Managerial Grid. However, Leader-Member Exchange Relationship doesn’t moderated the relationship of HRM Practices and Leadership Styles. Hence, Hypothesis $H_7$ was not supported while $H_8$ was supported.
Table 60

<table>
<thead>
<tr>
<th>Constructs and Measures</th>
<th>Estimate</th>
<th>S.E</th>
<th>CR</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM ===&gt; LEADERSGHP_STYLES</td>
<td>0.30</td>
<td>0.039</td>
<td>4.840</td>
<td>** ***</td>
</tr>
<tr>
<td>LMX_X_HRM ===&gt; LEADERSHIP_STYLES</td>
<td>-0.07</td>
<td>0.024</td>
<td>-2.586</td>
<td>.130</td>
</tr>
<tr>
<td>HRM ===&gt; Managerial Grid</td>
<td>0.28</td>
<td>0.061</td>
<td>3.361</td>
<td>** ***</td>
</tr>
<tr>
<td>LMX_X_HRM ===&gt; Managerial Grid</td>
<td>-0.09</td>
<td>0.011</td>
<td>-1.896</td>
<td>.048</td>
</tr>
</tbody>
</table>

Significance level: P<0.05
Table 61

Chi-Square Values and DF for Constrained and Unconstrained Models.

<table>
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<th>Model</th>
<th>Chi-square</th>
<th>df</th>
<th>P-Value</th>
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<tr>
<td>Unconstrained Model</td>
<td>12407.470</td>
<td>4165</td>
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<td>Difference in Chi-Square</td>
<td>64.45</td>
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</table>

Significance level: p<0.05

4.5 Discussion

The proposed theoretical model described the relationship between HRM Practices, Managerial Grid and Leadership Styles with mediating effect of Employee trust and Organizational commitment and moderating role of LMX relationship. The findings revealed that there was positive and significant relationship between HRM practices and Leadership styles. The three Leadership styles i.e. transactional, transformational and laissez-faire leadership were significantly positively related to HRM practices. Similarly, the results also showed a positive significant relationship of HRM practices with Managerial grid. These results were consistent with the results of the study conducted by Pongpearchan (2016) who argued that transformational leadership as an origin of strategic human resource management. Given these results, since all the three leadership styles are significantly related with HRM Practices, HRM Practices may produce/predict managerial leadership styles in organizations. This research recommends that in the presence of HRM Practices, managerial leadership styles can be demonstrated in organizations. It means that Managerial leadership styles are designed by the HRM practices of the organization. These are not imminent from the external environment. Thus, leadership styles are entrenched in the company HRM system. It means that leadership styles are designed by the HRM practices of the organization along with other variables in organizations. These are not coming from the outside. Thus, leadership styles are rooted in the company HRM system. These inter-relationships are important to understand the important aspects of leadership in corporate sector. Human Resource Management and
leadership cannot function separately in organization. To be effective, organizations can combine HRM and leadership function and match them to appropriate department or task. A firm emphasis on human resource compliance combined with a visionary outlook on leadership will aid the business balance its policy and legal requirements with its need to retain workforces committed, enthused and trusted. Every manager possess a particular leadership style, as leadership is one of the basic functions of management and all managers are leaders. Meanwhile, HRM Practices are constantly and consistently applied in organizations. Previously the relationship was not examined.

The results revealed that HRM practices positively influence transactional leadership behavior. The transactional leadership behavior happen in organization at a consistent or continuing basis. The leaders encourage obedience by followers through reward and punishment. They focus on supervision and performance. Under the contingent reward system, the leaders offer the material rewards to subordinates in the form of compensation, job security and promotion on successful completion of job tasks. Unlike the annual performance reviews, the contingent-reward structure offers a more regular evaluation of employee’s work. A reward system, that is of interest to employees motivate them to successfully accomplish job tasks and achieve organizational objectives. Employer can motivate employees through the design of an effective reward and compensation system and successfully implementing it. An organization HR department is responsible for formulating and implementing the performance appraisal and reward and compensation policy in organization. It assist transactional leaders to establish an effective performance appraisal and reward and compensation system to achieve organizational goals. Thus, a leader demonstrates a transactional leadership behavior in organization. Moreover, The HR department that plans a strategic development helps in handling transactional matters. Thus
combining certain HR Practices with transactional leadership styles will aid in achieving organizational goals.

The findings of the current study also showed that HRM practices significantly influence transformational leadership style. A transformational leader not only influence individual and group performance but also the employee values and beliefs. They possess close social relationship with their subordinates and motivate them beyond their material benefit. They also have the influence to change the values, attitudes and beliefs of their group member to motivate them to perform beyond expectations. This is attained by enunciating future vision of organization, confirming an operational model that is reliable with the vision, inspiring a focus on the objectives and presenting individual consideration. A transformational leadership style is characterized by two kinds of leadership behavior: individual versus group oriented. Behaviors associated to “individualized consideration” and “intellectual stimulation” tend to effect employees individually since they are focused at each employees. On the other hand “idealized influence” and “motivational inspiration” tend to effect the entire group, as the focus is on the level of sharing values and one ideology.

The dimension of intellectual stimulation and individualized consideration are closely linked to strategic human resource management. It’s important to align HRM Practices with overall organizational strategy. The growing emphasis is on High Performance Work Systems (HPWS) which proposes that organization should put into practice selection procedure, performance appraisal and employee development programs that are consistent with strategy of the organization. A transformational leader is one who cares about follower’s concerns and growth requirements. This encourages leader to improve follower’s potential through proper coaching and mentoring, continues feedback and linking follower’s needs to organizational strategy and goals. HRM practices in organization most notably employee development, job rotation, coaching, mentoring, leadership development and succession
planning and other talent management activities are aimed to motivate group members to re-examine the old-fashioned methods of doing things and boost them to attempt innovative and artistic approaches. Moreover, leaders with transformational leadership styles are charismatic and exert idealized influence. Charismatic leaders provide group members with more meaning in their work and arouse their enthusiasm, involvement and commitment to the group objectives. The HR department utilize various intrinsic and extrinsic rewards to increase employee enthusiasm, commitment, involvement and engagement. Job design is prime responsibility of the HR Department. Designing jobs that are flexible and autonomous leads to job satisfaction and subsequently organizational commitment. Most part of the transactional, transformational and laissez-fair leadership behavior in organization is the result of the implementation of HRM practices and policies. Thus, HRM Practices significantly predict transformational transactional and laissez-faire leadership styles in organization.

The results also revealed that Organizational commitment mediated the association of HRM practices with Leadership styles. Organizational Commitment also mediated the relationship of HRM practices Managerial Grid. Likewise, the association of HRM practices and Leadership Styles was mediated by Employee Trust. Employee trust partially mediated the association of HRM practices and Managerial Grid. It is rational to say that in the context of this study, Employee trust and Organizational commitment play a substantial role in mediating the relationship of HRM practices, Managerial grid and Leadership styles. HRM Practices were positively related to Employee Trust. Employee Trust significantly mediated the relationship of HR Practices and Leadership Styles. The results are in agreement with Social Exchange Theory (Blau, 1964) which stated that beneficial leader’s behavior will gain subordinates’ trust and commitment. Effective leader behavior will result in favorable employee’s outcomes such as employee trust and organizational commitment. It is based on
norms of reciprocity within social relationships (Blau, 1964). Employees are enthused within the employment affiliation to exhibit positive outlooks and actions once they observe that their organization value them and the impact they create (Wayne, Shore & Liden, 1997; Cropanzano, Rupp, & Byrne 2003; Kuvaas & Dysvik, 2010). Certain HRM practices may be regarded as indicating an intention for long term venture in workforce that indulges them to reciprocate with flexible role behavior and contribution (Shaw et al., 2009; Gong et al., 2010). The results are also consistent with the findings of research conducted by Alfes, Shantz and Truss (2012) which revealed that employee trust generated conditions under which HRM practices lead to favorable attitude and behaviors. Thus, HRM Practices combined with Organizational Commitment and Employee Trust will lead to favorable Managerial leadership styles in organization. It is important to identify the strength of a company HRM practices which are strongly related to Employee trust and Organizational commitment.

Implementing a set of HRM practices that increase employee trust and commitment can produce and support in executing a desired leadership behavior in organization. An organization can develop leadership capacity within by creating in an environment where employee trust their leadership and their organization. This is the role of Human Resource Management to create and sustain a good working relationship and to minimize the gap between employee and organization by devising and implementing sound HRM policies and practices.

The current research evaluates a particular leader behavior in its social environment. A leader social environment consists of his/her interactions with his/her subordinates in an organization. The Social Exchange Theory claimed that employees are motivated to demonstrate positive attitude and behavior once they realize that their organization value them and their impact.
Human Resource Management tries to create and maintain a good working relationships between employees and organizations, it is important to highlight those activities which were associated with meeting employee expectations, building trust and developing employee commitment to the organizations. Insight into developing positive outcome behaviors such as Organizational commitment and employee trust through HRM is inevitable. It is also imperative to maintain them in the organization. A leader without a proper HRM System in organization will fail to exercise or employ a particular leadership style. An organizations where leaders implement sound HRM Practices (involvement, training, development, rewards, appreciations, promotions etc.) may expect favorable employee outcomes such as organizational commitment and employee trust.

However, the Leader Member Exchange (LMX) Relationship partially moderated the relationship of HRM Practices and Managerial Grid. It is negatively related with Managerial Grid. Unlikely, the relationship between moderator LMX relationship and Leadership Styles was not significant. The role theory served as basis for LMX relationship (Graen, 1976). Every organizational member is likely to perform a certain role in organization (Katz & Kahn, 1978). Organizational members accomplish their work through roles (Dienesch & Liden, 1986). Role develops due to mutual approval by both groups of the role presumed and the shared anticipation that the subsequent roles will advantage both the member and the leader (Dienesch & Liden, 1986; Graen & Scandura, 1987. Leader-member relationship grows as a consequence of range of role making experiences (Graen & Scandura, 1987). Further, managers transfers role expectations to subordinates through work consignments. Then manager reciprocate to the degree that subordinates act in accordance with these expectations by providing work related resources, autonomy and interesting assignment. As a result of dyad exchange, an interactive interdependency among leaders and follower matures as a portion of role creating procedure (Graen & Cashman, 1975). Thus, in the presence of
Organizational Commitment and Employee Trust in the model, LMX relationship allows leaders to adopt a particular leadership styles based on their relationship with their group members. Given these results one could hardly recommend the demonstration of LMX relationship in organization.
Chapter 05
Conclusion and Recommendations

5.1 Summary
The study tested the relationship of HRM practices, managerial grid and leadership styles with mediating effect of employee trust and organizational commitment and moderating effect of LMX relationship. Structural equation modeling in AMOS was employed to test the hypothesized relationships. The findings revealed that there was a significant positive association among HRM practices positively, Managerial Grid and Leadership styles. All the three leadership styles displayed a significant positive relationship with HRM practices. The association of HRM practices and Leadership styles was mediated by Organizational commitment and Employee trust. The LMX relationship moderated the relationship of HRM Practices and Managerial grid. However, the moderating effect of LMX model on the association of HRM practices and Leadership Styles was insignificant. The discussion section contains the detailed explanation of the findings. The study was only limited to few leadership styles. The study has numerous theoretical and practical implications for researchers and policy makers. It will help transform the ideas and beliefs of the scholars in the arena of HRM and Leadership. The study will help organizations to better understand their strength in terms of HRM and leadership styles. I will enable them to devise and implement better policies regarding HRM to develop leadership potential within the organization. Recommendations are presented for organizations. Limitations and future research directions are presented at the end of the chapter.

5.2 Conclusion
The findings revealed that there was positive and significant relationship between HRM practices and Leadership styles. The three Leadership styles .e. transactional, transformational and laissez-faire leadership were significantly positively related to HRM
practices. Similarly, the results also showed a positive significant relationship of HRM practices with Managerial grid.

Further, the results revealed that Organizational commitment mediated the association of HRM practices with Leadership styles. Organizational Commitment also mediated the relationship of HRM practices Managerial Grid. Likewise, the association of HRM practices and Leadership Styles was mediated by Employee Trust. Employee trust partially mediated the association of HRM practices and Managerial Grid. It is rational to say that in the context of this study, Employee trust and Organizational commitment play a substantial role in mediating the relationship of HRM practices, Managerial grid and Leadership styles.

However, the Leader Member Exchange (LMX) Relationship partially moderated the relationship of HRM Practices and Managerial Grid. It is negatively related with Managerial Grid. Unlikely, the relationship between moderator LMX relationship and Leadership Styles was not significant. Thus, LMX relationship is not recommended in organizations.

5.3 Recommendations

1. Hire, train and retain individuals with leadership potential.
2. Focus on the development of young leaders in organization.
3. Design effective leadership development program in organization.
4. Link compensation program to skill and knowledge acquisition.
5. Introduce skill based pay program in organization.
6. A firm emphasis on human resource compliance combined with a visionary outlook on leadership will aid the business balance its policy and legal requirements with its need to retain workforces committed, enthused and trusted.
7. Managers can determine which leadership style to select in terms of result.
8. A manager can achieve organizational goals by adopting transactional leadership style. Transactional leadership behavior may happen in organization at a consistent or
continuing basis. A manager can encourage obedience by followers through reward and punishment by focusing on supervision and performance.

9. The manager need to improve follower’s potential through proper coaching and mentoring, continues feedback and linking follower’s needs to organizational strategy and goals.

10. Re-examine the old-fashioned methods of doing things and boost them to attempt innovative and artistic approaches.

11. Organization must place a high value on its organizational members to produce desirable leadership behavior consistent with the social environment of the organization. HRM policies and practices should be aimed at meeting employee expectations and needs.

12. Align HRM Practices with overall organizational strategy and vision of the organization. The leader then transcends this vision throughout organization and gain commitment to organizational vision from organization mission. Thus producing a sense of unity in direction toward organizational goals.

13. A company HRM practices must be consistent with strategy of the organization. The growing emphasis must be on High Performance Work Systems (HPWS) which proposes that organization should put into practice selection procedure, performance appraisal and employee development programs consistent with strategy of the organization.

14. Talent management and leadership development should be the top priority of the organization.

15. HRM practices positively and significantly affect organizational commitment. An organization HRM practices must be tailored to put a great value on its employee
expectations and needs, then it will result in employee commitment to the organization.

16. A leader may adopt a particular leadership style which is beneficial in creating social relationship in organization. Beneficial leader’s behavior will gain subordinates trust and commitment.

17. HRM practices lead to favorable attitude and behaviors. The two favorable behaviors are organizational commitment and employee trust. Thus it is recommended to implement HRM policies to generate Trust in employer.

18. It is important to highlight those activities which were associated with meeting employee expectations, building trust and developing employee commitment to the organizations.

19. Insight into developing positive outcome behaviors such as Organizational commitment and employee trust through HRM is inevitable. It is also imperative to maintain them in the organization.

20. However, the Leader Member Exchange (LMX) Relationship negatively affects the relationship of HRM practices and Managerial grid. Thus, LMX relationship is not recommended in organizations.

5.4 Implications

5.4.1 Theoretical implications

The current study will fill the theoretical gap that exist in the present and past literature. The study will add to the existing body of knowledge already available on the topic and will transform the ideas and beliefs of the researchers in the field of HRM, Leadership and Organizational Behavior. More specifically, the current study will contribute to existing literature by:

- Discovering the relationship of HRM practices and Leadership styles.
• Examining the mediating role of Employee trust and Organizational commitment and the association of HRM practices, Managerial grid and Leadership styles.

• Exploring the moderating effect of LMX relationship on association of HRM practices, Managerial grid and Leadership styles.

5.4.2 Practical Implications

To be effective, organizations can combine HRM and leadership function and match them to appropriate department or task. The study will benefit Human Resource managers and top management to design effective leadership development programs. It possibly will aid to hire, train and retain employees in organization. Examining the leadership styles will help organization evaluate its leaders and managers behaviors, traits and other personality related variables. Certain leadership styles may be best suited to particular group of subordinates and specific industry. As some industries are production oriented while others are service oriented or skill based. So a particular leadership style may not be suitable for some industry while it may be plentiful for some other industry. Managers in organizations may be advised to adopt a particular leadership style.

HRM practices may be effective in predicting leadership styles when combined with organizational commitment and employee trust. Thus, the indirect effect of Employee trust and Organizational commitment on association of HRM practices and leadership styles was examined. The study revealed how HRM practices indirectly affect leadership styles. This research will bring to front that what happens to leadership styles when HR practices produce trust and commitment in employees. Moreover, the LMX relationship is of considerable importance in judging a leader behavior with regard to certain important variables such as reward, productivity, promotion, turnover intention, organizational commitment etc.
5.4.3 Policy Implications

Organizations can combine its leadership and human resources into a coherent strategy for leading a business to success and policies on employee management. Organizations may apply HRM Practices such as training, promotion, involvement, compensation to increase employee performance and productivity. Companies may adopt performance appraisal that emphasize learning and reward that focuses on long-term performance can increase employee commitment to an organization.

The LMX relationship moderated the relationship of HRM Practices and Leadership Styles, which means that fewer resources were available to some of the members of the out-group in organization. Organizations may distinguish in their HR policy the participants of in-group and out-group and devise policies accordingly.

5.5 Limitations and Future Research Directions

1. The current study addressed only three leadership styles i.e. transformational, transactional and laissez-faire leadership. Further in-depth study can provide insight how different HRM Practices relates to various components of leadership styles.

2. Another limitation may be the issue of common method bias and reverse causality. The current research depended on cross sectional data. All the questions were self-reported and gathered in single point of time. Future research can address this issue by utilizing longitudinal data.

3. The HRM Practices selected were very limited and exclusive. It would be valuable to add additional HRM Practices.

4. Numerous other variables related to HRM and Leadership can be used as possible mediators and moderators.
5. Security and Exchange commission of Pakistan provide only organizational profiles. Full range of information is not available about organizational leaders and HR managers which make it difficult to contact with them.

6. Some of the organization were requested for sharing their payroll to get information about the number and designation of employees but the response was limited.

7. A survey questionnaire was mailed to the participants for data collection, associated with which was the problem of low response rate. To some extent the problem was overcome by follow-up on phone and sending reminders in emails.

8. The study was time limited. It was conducted during the time of PhD of the researcher and is a report of the conditions occurred during that time. It provides a snapshot of the conditions occurring during the period of study.

9. Some of the quality books and research articles were unavailable that could help write the literature review section in more detail.

10. Some other factors which can affect leadership styles could be ignored.
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ANNEX I

PAKISTAN STOCK EXCHANGE LIMITED
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PSX/N-4602 NOTICE August 18, 2016

TOP COMPANIES FOR THE YEAR 2014 AND 2015

Every year, the Exchange acknowledges the performance of the Top Companies on the basis of comprehensive Criteria, which includes Dividend Payout, Capital Efficiency, Profitability, Free-Float of Shares, Transparency & Investors Relation and compliance with Listing of Companies & Securities Regulations. The awards given by the Exchange to the Top Companies benefit the recipient companies by recognising their excellent financial and managerial performance thereby providing them inter-alia a powerful marketing tool.

Pakistan Stock Exchange is pleased to announce the names of Top 25 Companies for the years 2014 and 2015 that have been selected on the basis of highest score obtained as per the Criteria for Selection of Top Companies:

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Muhammad Ghufan
Deputy General Manager – Operations

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