The Impact of Strategic Human Resource Management on Employee Outcomes in Private and Public Limited Companies in Malaysia

Abstract
This study investigates the interaction effects of two business strategies (differentiation and low-cost) and human resource management (HRM) practices (recruitment & selection, training & development, compensation, performance management, employment security and work-life balance) on employee outcomes (organizational commitment, turnover intention, employee involvement and job satisfaction). These relationships are further analyzed on the extent of differences between Public and Private Limited companies in Malaysia. Structural Equation Modeling (SEM) is used to examine the effect of the three variables and the invariance effect of the two types of companies. The results show that HRM practices mediate the interaction of business strategy and employee outcomes. Furthermore, the effects of business strategy and HRM practices on employee outcomes in Public limited companies are only slightly different from the ones implemented in Private limited companies. Specifically, the moderation analysis shows invariant between differentiation strategy and variant in low-cost strategy.

Introduction
Generally, human resource management (HRM) could be described as a form of management activities. Many of today’s business or services organizations tend to consider HRM as the anchor for managing their employer-employee relationship.
However, strategic human resource management (SHRM) is more about being than concerned with employer-employee relationship. Overall, SHRM is refers to the pattern of planned human resource activities intended to enable an organization to achieve its goals (Wright & McMahan, 1992). SHRM has received a great deal of attention in recent years, especially in the fields of HRM, organizational behavior and industrial relation. In a sense, many researchers have developed strategic model to integrate between HRM and business strategy (for example, Baird & Meshoulan, 1998; Purcell, 2001; & Torrington, Hall & Taylor, 2005). Besides, there are also various researchers have tested the relationship between HRM practices and employee outcomes (Edgar & Geare, 2005; Gould-Williams, 2007; and Kuvaas, 2008). Changes or trends that emerging today such as globalization, nature of work, competition and technology are the principle reasons requiring HRM practices to be more strategically focused. Traditional HRM emphasize only specific tasks of functional specialization but not on ‘people’. These firms tend to pay for attention to ‘task’ and forgo their people and development (Analoui, 1998). A modern HRM should emphasize on their total contribution in the firm, concern for overall effectiveness, expectation of innovative and creative behavior as well as employee right attitudes in workplace.

Therefore, this study aims to gain an insight into the interaction effect of business strategy and HRM practices that might have the impact on employee outcomes. It also seeks to delineate whether types of companies could moderate these relationships.

The structure of this paper is as follows: First, background and hypotheses is outlined. Then, methodology and data analysis is introduced. Next, findings of this study are presented and follow by discussion. Finally, contribution and implications as well as the conclusion of this study are addressed.
Background and Hypotheses

According to Ferris, Hochwarter, Buckley, Harrel-Cook & Frink, (1999), SHRM divided into universalistic, contingency and configurations perspectives. Universalistic perspective claimed that the availability of a set of HRM practices that are combined to perform effectively better than others that do not, hence, suggested to all organizations to adopt these practices (e.g. Geringer, Frayne & Milliman, 2002; Truss, 2001). The contingency approach is attempted to link variations of HRM practices to specific organizational strategies (e.g. Hoque, 2000; Khatri, 2000). The configuration’s perspective is referring with how patterns of multiple, planned human-resource deployment and activities achieve the organization’s goal and argued that HRM practices should look as a system than individually (Doty, Glick & Huber, 1993; Meyer, Tsui & Hinings, 1993).

Performance Implication of the Relationship between Business Strategy and HRM Practices on Employee Outcomes

The previous HRM research suggested that HRM practices have an impact on organizational performance through employee motivation. Employee motivation provides better employee outcomes and found to have a significant impact on productivity and performance (e.g., Gelade & Ivery, 2003; Huselid, 1995). HRM practices were seen as "signals" of the organization's intentions toward its employees and were interpreted as such by individual employees (reviewed by Rousseau & Greller, 1994). Greater training hours linked to higher performance (e.g., Gowen & Talion, 2003; Huang, 2001; Huselid, 1995; MacDuffie, 1995). Performance management, for example, one of the HRM practices found to have strong positive relationship with organizational performance (e.g., Chang & Chen, 2002; Delery & Doty, 1996; Huselid, 1995). The effective recruiting and selection practices with appropriate compensation elements found to have the relationship with performance
(Ichniowski & Shaw, 1999; Huselid, 1995). However, Guest (1999) noted that very little research focuses on employees' reactions to HRM. Hence, the hypothesis about the influence of HRM practices is provided as follows:

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

**Comparing Public and Private Limited Companies**

Majority of the existing research concentrated on HRM practices and performance in large firms and not so much on the small-medium enterprises (SMEs). Large organizations have been recognized human resources as an essential part of the mix for greater performance and national economic growth (Price, 2004). The deficiency of information concerning HRM in SMEs is challenging for theory, research, and practice (reviewed by Heneman R. L., Tansky & Camp, 2000). Managers of small businesses have ranked HRM as the second most important management pursuit behind general management activities (reviewed by Hornsby & Kuratko, 1990). Previous research findings concluded that smaller organization has informal HRM practices (reviewed by De Kok J. M. P. & Uhlaner, 2001) and adopted traditional HRM paradigms or practices (e.g., Barron, Black & Loewenstein, 1987, Heneman H. G. & Berkley, 1999; Hornsby & Kuratko, 1990; Katz, Aldrich, Welbourne & Williams, 2000; De Kok J. M. P. & Uhlaner, 2001; De Kok J. M. P., Uhlaner & Thurik, 2003).

However, Deshpande and Golhar (1994) illustrated that HRM practices in small manufacturing companies were as sophisticated as in large organizations. Hence, the hypothesis about the influence of types of companies is provided as follows:

Hypothesis 2: Types of companies moderate the interaction effect of business strategy and HRM practices on employee outcomes.
Figure 1  Conceptual Model and Associated Hypotheses
Methodology and Data Analysis

In conducting this study, 200 companies consist of profit making Public and Private Limited was selected randomly as population set. The sample includes 100 Public and 100 Private Limited companies in Malaysia. Equal number of firms selected to ensure a representative sample. Two different types of respondents to the questionnaire were used as Huber and Power (1985) have suggested using several approaches or types of respondents to reduce potential measurement error. The first respondents were any five of the employees from non-human resource (HR) departments. They were required to providing information on business strategy, HRM practices and employee outcomes in their companies. The second respondents were the person identified as HR managers. These respondents expected to acquire knowledge and able to answer questions pertaining their organization business strategy as well as HRM practices. A usable survey of 61.5% from HR manager and 64.2% from non-HR employees was collected corresponding to 123 and 642 responses respectively.

Two dimensions of business strategy used for measurement were based on the variables developed by Dess and Davis (1984). HRM practices (46 items) were measured using Guest D., (1997) and Guest D. E., Conway & Dewe, (2004). Employee outcomes were measured based on Allen & Meyer, (1990)’s organization commitment; Smith, Kendall & Hulin, (1969)’s job descriptive index; Kanungo, (1982)’s employee involvement and Mayfield & Mayfield, (2007)’s turnover intentions. These instruments used a 6-point, Likert-type format. Figure 1 proposes the conceptual model of this study.

The psychometric properties of the measures are investigated through Confirmatory Factor Analysis (CFA). Structural Equation modeling (SEM) is a statistical methodology with a confirmatory approach to analyze multivariate data (Byrne, 2001; Chiou, 2004). All CFAs of constructs produced a relatively good fit when goodness of fit indices such as CMIN (Chi square)/df ratio between 2 to 5; goodness-of-fit index (GFI) of >.90; and root mean
square error of approximation (RMSEA) of values less than .08 (<.08), comparative fit index (CFI) of >.90 and Tucker-Lewis index (TLI) of >.90.

Mediation analysis is used to test whether HRM practices mediate the associations between business strategy and employee outcomes. SEM techniques have been preferable to regression techniques for testing mediated effects as they provide a reasonable way to control for measurement error as well as some interesting alternative ways to explore the mediation effect (Baron & Kenny, 1986).

Additionally, multigroup analysis is used to examine potential differences among Public and Private limited companies. In the SEM, two nested models were tested. First, an unconstrained model allowed all parameters to be freely estimated. In the second model, paths between the main effects of business strategy, HRM practices and employee outcomes were equalized across the groups. When this model fitted significantly worse than the first, these indicated differences of types of companies.

Findings

Confirmatory Factor Analysis (CFA) Results

The initially hypothesized measurement model of business strategy, HRM practices and employee outcomes, were designed separately to test the relationships between latent constructs and its indicators. The value of CMIN/df, GFI, CFI, TLI and RMSEA did not meet to satisfy the goodness of fit measures and showed an unacceptable poor fit. Therefore, it was decided to modify the hypothesized model.

First, squared multiple correlation (SMC) was examined. There were 15 variables had the lowest correlation, therefore, these items were to be deleted. After all the low SMC in score were eliminated, the hypothesized models had yet to achieve the acceptable good fit. Therefore, modification indices’ analysis was used to improve the path. According to Hox
and Bechger (1998), the value of a given modification index is the minimum amount that the Chi-square is expected to decrease if the corresponding parameter is freed. Guided by theoretical considerations, measurement error terms were allowed to be correlated. At each step, one pair of error terms that indicated the largest improvement in the model fit was allowed to covary. The same procedure was repeated until achieving a reasonably good model fit. The result indicated that these 13 pairs of items had a high degree of overlap in content. These items were deleted after comparing the meaning and convergent validity of 13 pairs of items.

When the modified measurement model is fit with the data based on assessment criteria such as GFI, CFI, TLI and RMSEA (Byrne, 2001; Anderson & Gerbing, 1988) and it is appropriate for further data analyses.

Following the tests of the measurement model, estimation of the structural model was conducted. The purpose of this model is to evaluate the extent of commonality between the theoretical model and the relationships emerging from the data. These initially hypothesized structural models were examined to evaluate the proposed conceptual model of this study. The goodness-of-fit results showed this model was not good enough for examining the hypothesis. Therefore, modification indices were used to identify paths to improve the model fit. The modification indices (MI) indicated that there were 11 pairs of items had a high degree of overlap in content and these were deleted after comparing the meaning and convergent validity of these items. Besides, correction lines were made to eliminate the incorrect effect in the initial model due to misspecified error variances. Finally, the goodness-of-fit analysis of the modified structural model was acceptable for further data analyses. Table 1 shows the confirmatory factor analysis (CFA) of hypothesized and structural models.
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Hypothesized</td>
<td>Modified</td>
<td>Hypothesized</td>
<td>Modified</td>
</tr>
<tr>
<td>Items remain</td>
<td>10 items</td>
<td>10 items</td>
<td>46 items</td>
<td>23 items</td>
</tr>
<tr>
<td>CMIN</td>
<td>147.831</td>
<td>119.292</td>
<td>3586.666</td>
<td>428.922</td>
</tr>
<tr>
<td>df</td>
<td>34</td>
<td>33</td>
<td>974</td>
<td>218</td>
</tr>
<tr>
<td>CMIN/df</td>
<td>4.348</td>
<td>3.615</td>
<td>3.682</td>
<td>1.968</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.077</td>
<td>0.068</td>
<td>0.069</td>
<td>0.041</td>
</tr>
<tr>
<td>GFI</td>
<td>0.949</td>
<td>0.958</td>
<td>0.748</td>
<td>0.937</td>
</tr>
<tr>
<td>CFI</td>
<td>0.938</td>
<td>0.953</td>
<td>0.639</td>
<td>0.932</td>
</tr>
<tr>
<td>TLI</td>
<td>0.918</td>
<td>0.936</td>
<td>0.616</td>
<td>0.921</td>
</tr>
</tbody>
</table>
**Mediation Analysis**

An indirect effect is defined as the product of the two unstandardized paths linking X and Y through a mediator (M). Specifically, mediation effect of HRM practices would be supported if indirect pathway from business strategy to HRM practices to employee outcomes (X→M→Y) is statistically significant (Preacher & Hayes, 2008, Shrout & Bolger, 2002).

In this study, a resampling method (bootstrapping) was used to determine the significant of the indirect effect. A parameter estimate divided by the standard error greater than the absolute value of 1.96 indicates a significant relationship at the level of .05 (Sirkin, 2005). Table 2 shows the indirect effect or mediation effect of HRM practices on business strategy and employee outcomes. The results showed that there is indirect effect of HRM practices between differentiation strategy and employee outcomes such as organizational commitment, employee involvement and job satisfaction but HRM practices have no indirect effect between differentiation strategy and employee turnover intention. Further, results also showed that HRM practices have an indirect effect between low-cost strategy and all domains of employee outcomes.
Table 2  
Mediation Effect of HRM Practices on Business Strategy and Employee Outcomes

<table>
<thead>
<tr>
<th>Indirect Effect or Mediation or ( (c - c') )</th>
<th>Estimate</th>
<th>95% CI</th>
<th>Beta</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>( D \rightarrow HRM \rightarrow OC )</td>
<td>0.397</td>
<td>0.245 to 0.572</td>
<td>0.357</td>
<td>.002</td>
</tr>
<tr>
<td>( D \rightarrow HRM \rightarrow EI )</td>
<td>0.340</td>
<td>0.216 to 0.497</td>
<td>0.323</td>
<td>.002</td>
</tr>
<tr>
<td>( D \rightarrow HRM \rightarrow TI )</td>
<td>-0.099</td>
<td>-0.254 to -0.070</td>
<td>-0.083</td>
<td>.236</td>
</tr>
<tr>
<td>( D \rightarrow HRM \rightarrow JS )</td>
<td>0.295</td>
<td>0.195 to 0.423</td>
<td>0.403</td>
<td>.002</td>
</tr>
<tr>
<td>( LC \rightarrow HRM \rightarrow OC )</td>
<td>-2.134</td>
<td>-4.719 to -.804</td>
<td>-1.580</td>
<td>.001</td>
</tr>
<tr>
<td>( LC \rightarrow HRM \rightarrow EI )</td>
<td>-2.110</td>
<td>-4.384 to -.949</td>
<td>-1.653</td>
<td>.001</td>
</tr>
<tr>
<td>( LC \rightarrow HRM \rightarrow TI )</td>
<td>1.885</td>
<td>.867 to 4.215</td>
<td>1.299</td>
<td>.001</td>
</tr>
<tr>
<td>( LC \rightarrow HRM \rightarrow JS )</td>
<td>-1.284</td>
<td>-3.011 to -.484</td>
<td>-1.444</td>
<td>.001</td>
</tr>
</tbody>
</table>

**Moderation Analysis**

Comparison was made between two groups, Public and Private Limited companies. First, equal factor structures across two groups were examined. Assessment on SMC, mis-specified error variance and correction line were made to remove the incorrect effect. After having established the good fit of the revised model (GFI=0.901, TLI=0.924, CFI = 0.938, Chi-square=824.223 with 534 degrees of freedom), testing for the invariance of factorial measurement and structural across groups was measured.
In testing for the invariance of this constrained model, $\chi^2$ values of 879.977 (555 df) with that for the initial model in which no equality constraints were imposed ($\chi^2_{(534)} = 824.223$). This comparison yields a Chi-square difference value of 55.754 with 21 degrees of freedom, which was statistically significant at the 0.001 probability level. Therefore, it supported the hypothesis of variance structural weight across two groups. With this information, it showed that some equality constraints do not hold across the two-business ownership. All subsequent tests for invariance were designed to pinpoint the location of the non-invariance.

As indicated in Table 3, structural weights of differentiation strategy to be equivalent across Public and Private Limited companies, as the differences in $\chi^2$ values between structural weight of differentiation strategy and revised model ($\Delta \chi^2_{(9)} = 14.599$) was found to be non-statistically significant.

However, structural weight of low-cost strategy ($\Delta \chi^2_{(9)} = 30.589$) was statistically significant (p<0.01), therefore, the hypothesis of invariant regression paths must be rejected. Thus, each structural regression paths’ parameter, while continuing to hold constrained all parameters found to be cumulatively invariant across Public and Private limited companies.

The structural weights of low-cost strategy to HRM (p<0.05), and to employee outcomes (p<0.001) were significant. However, the structural weight of HRM to employee outcomes was not significant. The rest of the structural paths: Low-cost strategy with organization commitment, job satisfaction, turnover intentions and employee involvement showed significant results. Specifically, employees at Public or Private Limited companies that adopted low-cost strategies could have different effects of their outcomes and views on HRM practices. As a result, those statistics of Chi-squares leads to rejection of hypotheses of invariance across two groups in assessment of structural regression paths.
Table 3  

*Goodness-of-Fit Statistics for Tests of Invariance*

<table>
<thead>
<tr>
<th>Model Description</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\Delta \chi^2$</th>
<th>$\Delta$ df</th>
<th>Statistical Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Revised Model</td>
<td>824.223</td>
<td>534</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2. All structural weight constrained equal</td>
<td>879.977</td>
<td>555</td>
<td>55.754</td>
<td>21</td>
<td>p&lt;0.001</td>
</tr>
<tr>
<td>3. Structural weight of differentiation constrained equal</td>
<td>838.822</td>
<td>543</td>
<td>14.599</td>
<td>9</td>
<td>ns (p=0.103)</td>
</tr>
<tr>
<td>4. Structural weight of low-cost constrained equal</td>
<td>854.811</td>
<td>543</td>
<td>30.589</td>
<td>9</td>
<td>p&lt;0.01</td>
</tr>
<tr>
<td>5. Structural weight of LC$\rightarrow$HRM constrained equal</td>
<td>829.095</td>
<td>535</td>
<td>3.872</td>
<td>1</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>6. Structural weight of HRM$\rightarrow$Employee Outcomes</td>
<td>830.590</td>
<td>538</td>
<td>6.367</td>
<td>4</td>
<td>ns (p=0.1073)</td>
</tr>
<tr>
<td>7. Structural weight of LC$\rightarrow$Employee Outcomes</td>
<td>863.611</td>
<td>542</td>
<td>39.388</td>
<td>8</td>
<td>p&lt;0.001</td>
</tr>
<tr>
<td>8. Model A with LC$\rightarrow$OC constrained equal</td>
<td>855.690</td>
<td>539</td>
<td>31.467</td>
<td>5</td>
<td>p&lt;0.001</td>
</tr>
<tr>
<td>9. Model A with LC$\rightarrow$JS constrained equal</td>
<td>837.444</td>
<td>539</td>
<td>13.221</td>
<td>5</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>10. Model A with LC$\rightarrow$TI constrained equal</td>
<td>836.861</td>
<td>539</td>
<td>12.638</td>
<td>5</td>
<td>p&lt;0.05</td>
</tr>
<tr>
<td>11. Model A with LC$\rightarrow$EI constrained equal</td>
<td>856.514</td>
<td>539</td>
<td>32.302</td>
<td>5</td>
<td>p&lt;0.001</td>
</tr>
</tbody>
</table>
Discussion

The purpose of this research study is to explore the relationship between business strategy, HRM practices and employee outcomes. In this study, two hypotheses examined, and the findings found that these hypotheses were partially supported.

The results showed that interaction of HRM practices among differentiation and job satisfaction; differentiation and organization commitment; and differentiation and employee involvement, could increase their positive attitude by 0.295, 0.397 and 0.340 respectively for every increase of differentiation strategy and HRM practices in an organization. However, results did not show significant mediation effect of HRM practices between differentiation strategy and turnover intention and furthermore the standardized estimates showed the negative effect. This study shows consistency results with previous researchers where their results found no statistical evidence on the effects of HRM practices on employees’ turnover intentions except job analysis (Altarawmneh & Al-Kilani, 2010) and the effect of three variables of HRM practices (supervision, job training, and pay practices) on employee turnover were highlighted as negative effect (Mudor & Tooksoon, , 2011).

On the other hand, when HRM practices included in the interaction of low-cost strategy and employee outcomes, HRM practices have the indirect effect on employee involvement ($\beta=-2.110$), turnover intention ($\beta=1.885$) and organization commitment ($\beta=-2.134$) and job satisfaction ($\beta=-1.284$). Interestingly, all the mediation effects were negative except turnover intention.

Hypothesis 1 in this study states as “There is the positive relationship between HRM practices and employee outcomes, thus playing the mediation role between business strategy and employee outcomes” is supported partially. When differentiation strategy combined with HRM practices, this integration could lead employees to show commitment, involvement and satisfaction while surprisingly when the low-cost strategy combined with HRM practices,
employee tends to leave the organization. Using the low-cost strategies with the combination of HRM practices could reduce commitment, involvement and satisfaction of an employee to their organization. Overall, the findings of this study are somewhat consistent with Berg (1999). The authors concluded that strong HRM system has found to be associated with increased job satisfaction of employees. Companies that adopted differentiation strategy are likely to have strong HRM on all six HRM practices studied while low-cost strategy only emphasize a few HRM practices such as performance management and employment security (Koon & Juhary, 2011). Furthermore, employees found to have a high intention to stay with the organization providing company emphasizes on training and development opportunities (Robinson, Kraatz & Rousseau, 1994; Lester & Kickul, 2001).

As for the results of invariance tests using multigroup analysis, the regression paths of low-cost to HRM practices and employee outcomes variables showed significant results ($p<0.01$). This showed that this structural weight found to be non-invariant between Public Limited and Private Limited Company. Except for differentiation and HRM practices parameters, all low-cost parameters were tested for their invariance across groups. Results showed regression path of low-cost strategy to employee outcomes of Public, and Private Limited companies were different on all variables such as employee involvement ($p<0.001$), job satisfaction ($p<0.05$), turnover intention ($p<0.05$) and organization commitment ($p<0.001$). Therefore, this four paths found to be different across two groups of study. Hypothesis 2: Types of companies moderate the relationship between business strategy and HRM practices on employee outcomes is partially supported.
Contributions and Implications of the Study

At the general level, the fundamental purpose of this study is to develop a practical, as well as theoretically, sound model, illustrating a link between business strategies, HRM practices on the employee outcomes. This would help academicians and practitioners understand how the interrelationship between business strategy and HRM practices bring effects on employee outcomes. Although numerous studies have shown a positive relationship between HRM practices and employee outcomes, few have studied this thoroughly. This study has addressed several methodological challenges.

First, a reliable and valid measurement model for business strategy covering two domains (differentiation and low-cost), HRM practices covering six domains (recruitment & selection, training & development, compensation, work-life balance, employment security, performance management) and an employee outcome (organizational commitment, turnover intention, employee involvement and job satisfaction) is developed and tested using CFA. Although this measurement model did not include with every HRM practice adopted and implemented by companies, but it has covered the most representative domains of HRM practices suggested by HRM researchers (e.g. “Best practices,” Guest, 1997).

Second, this study tests mediation effect between independent and dependent variables. It has been theorized that business strategy indicators as independent variables influence employee outcome’s indicators as dependent variables. In between of their interaction, HRM practices acted as a mediator variable. Despite numerous studies that claimed on the interaction among the three variables, there were no studies incorporating such complete information. This study examines the interaction and relationship among the three variables. This study found that the combination of HRM practices mediates the relationships between business strategy and employee outcomes. Therefore, these findings help to convert the theoretical model to a practical level.
Third is the comparison of effects between two types of companies on the three variables studied. This analytical approach has very vital inference for academicians and practitioners. For instance, the degree of implementation of business strategy, HRM practices and employee outcomes have measured for employees in industries without identifying whether the company is a large, medium or small-size organization. They assume that competitive strategies for all types of companies are the same. The findings of this study indicate that this assumption is slightly false. The effects of low-cost strategy to employee outcomes when mediates by HRM practices for Public group were different from Private Limited group in terms of organizational commitment, employee involvement, job satisfaction and turnover intention. This study showed not all business strategy; HRM practices and employee outcomes are likely to have the same impact on various types of companies.

One of the major methodological implications in this study is the use of structural equation modeling (SEM). The use of this methodological enabled the specification and estimation of a complex model of relationship between business strategies, HRM practices and employee outcomes. The mediating effects of HRM practices toward business strategy and employee outcomes could not have assessed without the use of this methodology. Most other multivariate procedures are descriptive by nature that emphasizes on exploratory factor analyses. This made the hypothesis testing difficult although it was not impossible.

By contrast, SEM takes a confirmatory factor analysis. This method also facilitated the comparison of these complex relationships for Public and Private Limited Companies. SEM provides a method to understand the antecedents and effects of the business strategy, HRM practices and employee outcomes, and can contribute to more sophisticated theoretical explanations of the three variables in the different company context.
Conclusion

The most important idea in this study is that organizations should be actively managing their human resources. Human resource and people management have become increasingly important in the 21st century as the well-managed employee is essential for success in the highly competitive market. One of the major challenges is to learn how to be systematic in managing their human resources if they wish to achieve and sustain competitive advantage (Tarique & Schuler, 2010). As a conclusion, organizations that treat their employees as resource capital instead of cost-center do makes employees feel more committed, satisfied, involved and therefore they are likely to stay in your organization.

References


