

Linking HRM practices with Organizational performance through organizational trust: Evidence from HEI's in Pakistan

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Received: 30th November 2021

Revised: 19th January 2022

Accepted: 25rd March 2022

Abstract: The effective management of human resources is a prerequisite for organizational performance (OP) of both public and private sector higher educational institutions (HEI's). Several HR practices are considered as critical for the success of organizational performance of HEI's at local and international level. One of the most important practices for improving organizational performance is recruitment and selection. In this study, recruitment and selection (RS) are assessed as HR practices in relation to organizational performance as measured by efficiency, effectiveness, responsiveness, and innovation (OP), with a mediating factor of organizational trust (OT). Stratified random sampling was used to select 322 respondents from public and private HEIs in Khyber Paktunkhwa (KP). The relationship between these variables was estimated and tested using simple linear regression. Study findings showed that RS and OT have positive and statistically significant effects on OP. In addition, OT played a statistically significant role in mediating the relationship between RS and OP. In light of the above findings, HEIs can enhance their performance by amplifying their HR practices and by fostering trust among their employees.

Keywords: Recruitment & selection, Organizational Trust, Organizational Performance, HEIs.

INTRODUCTION:

Human resource practices are essential to the operation of educational institutions, particularly those in higher education. The human resources practices of an organization must be effective if it is to succeed and develop. It is generally believed that universities offer the most efficient teaching and learning services in higher education. Universities such as these serve the purpose of cultivating attitudes and behaviors in students so that they may achieve a better professional status in the future by working towards their desired academic standards (Saad&Zawdie, 2011). It is not possible for educational institutions, especially

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universities, to achieve their desired status and ranking without the support of human resources (Azam, Rafiq & Nazir, 2015). An organization's competitive advantage is widely attributed to its people. Currently, organizations face challenges in managing human resources (Becker, Huselid & Ulrich, 2001). A firm's success and development are directly related to its ability to recruit and select the right people (Naser & Shobaki, 2016). Recruitment and selection are the first steps in human resource management. Based on the organization's job requirements, skills, knowledge, and competencies, this concept selects the most suitable candidate (Katou & Budhwar, 2006). Organizations can achieve their objectives more effectively and efficiently by better utilizing human resources (Tan & Nasurdin, 2011). The importance of human resources as a competitive advantage cannot be overstated. A company's recruitment and selection policies have a profound impact on its success and efficiency. This, in turn, will contribute to greater productivity, efficiency, and effectiveness at work (Ali, Saeed, Soomro & Aslam, 2015). To ensure efficient and effective selection processes, top management should enact fair and merit-based policies that reward capable, dedicated workers (Malam, Tang & Raihan, 2016). Despite its importance to all organizations, HRM practices in higher education are more important because of their role in development. In the contemporary era, human resource practices have also been related to the performance of institutions strongly and significantly. Without trust, institutions may not be able to build employee confidence, which affects their functioning. The research shows that trust mediates the relationship between HRM practices and organizational performance (Pervaiz, Imran, Arshad, Mobeen & Khan, 2014). HRM practices have been linked to organizational performance via organizational trust in other studies as well. Consequently, the current study examines how organizational trust relates to the predictor (Recruitment & Selection) and organizational performance in higher educational institutions in Khyber Pakhtunkhwa.

LITERATURE REVIEW

HRM Practices

Human resources are generally recognized as the foundation of an organization's sustainable advantage. The management of human resources is crucial to remaining viable in the current climate (Becker, Huselid & Ulrich, 2001). Accordingly, HRM practices are processes and guidelines used by organizations to manage human resources in order to achieve predetermined goals (Stavrou, Charalambous & Spiliotis, 2007). In order to implement and plan HRM effectively, firms might have to adopt an approach that maximizes their success. Tan & Nasurdin (2011) suggest that organizations select and develop the best human capital (recruitment and selection), develop and nurture (Rahman, Sambasivan & Wong, 2013), provide an environment that allows employees to participate in decision-making (Aladwan, Bhanugopan & Fish, 2014), and evaluate based on a comprehensive system (Lazim & Perlis, 2016). Additionally, the study examines the importance of organizational trust as a mediator between HRM practices and organizational performance (Lazim & Perlis, 2016).

Recruitment and Selection

The recruitment and selection process, which involves choosing and hiring the top applicants based on their skills, expertise, and abilities, is crucial to a company's success (Lee, Wu & Lee 2010). For the organization to more successfully pursue its goals, qualified personnel are required. As a result, the participating companies must focus more on selecting qualified candidates (Syed & Yan, 2012). Human resource management strategies were initially presented with recruiting and selection. The researchers described this notion as the open comparison of work expectations and requirements with prerequisite abilities, knowledge, and competencies in order to choose the best qualified person (capable and competent) for employment in the firm (Katou & Budhwar, 2006). For the organization to more successfully pursue its goals, qualified personnel are required. As a result, the participating companies must focus more on selecting qualified

candidates (Syed & Yan, 2012). The organizations will be able to do so when they are successful in selecting the right man for the right job because many institutions are actively attempting to obtain the necessary ranking and standard in the current competitive climate. Therefore, it goes without saying that hiring and selecting employees are vital "for all organizations; nevertheless, their significance in the context of higher education is larger" (Munyon, Summers & Gerald, 2011).

In order to meet the needs for the right selection for businesses, higher education institutions must ensure the recruitment and selection of competent workforces (Richard, Devinney, Yip & Johnson, 2009). It is inevitably necessary for institutional management to ensure that the best possibilities are found for choosing the most qualified people for institutions, those whose credentials and experience accomplish the specifications of the roles (Sinha & Thaly, 2013).

Organizational Performance

Most organizations' performance is a culmination of a number of factors. In order to maintain its survival and profitability, every organization strives to achieve its specified objectives (Matthew, 2004). The organizational performance significantly contributes to organizational success because it is the only success factor for an organization's long-term survival and development. Companies must pay close attention to performance across a range of criteria if they want to effectively communicate the efforts made in pursuit of organizational strategic objectives (Delery & Gupta, 2018). Organizational success depends on the development of long-term, effective plans that prioritize the needs of employees and the organization (Mehmood, Awais, Afzal, & Khalid, 2017). To more fully achieve the stated objectives, the staff must actively contribute to organizational development through their efforts and abilities. To foster employee confidence and drive them toward the organization's goals, businesses must implement the established strategies for their welfare and well being in order to preserve their competitiveness.

Organizational Trust

There is a connection between HRM practices and organizational performance that can be bridged by organizational trust, as it is currently being investigated. Several studies have demonstrated that trust is a prerequisite to relating these two concepts. Pervaiz, Imran, Arshad, Haq, Mobeen & Khan (2014) cite trust as one of the most important aspects of workplace relationships, employee-supervisor interactions, and supervisor-management partnerships. It was found that trust contributes to organizations' effective and efficient use of resources when they use human resource management procedures effectively and efficiently. Trust can be viewed in two ways in this situation. In the first, individual opinions are taken into account. In the second, connections between concepts are evaluated (Lazim & Perlis, 2016). To achieve exceptional organizational outcomes, organizations continually benefit from trust. Approximately half of organizational effectiveness is determined by trust, as stated by Hassan, Toylan, Semerciöz, & Aksel (2012). Keeping a competitive edge requires organizational trust, as it determines how employees should be treated. Celep & Yilmazturk (2012) report that trust is key because it facilitates the identification of processes that pose a threat to business.

Research Hypotheses

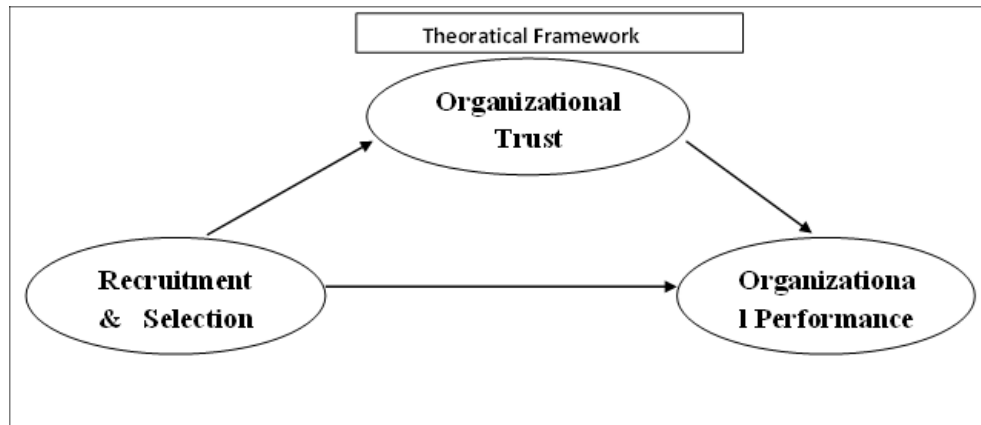
A literature survey led to the following hypothesis and theoretical framework.

H1 Recruitment & selection is significantly associated with organizational performance.

H2: Recruitment & selection is significantly related with organizational trust.

H3: Organizational Trust is significantly associated with organizational performance.

H4: Recruitment & selection are associated with organizational performance through organizational trust.



RESULTS OF STUDY

The present study's population consisted of university faculty members in KP. According to HEC data, there are 3112 faculty members in KP public and private institutions. Data was acquired from 330 respondents using a stratified random sampling approach. There were two sections of the questionnaire. Section 1 finished the respondent's demographics, whereas Section 2 dealt with measuring factors. Table 1 shows the respondents' demographic information.

Demographics	Frequency	Percentage (%)
Gender		
Male	259	78.5
Female	71	21.5
Age		
25-35	139	42.1
36-45	164	49.7
46-55	19	5.8
56 < above	08	2.4
University		
Public	272	82.4
Private	58	17.6
Education		
Graduation	29	6.8
MS	155	47.0
PhD	142	43
Post-doc	4	1.2
Experience		
1-10 years	239	72.4
11-20	75	22.7
21-30	11	3.3
31-40	5	1.5
Designation		
Lecturer	207	62.7
Assistant Professor	106	32.1
Associate Professor	6	1.8
Professor	11	3.3

MEASURES

Our data collection methods included a customized questionnaire on organizational performance, organizational trust, and recruitment and selection. Using a Likert scale of 1-5 (from strongly disagree to strongly agree), results were analyzed.

Data normality and common method bias

Skewness and kurtosis were calculated as measures of the normality of the data. Several constructs were found to be within the standard level 2 of skewness and kurtosis values, as shown in Table 2, which is consistent with George and Mallery's (2010) recommendation. All questions were asked simultaneously so that construct data could be collected from the respondents at the same time. It has been suggested that the common method bias (CMB) may occur in such data, as a result of Podsakoff et al. (2003). As shown in previous studies, Harmon's one-factor test has been used most frequently to detect CMB, which has been used to detect CMB in most of these publications. Harmon's one-factor test yields a variance of 48.34 percent, which is less than the standard deviation of 50% that Podsakoff and al (2003) recommend for Harmon's one-factor test. Therefore, CMB had no role to play in the current study since it was not a factor.

Table 2 Measurement model

Construct	Items	FL	CA	CR	AVE	Skewness	Kurtosis
Organizational Performance			0.956			-0.854	0.197
	Inno1	0.729		0.96	0.502		
	Inno2	0.739					
	Inno3	0.695					
	Inno4	0.778					
	Inno5	0.797					
	Innov6	0.676					
	OE1	0.757					
	OE2	0.656					
	OE3	0.693					
	OE5	0.717					
	OE6	0.741					
	OEF1	0.693					
	OEF2	0.685					
	OEF3	0.712					
	OEF4	0.742					
	OEF5	0.752					
	OEF6	0.675					
Resp1	0.67						
Resp2	0.75						
Resp3	0.746						
Resp4	0.763						
Resp5	0.639						
Resp6	0.749						
Organizational Trust	OTQ1	0.809	0.932	0.943	0.622	-0.653	-0.213
	OTQ10	0.785					
	OTQ2	0.853					
	OTQ3	0.789					

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	OTQ4	0.77					
	OTQ5	0.851					
	OTQ6	0.783					
	OTQ7	0.7					
	OTQ8	0.776					
	OTQ9	0.761					
Recruitment & Selection	RSQ1	0.876	0.896	0.921	0.661	-0.636	-0.417
	RSQ2	0.884					
	RSQ3	0.867					
	RSQ4	0.69					
	RSQ5	0.753					
	RSQ6	0.789					

Measurement model

A measure of validity and convergent validity are employed to assess the measurement model according to Hair et al. (2017). All variables scored above the Hair et al (2010) cutoff threshold of 0.70 for composite reliability (CR), which indicates internal consistency and reliability. A valid converging validity test should have a factor loading (FL) and average variance extracted (AVE) greater than 0.70 and 0.50 (Hair et al., 2010). As shown in Table 2, the FL and AVE values meet the criteria for high convergent validity. Discriminant validity was examined using three different approaches: Fornell and Larcker's (1981) ideas, Hsu and Lin's (2016) cross-loading approach, and Henseler et al's (2016) HTMT approach. As part of the first technique, we calculate and compare the correlation values between the constructs with the AVE's square root.

Table 3 Correlation values of the constructs

Construct	1	2	3
1. OT	0.789		
2. Org Performance	0.819	0.709	
3. RSQ	0.74	0.728	0.813

Table 3 indicates a good discriminant validity when AVE square root values are greater than construct correlation values. As can be seen in cross-loadings table 4, the cross-loading values of other variables are lower than the FL values of each construct, indicating good discriminant validity.

Table 4 Cross Loadings

Construct	OT	Org Performance	RSQ
Inno1	0.546	0.729	0.539
Inno2	0.611	0.739	0.589
Inno3	0.584	0.695	0.496
Inno4	0.653	0.778	0.629
Inno5	0.607	0.797	0.543
Innov6	0.447	0.676	0.4

OE1	0.693	0.757	0.604
OE2	0.477	0.656	0.483
OE3	0.486	0.693	0.497
OE4	0.25	0.328	0.161
OE5	0.65	0.717	0.518
OE6	0.767	0.741	0.604
Resp1	0.589	0.67	0.539
Resp2	0.567	0.75	0.546
Resp3	0.612	0.746	0.56
Resp4	0.604	0.763	0.561
Resp5	0.441	0.639	0.431
Resp6	0.532	0.749	0.431
OEF1	0.539	0.693	0.505
OEF2	0.483	0.685	0.466
OEF3	0.667	0.712	0.53
OEF4	0.563	0.742	0.568
OEF5	0.674	0.752	0.546
OEF6	0.613	0.675	0.412
OTQ1	0.809	0.672	0.664
OTQ10	0.785	0.667	0.579
OTQ2	0.853	0.661	0.629
OTQ3	0.789	0.561	0.551
OTQ4	0.77	0.637	0.517
OTQ5	0.851	0.663	0.599
OTQ6	0.783	0.614	0.594
OTQ7	0.7	0.656	0.522
OTQ8	0.776	0.657	0.543
OTQ9	0.761	0.662	0.616
RSQ1	0.619	0.595	0.876
RSQ2	0.683	0.638	0.884
RSQ3	0.668	0.64	0.867
RSQ4	0.519	0.467	0.69
RSQ5	0.517	0.592	0.753
RSQ6	0.582	0.605	0.789

According to Henseler et al. (2016), all the values in Table 5 are lower than the threshold level of 0.85, which demonstrates good discriminant validity.

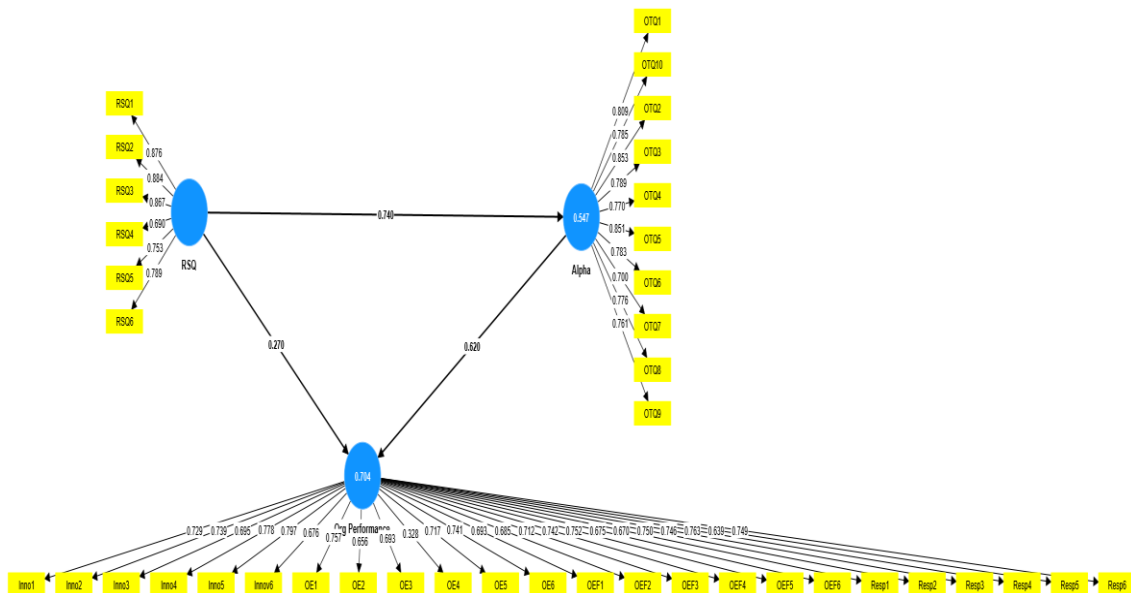
Table 5 HTMT

Construct	ENP	EP	GI
OT	0	0	
Org Performance	0.82	0	
RSQ	0.806	0.777	0

Table 6 Hypothesis Results

Hypothesis	Relationship	B	T value	P value	Decision
1	OT -> Org Performance	0.62	12.614	0	Accept
2	RSQ -> OT	0.74	25.246	0	Accept
3	RSQ -> Org Performance	0.27	5.173	0	Accept
Indirect Effect					
4	RSQ -> OT -> Org Performance	0.458	10.992	0	Accept

Hypothesis results are given in table 6. The results shows that recruitment and selection ($\beta = 0.74$, $p < 1$) significantly influence OT, OT ($\beta = 0.62$, $p < 1$) significantly effects OP, and recruitment and selection ($\beta = 0.27$, $p < 1$) significantly influence OP. Hence, hypothesis 1, 2, and 3 are accepted. The mediating effects of OT ($\beta = 0.458$, $p < 1$) between recruitment & selection and OP is also significant.



DISCUSSION AND CONCLUSION

HEI's from the public and private sectors of KP, Pakistan were examined to see how recruitment and selection practices impact organizational performance (OP) through organizational trust (OT). Based on the results, RS is positively associated with Organizational Performance, in line with the findings of Oaya, Ogbu and Remilekun (2017), who concluded in their study that organizations' performance depends on the caliber of their employees, and that can be enhanced through the use of a recruitment strategy that is efficient. A significant positive relationship was also found between RS and OT in the present study. In their study Dyer and Chu (2020) found that effective recruitment and selection strategies help institutions achieve their desired standards and performance by increasing employee trust. According to the current study, organizational trust has a significant positive effect on organizational performance. This study achieved similar results to those of Lagrosen and Lagrosen

(2019), who concluded that employees and the concerned institutions are more concerned with the crucial role trust, confidence, and commitment play in enhancing employee performance, which, in turn, leads to enhanced institutional performance as well. Also, organizational trust mediated the relationship between recruitment & selection and organizational performance in this study. Also, Lagrosen and Lagrosen (2019) found that trust was positively mediated by recruitment and selection in relation to organizational performance.

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