**HRM PRACTICES, LEADERSHIP STYLES AND CUSTOMER SATISFACTION:
MEDIATING ROLE OF EMPLOYEE PERFORMANCE**

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ABSTRAK

Tujuan utama kajian ini adalah mengenalpasti pengaruh amalan pengurusan sumber manusia dan gaya kepimpinan terhadap kepuasan pelanggan dengan pembolehubah mediator prestasi pekerja dalam sektor insurans di Palestin. Bukti empirikal untuk menyokong kepentingan kepuasan pelanggan dan kandungan tahap kepuasan pelanggan yang tinggi masih berkurangan dalam konteks negara Palestin. Rangka kerja penyelidikan ini yang berdasarkan teori pandangan berasaskan sumber syarikat, bertujuan untuk mengetahui sama ada faktor seperti amalan pengurusan sumber manusia (HRM), gaya kepimpinan, dan prestasi pekerja mempunyai pengaruh yang signifikan terhadap kepuasan pelanggan. Sembilan hipotesis yang berdasarkan kajian lepas dan teori asas telah dibangunkan untuk menguji hubungan tersebut. Sampel kajian diambil daripada pekerja sektor insurans di Palestin yang berurusan secara langsung dengan pelanggan. Sampel terdiri daripada 358 orang peserta yang dipilih melalui proses rawak bersistematik. Daripada jumlah keseluruhan soal selidik, 269 dikembalikan dan hanya 258 daripadanya dapat digunakan, yang mencatatkan kadar tindak balas sebanyak 72%. Data dianalisis dengan menggunakan *Partial Least Square* (PLS). Penemuan menunjukkan bahawa amalan HRM mempunyai hubungan tidak langsung dengan kepuasan pelanggan. Begitu juga dengan gaya kepimpinan transaksional dan gaya kepimpinan transformasi yang menunjukkan hubungan tidak langsung dengan kepuasan pelanggan. Dapatan juga memaparkan bahawa HRM dan gaya kepimpinan transaksional serta gaya kepimpinan transformasi mempunyai hubungan yang signifikan dan positif dengan prestasi pekerja. Keputusan yang diperoleh menunjukkan bahawa prestasi pekerja mempunyai hubungan yang signifikan dan positif dengan kepuasan pelanggan di samping menjadi mediator hubungan antara amalan HRM dengan gaya kepimpinan dan kepuasan pelanggan. Kajian ini menyimpulkan perbincangan tentang sumbangan teoritis dan praktikal, batasan kajian, dan cadangan untuk penyelidikan pada masa hadapan.

Kata kunci: Amalan pengurusan sumber manusia, gaya kepimpinan, prestasi pekerja, dan kepuasan pelanggan

ABSTRACT

The primary purpose of this study is to investigate the effect of human resource management practices and leadership styles on customer satisfaction in the Palestinian insurance sector through the mediating role of employee performance. Empirical evidence to support the importance of customer satisfaction and what constitutes high levels of customer satisfaction is still lacking in the Palestinian context. This research framework, based on the resource-based view theory of the firm, aimed at finding out whether factors such as human resource management (HRM) practices, leadership styles, and employee performance have significant influences on customer satisfaction. Nine hypotheses, based on past research and underlying theory, were developed to test the relationships. The study sample was taken from employees of the insurance sector in Palestine, who have direct dealing with customers. The sample consisted of 358 participants selected through a systematic random process. Of the questionnaires posted, 269 were returned of which 258 were found usable, constituting a 72% response rate. The data was analyzed using the Partial Least Square (PLS). The findings indicated that HRM practices had an indirect relationship with customer satisfaction. Similarly, transactional leadership style and transformational leadership style showed indirect relationships with customer satisfaction. The findings also revealed that HRM practices and transactional leadership style and transformational leadership style had significant and positive relationships with employee performance. Finally, the results indicated that employee performance had a significant and positive relationship with customer satisfaction while also mediating the relationship between HRM practices and leadership styles respectively and customer satisfaction. The study concludes with discussions on theoretical and practical contributions, the study limitations, and suggestions for future research.

Keywords: Human resource management practices, leadership styles, employee performance, and customer satisfaction

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CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The insurance sector plays a key role in economic growth; it works as a financial intermediary and provides risk transfer services (Arena, 2008; Ward & Zurbruegg, 2000). Risk transfer is one of the most crucial features of non-life and health insurance while financial intermediary is a vital feature of life insurance (Kugler & Ofoghi, 2005). Further, insurance empowers the financial systems in many ways, such as strengthening financial stability, facilitating trade, managing risks, and reducing losses (Arena, 2008; Skipper, 1997).

Moreover, the insurance sector is a good employer. The European Insurers' Trade Association asserts that more than one million people are working directly in 5000 insurance companies in the European Union countries. Besides, it employs many indirect employees, such as brokers, agents, consultants as well as information technology companies and auditing firms. In addition to its role in employment, the insurance sector is also considered the cornerstone of the capitalization process. It creates great capital assets by investing a huge amount of money that comes from insurance, which is then put in medium and long-term investments in the financial markets (Liedtke, 2007).

Over the last two decades, the insurance market has grown significantly around the world. The overall insurance premiums increased by 82 percent from 1997 to 2004 (Arena, 2008). The global growth of the insurance industry by the end of 2010 is

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shown in Table 1.1. Table 1.1 shows that the growth rate in emerging market countries is higher than other countries. Global insurance premiums increased by 3.2 percent in 2010. Emerging markets in Asia and some large continental European markets contributed the most to the growth (Guloglu, Guder, & Guloglu, 2011).

Table 1.1
Insurance *premium global growth in 2010*

Country	Life insurance %	Non-life Insurance	Total %
Industrialized Countries	1.8	1	1.4
Emerging Markets	13	8.5	11
All the World	3.2	2.1	2.7

Source: Stalb and Bevere (2011, as cited inGuloglu, Guder & Guloglu 2011)

Also, the insurance market saw further global growth by 3.9 percent in 2012, and its value by the end of that year was USD 4,523.7 billion. Table 1.2 below shows the growth of insurance around the world from 2008 to 2012.

Table 1.1
Insurance Global Growth from 2008 to 2012

Year	$ billion	% of growth
2008	4,070.6	
2009	4,063.7	(.02) %
2010	4,240.8	4.4 %
2011	4,354.7	2.7 %
2012	4,523.7	3.9 %

Source: Insurance Industry Profile: Global (2014)

The insurance sector growth in European and Asia-Pacific markets increased from .09 percent in 2008 to 5.5 percent in 2012 (Marketline.com, 2014). The segments of global insurance portfolio in 2012 are shown in Table 1.3.

Table 1.3
Segments of Global Insurance Portfolio $ billion in 2012

Insurance Category	2012	%
Life Insurance	2.565.3	56.7 %
Non-Life Insurance	1,958.4	43.3 %
Total	4,523.7	100 %

Source: Insurance Industry Profile: Global (2014)

The expected progress of global insurance market till 2017 is shown in Table 1.4.

Table 1.4
Expected Growth of Global Insurance Market.

Year	$ billion	% of growth
2012	4,523.7	3.9 %
2013	4,681.9	3.5 %
2014	4888.3	4.4 %
2015	5,106.5	4.5 %
2016	5,337.6	4.5 %
2017	5,563.1	4.2 %

Source: Insurance Industry Profile: Global (2014)

1.2 Insurance Sector in Palestine

In Palestine, the insurance sector has undergone several stages and has been managed by different philosophies as a result of different parties that ruled Palestine. The first period started with the Ottoman rule and the last period is the Palestinian authority. During these eras, insurance was governed by local laws and regulations of the nations that ruled Palestine (Information, 2010). After the peace agreement, Palestinian insurance companies took their place in providing insurance services for Palestinian people. The first national insurance company was established in 1993 (Authority, 2013). Nowadays, the Palestinian insurance sector comprises ten companies (Federation, 2014). Also, the Palestinian Central Bureau of Statistics has prepared many surveys about the insurance sector from 1995 to 2012 (Statistics, 1995-2013), and the development of insurance sector from 1995 is summarized in Table 1.5.

Moreover, Palestinians established the Palestinian Insurance Federation (PIF) in the late of 1990s to give the insurance sector more creditability and to empower trust in this industry locally and internationally (Federation, 2014). According to the Insurance Mirror Magazine, by the end of 2012, the insurance sector provided its services for the Palestinian people through 109 branches, scattered in all governorates of the West Bank and Gaza Strip. It employs 1061 direct workers, besides more than 253 agents, who work as intermediaries between the insurance companies and customers. The overall annual insurance sector premiums in 2012

were USD 146,594,735 while the balance of paid compensations for the same year was USD 98,022,691 (Federation, 2013a).

Table 1.5
Insurance Sector in Palestine since 1995

Year	# of companies	# of workers
1995/1996	8	726
1997	9	747
1998	9	788
1999	9	845
2000	9	718
2001	9	630
2002	9	929
2003	9	669
2004	9	747
2005	9	488
2006	9	847
2007	9	899
2008	10	938
2009	10	950
2010	10	1115
2011	10	1192
2012	9	1050
2013	9	1079

Source: Palestinian Central Bureau of Statistics from 1995- 2013

1.3 The Importance of Customer Satisfaction

In the globally competitive world, the best methodology to gain good profits and achieve the desired levels of growth is developing CS (Goodman & Svyantek, 1999). CS has become the buzzword of modern marketing theory (Anand Mishra, 2010) since achieving CS leads to expanding the market share of the firm (Buzzell & Gale, 1987; Williams & Naumann, 2011), more profits (Phillips, Chang, & Buzzell, 1983; Williams & Naumann, 2011), and stable financial performance (Nelson et al., 1992; Swaminathan, Groening, Mittal, & Thomaz, 2014). CS is the prerequisite for firm's competitive advantage and has a positive relationship with the economic performance of the firm.

Indeed, statistical information has assured the importance of CS to the firm. Fully satisfied consumers affect the revenue of the company positively by 2.6 times more than partially satisfied ones. Also, fully satisfied consumers affect the revenue of the firm by 17 times more than partially dissatisfied consumers. Fully dissatisfied consumers decrease the revenue of the firm by 1.8 times more than fully satisfied consumers (Coldwell, 2001). Also, repeat purchasing, loyalty and keeping customers are affected directly by CS (Chan, Ng, & Jee, 2012; Chang & Polonsky, 2012; Singh, 2006). Usually, fully satisfied customers share their perceptions about the products with five or six persons (Zineldin, 2004). Besides, the strategic position of the firm becomes more competitive with satisfied customers (Aaker, 2008).

CS must be studied in-depth to forecast behavior of customers since satisfied customers will come to repurchase, resulting in the company having loyal customers. These benefits can be attained only through high-quality standards of the service since there is a direct relationship between the quality service and the ability of the firm to keep its customers satisfied (Hsu et al., 2012; Ranaweera & Neely, 2003).

The focus of this study was the insurance sector. Insurance as a service (Zhang et al., 2006), requires great efforts to obtain and maintain satisfied customers. Insurance customers depend on external evidence to ensure the perceived value of the insurance policy (Khurana, 2013). Many studies have assured the relationship between service quality and satisfaction of customers in the service sector (Yavas et al., 2013). Hence, customers' evaluation of the quality of the services is crucial. So, customer assessment leads to satisfaction or dissatisfaction since the performance of perceived services is matched with the previous expectations of the customers. Furthermore, customers evaluate the service based on what they receive and what was given by employees who have direct dealing with customers. This evaluation affects the future decisions of customers essentially (Lam et al., 2013).

1.4 Customer Satisfaction of Palestinian Insurance Sector

The general manager of Al-Mashriq insurance company in Palestine did a study on customer satisfaction with service quality in the insurance industry in Palestine. Figure 1.1 illustrates his conclusion.

9 years and above
13%

more than 6-less
than 9 years
10%

more than 3 – less
than 6 years
22%

below 3 years
55%
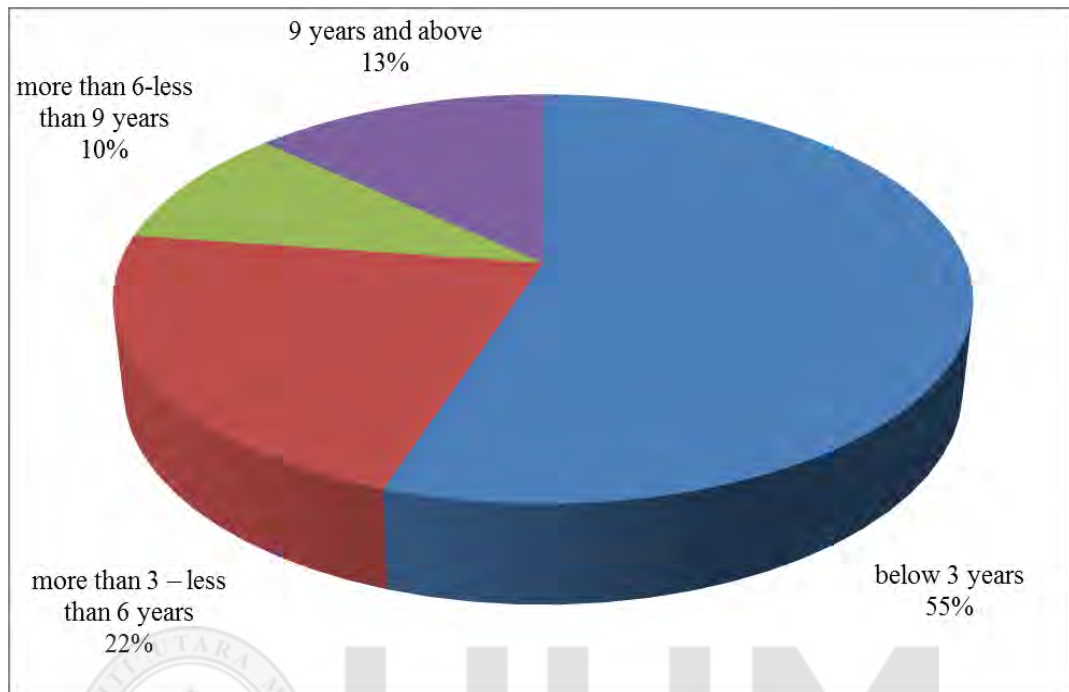
Source: Asad (2014)

Figure 1.1: Retention Period of Insurance Customers in Palestine.

He found that 55 percent of Palestinian insurance customers had changed their insurance company in less than three years. In other words, the majority of Palestinian insurance customers had changed the insurance provider to find a better service (Asad, 2014), and switching of customers refers to low levels of customer satisfaction (Lin & Huang, 2014). Further, more than 44 percent of insurance customers had the intention of switching to use a better insurance company in the future, and more than 30 percent of Palestinian customers saw the services received from the insurance company were worse than the desired and below their expectations. Also, 30 percent of customers were dissatisfied with the service quality

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delivered by insurance companies. And customers with lower satisfaction were thinking of switching to use a better insurance company's services or disliked to re-purchase insurance services from the same insurance company. Based on his findings, he recommended that further research works on the Palestinian insurance sector's leaders and the factors and procedures that have an impact on customer satisfaction should be carried out (Asad, 2014).

In addition to Asad's (2014) findings on customer satisfaction, Palestinian insurance firms have many problems that purportedly affect the values of their services. Part of these problems is due to the practices adopted by insurance companies. So, insurance companies have to focus on their customers at all levels to reach a high level of financial returns (El-Jafari, Makhool, Lafi, & Atyani, 2003).

Scholars have also studied the situation of the Palestinian insurance sector. Quzat (2009) studied the factors that lead to the shrinking performance of the insurance sector in Palestine. She asserted that this sector is suffering from many problems, one of which is a lack of trust between insurers and customers. A lack of customer trust has a negative impact on customer satisfaction (CS) (Danish, Ahmad, Ateeq, Ali, & Humayon, 2015). Another study on insurance concluded that customers of the National Insurance Company, Trust Insurance Company, and Ahleia Insurance Group Company were dissatisfied with the promotional practices implemented by these firms (Abu Amra, 2011).

Another study asserted that insurance customers in Palestine suffered from a lack of insurance companies' commitment to paying their compensations. Besides, the insurance companies exploited the weak Palestinian law and delayed in providing compensations for customers (Sabri & Jaber, 2006). As a result, many insurance claims were brought to the courts by customers. It was found that negligence in paying insurance claims reduced the level of CS (Cole, Maroney, McCullough, & Powell, 2015). According to Al Safeer Al Iqtisadi, an independent Palestinian economic monthly newspaper, 2000 insurance cases are still waiting in Palestinian courts (El-Jafari, Makhool, Lafi, & Atyani, 2003).

To summarize, the previous paragraph has highlighted many troubles in the insurance sector in Palestine, especially regarding CS. As more studies on CS of Palestinian insurance sector are needed and this is the first motivation of the present study. Traditionally, researchers have focused on different types of service relationships (Gutek, 1995; Gutek et al., 1999), and paid less attention to internal organizational factors contributing to service quality (Colgate & Danaher, 2000). This study focused on how to reach better CS through some critical factors. These factors have been selected based on the gaps in the literature and its relationship with CS in the insurance industry in the Palestinian context. The next section will focus on the problem statement of this study.

1.5 Statement of the Problem

Kottler (2000) defined customer satisfaction (CS) as the feelings generated by human beings, either happiness or disappointment, as a result of comparing the actual performance of the product or services with the previous expectations. Customers feel satisfied when they perceive the value of goods and services as more worthy than the money they paid (Zhang, Vonderembse, & Lim, 2006).

The literature has asserted that CS plays a vital role in the insurance sector and insurers' survival (Taylor, 2001; Vazifehdust & Farokhian, 2013). In spite of the above facts about the role of CS in business generally and insurance specifically, the situation of CS in the Palestinian insurance sectors is suffering from many troubles according to the following indicators:

1. 55 percent of Palestinians have changed their insurance company in less than three years. More than 44 percent of insurance customers have the intention of switching to use a better insurance company. More than 30 percent of Palestinian customers see the services received from insurance company below their expectations and 30 percent of insurance sector's customers are dissatisfied (Asad, 2014);

2. The Palestinian insurance firms have many problems which affect their CS as the practices adopted by insurance companies have decreased the level of their service quality (El-Jafari et al., 2003);

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3. A lack of trust between insurance companies in Palestine and their customers (Quzat, 2009);

4. Customers of the National Insurance Company, Trust Insurance Company and Ahleia Insurance Group Company are dissatisfied with promotional practices implemented by those firms (Abu Amra, 2011);

5. Insurance customers in Palestine are suffering from lack of commitment from insurance companies since the major portion of customers' claims are transferred to the courts by customers (Sabri & Jaber, 2006); and

6. 2000 insurance cases are pending court's decision (Al-Safeer, 2013).

This study focuses on the following factors that purportedly affect CS: human resource management (HRM) practices; leadership styles, and employee performance. These variables were chosen based on their theoretical relationships with CS on the one hand and the gaps in the literature, on the other hand. The following paragraphs show the relationships between these variables as well as the gaps in this area of study.

HRM practices represent internal organizational variable contributing CS. most of previous scholars studied customer satisfaction by using service quality relationships (Gutek, 1995; Gutek et al., 1999). In other words, previous studies ignored the role of HRM practices in affecting CS. this ignorance represents an attractive gap. Many theories of CS used HRM practices as one of its critical factors, RBV theory uses employees as a leverage to achieve sustainable competitive advantage (Barney,

1991; Jackson & Schuler, 1999), similarly TQM theory and servqual theory. Actually, HRM practices could be described as factory of effective employee. Many preplanned stages can be designed for the candidate or the new employee in order to qualify him/ her to be effective in achieving organizational goals.

HRM practices could theoretically affect CS (Delaney & Huselid, 1996; Deshpandé, Farley, & Webster Jr, 1993; Kumari, Usmani, & Husain, 2013; Rogg, Schmidt, Shull, & Schmitt, 2001; Youssef, Youssef, & Ahmed, 2014). Stakeholders' theory is one of CS theories and formulated from resource-based view (RBV) theory (Verbeke & Tung, 2013). Resource-based view theory assumes that firms can achieve success if they gain and maintain their own competitive advantage (Jackson & Schuler, 1999), and the source of the competitive advantage is the firm resources either the physical part or human part of the firm (Barney, 1991; Jackson & Schuler, 1999). From an RBV point of view, HRM practices are thought to develop human capital that leads to distinctive firm performance (Buller & McEvoy, 2012).

HRM practices are one of the critical factors of total quality management according to the Malcolm Baldrige National Quality Award (MBNQA) (Onwuegbuzie & Leech, 2007). CS is the reason behind Deming's principles which are the cornerstone of the quality management theory (Anderson, Rungtusanatham, & Schroeder, 1994; Calvo-Mora, Picón, Ruiz, & Cauzo, 2013).

In spite of the consistency in the previous theories about the effect of the HRM practices in CS, some studies showed that HRM practices had a significant

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relationship with CS (Kumari et al., 2013; Youssef et al., 2014). Other studies found that HRM practices had a minor correlation with CS in that the relationship was very low, less than 12 percent (Rogg et al., 2001). Along the same line, Delaney and Huselid (1996) examined the effect of HRM practices on CS and revealed that a correlation of only 20 percent. Other studies found no direct correlation between HRM practices and CS (Cantarello, Filippini, & Nosella, 2012). In sum, the literature reveals a debate about the significant effect of HRM practices on CS.

CS is also proposed as a critical factor in determining the performance of a firm (Anderson & Sullivan, 1993; Griffin, Gleason, Preiss, & Shevenaugh, 2012; Steven, Dong, & Dresner, 2012). Indeed, many studies have demonstrated a direct relationship between CS and firm performance (Babakus, Bienstock, & Van Scotter, 2004; Das, Handfield, Calantone, & Ghosh, 2000; Ittner & Larcker, 1998; Stamfestova, 2014). However, the relationship between HRM practices and firm performance is still open to many questions. ―And after hundreds of research studies, we are still in no position to assert with any confidence that good HRM has an impact on organization performance" (Guest, 2011, p. 11). Hence, answers to achieve a better understanding of the role of HRM practices in enhancing the firm performance are needed (Guest, 2011).

Therefore, this gap between theories and empirical studies about the role of HRM practices in CS on the one hand, and the need for conducting additional studies about the role of HRM practices in CS and the recommendations of the first insurance

conference in Palestine to develop the role of human resources on the other hand is the second motivation for this study.

Furthermore, some previous studies concluded that career planning, job design and training and development (Kumari et al., 2013; Youssef et al., 2014). Similarly, recruitment and selection, compensation; performance appraisal (Kumari et al., 2013) have a direct positive relationship with CS. On the other hand some scholars found that the relationships between these HRM practices (career planning, job design and training and development, recruitment and selection, compensation; performance appraisal) are indirect or not exist (Cantarello, Filippini, & Nosella, 2012; Delaney & Huselid, 1996). More importantly, internal communication has not been used before as one of HRM practices to examine the effect of HRM practices on CS. based on the mentioned gaps, the following HRM practices were considered: Career Planning, Job Design; Recruitment and Selection; Training and Development; Compensation; Performance Appraisal; and Internal Communication.

CS is also affected by other variables, one of which is leadership style. Leadership style is the pattern of behaviors that leaders disclose when working with and through others (Ali et al., 2013; Heresy et al., 1993). It describes how leaders use their talents, values, judgment, knowledge, and Leadership style is considered as the designer of the approaches for the employees who work directly with customers; based on that an effective leadership styles lead to maximizing CS (Morhart et al., 2012). Hence, this study examined the effect of leadership style on CS since

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leadership style refers to the way in which a leader provides support to the others to accomplish certain tasks (Chan et al., 2012).

The theoretical relationship between leadership style and CS could be studied from many theories, and the first is resource-based view (RBV) theory. Many scholars have used it to examine the effect of leadership style on CS either in terms of firm performance (Gurbuz & Mert, 2011; Hassan, Hassan, Khan, & Iqbal, 2013) or total quality management (Al-Dhaafri, Yusoff, & Al-Swidi, 2013; García-Bernal & García-Casarejos, 2014). Leadership style can be classified as a resource under the RBV theory (Todorovic & Schlosser, 2007). Second, the linkages between leadership style and CS can be noted through the theoretical framework of leadership for quality, which was proposed by Lakshman in 2006.

Empirically, the literature indicates that research works on the effect of the leadership style on CS have a long history and many contradictions (Ekvall & Ryhammar, 1998). While some studies have revealed a positive and significant relationship between leadership style and CS (Mohammadi, 2013), others have found a positive relationship (Hassan et al., 2014; Parzinger & Nath, 2000). Some scholars have examined the effect of leadership style on CS indirectly by using mediators (Chan et al., 2012), such as salespeople's customer orientation (Stock & Hoyer, 2002) and employee satisfaction (Namasivayam, Guchait, & Lei, 2014). Some other studies demonstrated that leadership style had no relationship with CS (Sila & Ebrahimpour, 2005; Wilson & Collier, 2000).

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Prior literature has clarified the role of leadership style in empowering CS, and there are contradictions between the theoretical evidence and the empirical ones about the relationship between leadership style and CS. Based on the recommendations to conduct further research on the role of leadership style in CS (Namasivayam et al., 2014; Sila & Ebrahimpour, 2005), the present study identifies this as the second gap and examines the effect of leadership style on CS. Specifically, transformational and transactional leadership styles were considered.

According to Baron and Kenny (1986), a mediator can be used to explain how or why an independent variable affects a dependent variable. Furthermore, as mentioned earlier, the correlation between HRM practices and CS is very weak. So, this study considered a mediator to empower this relationship because a mediator can be possibly used to give a further explanation of the relationships (Avolio, Zhu, Koh, & Bhatia, 2004).

Many studies have examined the relationship between HRM practices and CS through mediators. For example, Rogg et al. (2001) used organizational climate as a mediator between HRM practices and CS. Kumari et al. (2013) used effective supply chain. Other studies used organizational commitment (Cantarello et al., 2012). This study used employee performance to mediate the relationship between HRM practices and CS.

Employee performance is represented by employee behaviors that lead to the accomplishment of organizational objectives (Liao & Chuang, 2004; Šikýř, 2013). Moreover, the performance of service a employee is a crucial element for success or failure of the service providing processes (Neupane, 2014). The perceptions of customers toward the quality of service are affected by employee behaviors and attitudes (Brady & Cronin Jr, 2001).

Moreover, the third factor of the three-factor theory of CS is the performance of service providers (Füller & Matzler, 2008; Matzler et al., 2003). Employee performance refers to the interaction between a service provider (employee) and a firm's customers. Hence, employee performance works as a mediator between the employment process and CS. The mediation effect is measured by the SERVQUAL model. Customers are assured that employee performance has a great effect on customers' perceptions and customers' evaluation of the services. Hence, employee performance is a crucial factor in determining CS (Abbasi & Alvi, 2013; Roy, 2012). Employee performance is affected by HRM practices (Garg & Rastogi, 2006). According to the conceptual model of Guest (1997), HRM practices lead to HRM outcomes: commitment; quality and flexibility. These outcomes are subsequently translated into behavioral outcomes: motivation; cooperation; involvement, and citizenship behavior. The behavioral outcomes will then create performance outcomes: high productivity, innovation and high quality, and a low level of absence, turnover, conflict, and customers' complaints (Paauwe & Boselie, 2005).

Employee performance is affected by HRM practices and affects CS ; it can be employed as a mediator (Koonmee, Singhapakdi, Virakul, & Lee, 2010; Preacher & Leonardelli, 2003). Besides, it has not been used as a mediator between HRM practices and CS in previous studies and has been recommended in future research by Kumari et al., (2013). Therefore, the present study identified this as the third gap.

The literature also reveals a debate on the effect of leadership style on CS. Many studies have used mediators to examine the effect of leadership styles on CS. Some of them used team conflict and team cohesion (Besieux, Euwema, & Vander Elst, 2012). Others used employee empowerment (Ugboro & Obeng, 2000) or knowledge management (Gowen III, Henagan, & McFadden, 2009). The present study considered employee performance as a mediator between leadership style and CS because it has not been used before.

Many studies have examined the effect of leadership styles on employee performance (Abbas & Yaqoob, 2009; Bono & Judge, 2003; Lu & Yang, 2010; Purvanova, Bono, & Dzieweczynski, 2006). Leadership style is one of the crucial factors that affect employee performance (Garg & Rastogi, 2006). Furthermore, the relationship between employee performance and CS has been explained earlier. Therefore, using employee performance as a mediator between leadership style and CS is the fourth gap of this study.

1.6 Research Questions

The present study tried to answer the following question: What is the effect of HRM practices and leadership style on CS of the Palestinian insurance sector through the mediating role of employee performance? Specifically, the present study attempted to find answers to the following questions:

1. Does employee performance mediate the relationship between career planning and CS?

2. Does employee performance mediate the relationship between job design planning and CS?

3. Does employee performance mediate the relationship between recruitment and selection and CS?

4. Does employee performance mediate the relationship between training and development and CS?

5. Does employee performance mediate the relationship between compensation and CS?

6. Does employee performance mediate the relationship between performance appraisal and CS?

7. Does employee performance mediate the relationship between internal communication and CS?

8. Does employee performance mediate the relationship between transactional leadership style and CS?

9. Does employee performance mediate the relationship between transformational leadership style and CS?

The above questions arose to give more understanding to the gaps of this study and to put the right directions towards solving the current research problem. The following section show the objectives of the present study, these objectives had been derived from the research questions.

1.7 Research Objectives

The present study aimed to achieve the following objectives:

1. To assess the mediation effect of employee performance between career planning and CS.

2. To examine the mediation effect of employee performance between job design planning and CS.

3. To investigate the mediation effect of employee performance between recruitment and selection planning and CS.

4. To assess the mediation effect of employee performance between training and development planning and CS.

5. To examine the mediation effect of employee performance between compensation and CS.

6. To analyze the mediation effect of employee performance between performance appraisal and CS.

7. To assess the mediation effect of employee performance between internal communication and CS.

8. To analyze the mediation effect of employee performance between transactional leadership style and CS.

9. To investigate the mediation effect of employee performance between transformational leadership style and CS.

1.8 Scope of the Research

To answer the research questions and achieve the research objectives, this study was conducted in the Palestinian insurance sector. It examined the effect of HRM practices and leadership styles on CS and the mediating role of employee performance. The Palestinian insurance sector has ten insurance companies, 104 branches and more than 1200 employees (Federation, 2014). Since the targeted participants were the employees of insurance companies in Palestine who deal directly with customers, the current study excluded managers at the top level because they are the ones who usually develop the human resources policies which are then translated into HRM practices.

Palestine was chosen because many studies examined the effect of HRM practices on CS in different countries such as the USA (Delaney & Huselid, 1996; Rogg et al., 2001), Japan (Deshpandé et al., 1993), or Pakistan (Kumari et al., 2013). But to date, no studies have been carried out in Palestine, especially in the insurance sector. Besides, there are very few research works that have investigated the effect of leadership styles on CS especially in the insurance field.

Also, this study will help the stakeholders of insurance companies to develop their performance. The Palestinian economy will be affected positively since the services sector is the main player in the Palestinian economy. The present study was cross-sectional in nature.

1.9 Significance of Research

The present study is significant on two grounds: theoretical and practical. From the theoretical perspective, the result of this study clarifies the effect of HRM practices and leadership style on CS. Also, it contributes to existing knowledge by incorporating the role of HRM practices and leadership style in influencing the level of CS in the insurance field in Palestine. Also, it demonstrates the role of HRM practices and leadership style in employee performance. Besides, it clarifies the mediating role of employee performance in HRM practices, leadership style, and CS link by using the concepts of the RBV theory.

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Nowadays, the world of business has become more competitive. The best way to making good profits and achieving the desired levels of growth is by developing the CS levels. So, practically speaking, this study offers some guidelines for Palestinian insurance companies by providing them with the needed solutions on how to develop CS through the implementation of the best combination of HRM practices and leadership styles as a whole.

1.10 Definition of Key Terms

Table 1.6 contains the definition of the key terms of the present study and the dimensions of each variable.
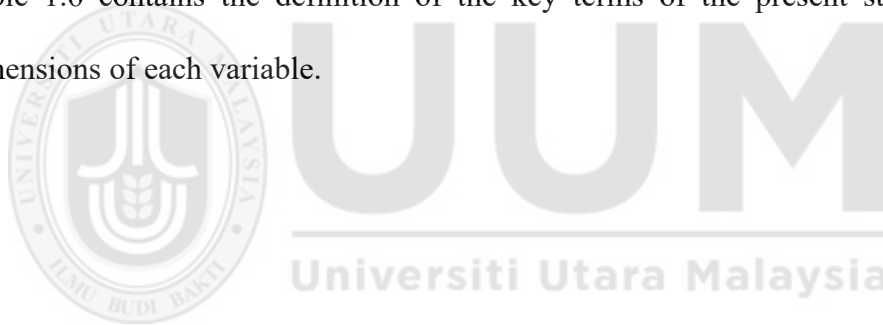
Table 1.6
Definitions of key terms

#	Key Term	Definition
1.	Insurance	Contract between the insurance company and the client for which the firm undertakes to pay compensation for the insured issues in case of loss or damage or death, and it receives a premium in return (El-Adaway & Kandil, 2009).
2.	Customer Satisfaction	The feelings that are generated by humans, either happiness or disappointment, as a result of comparing the actual performance of the product or services with the previous expectations (Kottler, 2000).
3.	HRM practices	A pattern of planned human resource policies and activities that help firms to attract, evaluate, motivate and develop their human capital to meet the current and future organizational needs (Wright & McMahan, 1992). . In this study, HRM practices include career planning, job design, recruitment and selection, training and development, compensation, performance appraisal and internal communication.
4.	Career Planning	The continuous process of exploration. During this process, the workers design their own career paths according to their interests, talents, personalities, needs, work, values, and so on (Riveros & Tsai, 2011).
5.	Job Design	The process of combining tasks to perform a complete job (Dessler, 2002).
6.	Recruitment and Selection	The process of attracting a group of applicants with high qualifications to select the best among them (Abomeh, 2013).
7.	Training and Development	The planned process of learning that gives the opportunity for the employees to teach how to perform current and future jobs (Razak et al., 2013).

Continued

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Continued: Table 1.6

8.	Compensation	Everything that the workers obtain for carrying out their jobs (Dessler et al., 2004).
9.	Performance Appraisal	A systematic process to inspect and evaluate individual's performance after a certain period (Denisi & Smith, 2014).
10.	Internal Communication	A managerial function that helps the employees to understand what their organization expects from them to achieve the organizational goals (Kothari et al., 2014).
11.	Leadership Style	The manner of social impact in which the person can provide the support to the others to accomplish certain tasks (Ali et al., 2013). In the present study, leadership style was examined by transformational and transactional leadership styles.
12.	Transformational Leader	A person who extracts from the followers more than what they think they cannot do (Obiwuru Timothy et al., 2011).
13.	Transactional leader	A person who attracts the followers through their own self-interests by establishing exchange relationships with them (Othman et al., 2012).
14.	Employee performance	The way that the employees behave to achieve the objectives and aims, which are determined by the management of the organization (Abdullah & Rashid, 2013). The present study considered in-role and extra role performance as the dimensions of employee performance.
15.	In-Role Performance	The activities or formal requirements that an employee is expected to fulfill his or her job requirements, and it contributes directly or indirectly to the technical core of the organization (Lam et al., 2013)..
16.	Extra-Role Performance	The discretionary behaviors on the part of an employee that are believed to directly promote the effective functioning of an organization without necessarily directly influencing an employee's productivity (Lam et al., 2013).

1.11 Organization of Thesis

The present study contains five chapters: the first chapter (Introduction) includes the background of the study and discusses how HRM practices, leadership style, and employee performance affect CS of the Palestinian insurance sector. Also, it highlights the main gaps in the literature on the relationship between HRM practices, leadership style, employee performance, and CS. Chapter two includes the conceptual definitions and relevant theories of the variables of this study. It also discusses the dimensions of each variable and the underpinning theory. Chapter three shows the conceptual framework and hypotheses. It also explains the research methodology and research design, population and sampling, sampling techniques, measurements of variables, data collection procedure, and data analysis methods. Chapter four presents the results of data analysis and hypotheses testing. Chapter five recapitulates the study, discusses the research findings, and highlights the main contributions of this study. It also outlines the limitations of the study and suggests future research opportunities

1.12 Chapter Summary

CS is a very critical issue for the economy, generally, and the insurance sector, specifically. This chapter showed the situation of CS in the Palestinian insurance sector. Then, it clarified the main factors that affect it. The problem statement

showed the role of HRM practices; leadership style and employee performance in influencing CS. Next, the questions and the objectives of this study were formulated based on the gaps identified. This chapter also talked about the scope and significance of the study. The next chapter will review the pertinent literature.

CHAPTER TWO
LITRETURE REVIEW

2.1 Introduction

This chapter explains the conceptual definition of the variables in the present study. It also includes the most popular theories relevant to the variables. This chapter starts with customer satisfaction (CS) and HRM practices, and then it explains leadership style and employee performance. It also explains the dimensions of each variable. Finally, it presents the underpinning theory of the present study which is resource-based view theory.

2.2 Definition and Conceptualization of Customer Satisfaction

Over the last two decades, the customer satisfaction concept was developed, either in terms of its understanding or its importance (Hill & Alexander, 2000; Maymand et al., 2013). It has become clear that it is more useful for companies to keep current customers than attracting new ones (Shantz et al., 2013). As CS and a firm's profits are correlated, firms have begun to invest huge amounts of money in empowering and developing the factors that contribute to CS actualization (Voss et al., 2010).

In the 21st century, the CS concept faces new challenges. Markets are subject to continuous changes, and customers are becoming more demanding and highly elastic. Further, customers have higher expectations about goods and services

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quality. At the same time, they allocate less time for their purchasing process and are becoming less loyal to any particular product. Hence, the need for more satisfactory approaches has become a must (Chopra, 2009). The following sections describe CS and its importance as well as the theories and dimensions.

2.2.1 Customer Satisfaction

CS is defined as a customer's response to the perceived differences between the previous expectations and the actual performance of goods and services after consumption (Caruana, 2002; Trasorras et al., 2009; Tse & Wilton, 1988). It also refers to a personal judgment that a product or service has given a pleasurable level of utility after consumption (Martínez-Tur et al., 2011). It measures how the firm's products and services meet its customers' expectations (Guelman et al., 2012). It refers to meeting the needs, wishes and expectations of customers throughout the lifetime of a product or service (Ray et al., 2005).

The expectation of customers about the services has two dimensions. First, the desired service, which represents the level of the service that must be included in the service providing process, and second, the adequate service, which means the minimum accepted level of service in the eyes of the customers. So, the bridge between those two dimensions is the satisfaction zone (Naik et al., 2010; Parasuraman et al., 1994). Further, customers feel satisfied when they perceive the value of goods and services more worthy than the money they paid (Zhang et al.,

2006). In 1984, Kano proposed a model to interpret customers' needs. This model provides a deeper understanding of how customers appraise the goods and services. Besides, it helps companies to determine the most critical factors that affect CS (Chen et al., 2010; Gustafsson et al., 1999).
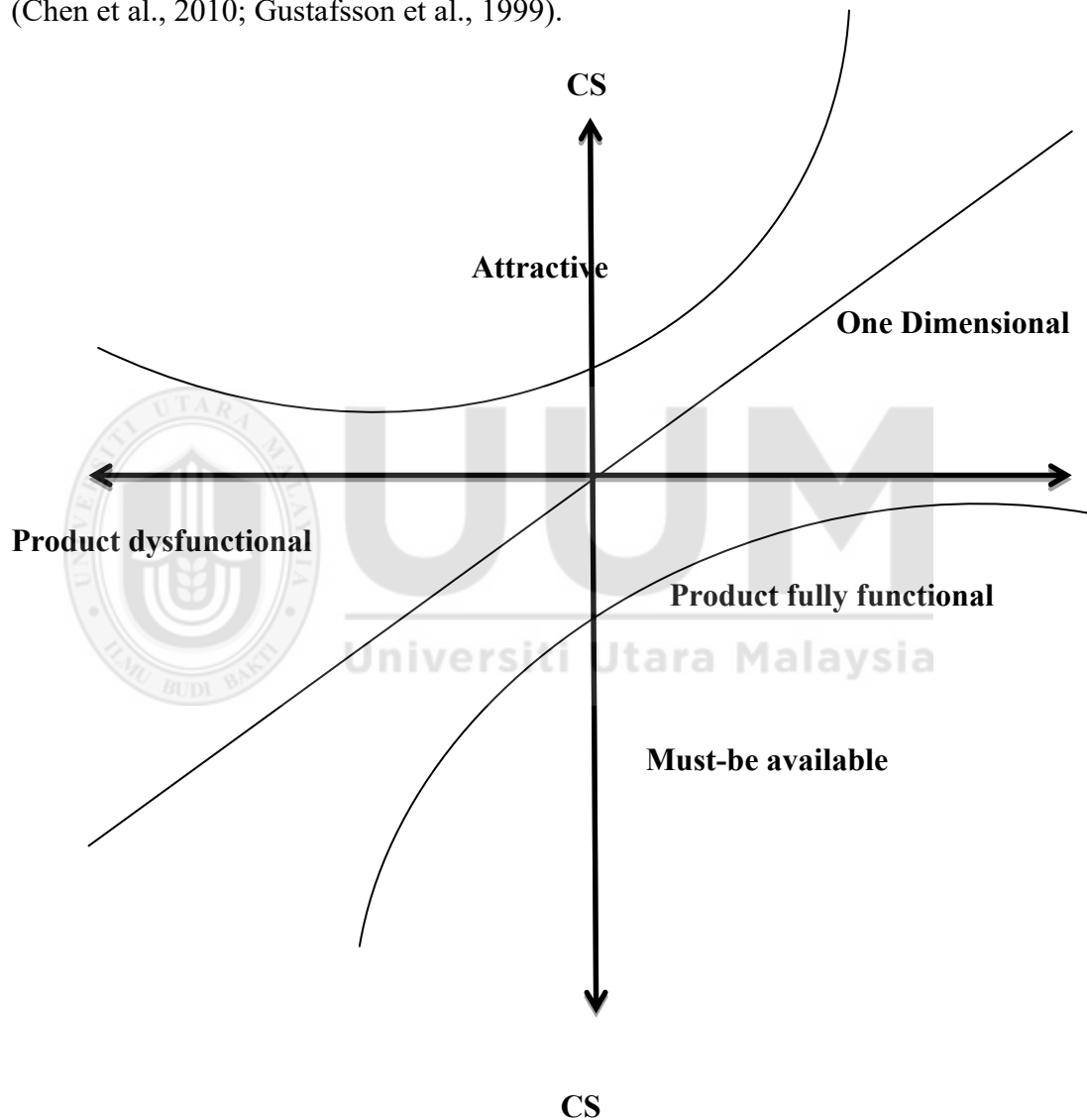
Source: Wang and Ji, (2010)

Figure 2.1: Kano's model of customer satisfaction

Kano's model has succeeded widely. It has been applied in many areas like strategic thinking, planning for business, and innovation and competitiveness (Chen et al., 2010; Huiskonen & Pirttilä, 1998). The model clarifies that CS or dissatisfaction is affected by three categories of requirements in a product. The first is the must-be requirements, which are the basic features of the product; if they are not included in the product, the customer will be dissatisfied. Besides, their presence does not mean customers are satisfied; it just leads to the absence of dissatisfaction. Figure 2.1 clarifies Kano's model.

The second is one-dimensional requirements, which include a product's features and criteria (Dasgupta et al., 2012). The dimension expresses that CS is related to the level of fulfillment of these requirements. In other words, the higher the level of fulfillment, the higher the level of CS. Also, customers demand this kind of requirements explicitly. The third is the attractive requirements. The fulfillment of these requirements creates a high level of CS. Customers do not demand these features, and they are not available, customers will not be dissatisfied because they are not expected by them (Wang & Ji, 2010).

2.2.2 Customer Satisfaction Theories

This study highlights the following theories to provide a comprehensive understanding of the theoretical background of the CS concept.

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2.2.2.1 Three-Factor Theory of Customer Satisfaction

This theory was proposed in the last decade. Many scholars have used it in their studies, especially in service sector studies (Füller & Matzler, 2008; Matzler et al., 2003). As the name suggests, the process of creating CS requires integration between three factors. The first is the basic factors or satisfiers. The theory asserts that customer dissatisfaction (CD) happens when the low accepted level of customers' requirements are not fulfilled. At the same time, fulfilling those requirements does not lead to CS. In other words, the service provider's performance has a great effect on the CS (Matzler & Renzl, 2007).

The second is excitement, which refers to the factors that increase the satisfaction in case of delivery to the customers while not creating customer dissatisfaction in case of its absence. The third is the performance factors. This component represents a mixed of the former two factors. Hence, high performance of services leads to high CS and vice versa (Füller & Matzler, 2008; Matzler et al., 2003). Performance is, therefore, the cornerstone of this theory. It is a vital technique to enhance the service quality and satisfy customers based on clear marketing strategies (Deng et al., 2008).

	Situation 2	Situation 1
High	Accepted overkill	Keep good performance
Performance	Position 3	Situation 4
	Low priority	Improve here
Low		
	Low Importance High	
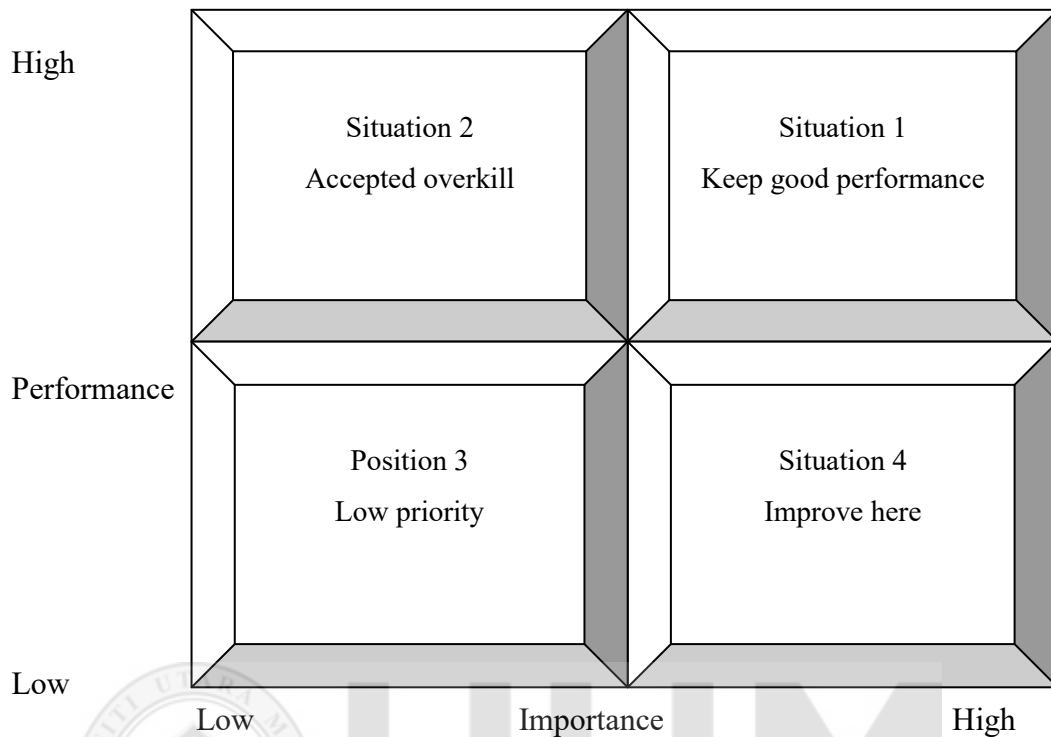
Source: Deng, Kuo and Chen (2008)

Figure 2.2: Importance-performance analysis

This theory postulates a critical relationship between CS and firm performance. A firm must prepare an importance-performance analysis to evaluate its performance since CS depends on the performance of the service providing process. However, not all firm activities have the same level of importance in the eyes of the So; firms must focus on developing their performance in terms of the most prioritized activities. Firms must know the importance of the activity in creating CS and focus on it. In other words, a firm has to classify its focus on performance into major and minor directions based on the important considerations of the performance aspects (Deng et al., 2008). Figure 2.2 above explains this point.

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2.2.2.2 Quality Management Theory

This theory revolves around the basics of the principles of Deming. It describes how to gain a competitive place in the market as well as a strategic competitive advantage. It asserts that Deming principles are only guidelines (Anderson et al., 1994; Gimenez-Espin et al., 2013; Rungtusanatham et al., 1998). This theory uses many variables to achieve CS because it is the way to gain a sustainable competitive advantage (Iacobucci & Churchill, 2009).

Total Quality Management (TQM) provides many benefits to the firm internally and externally. It leads to increasing CS, market share, productivity, and profits. At the same time, it decreases prices and costs (Hoyle, 2006). Adopting and implementing TQM efficiently will lead to sustainability and increased competitive advantage values (Reed et al., 2000). Kaynak (2003) in his study posited that TQM works as a developer of performance. Furthermore, Dakic (2010) believed that the key towards successful global competition depends on adopting, implementing and developing TQM. Also, TQM implementation affects the financial performance of the firms significantly (Herzallah et al., 2013). TQM is an approach to developing companies' abilities towards effectiveness, competitiveness, and flexibility. It is the cornerstone of managerial functions, including planning and organizing. It is important also to understand organizational activities, involving individuals from all managerial levels (Liapis et al., 2013; Oakland, 2003). TQM is a managerial tool to improve the performance of the company (Shams-Ur Rahman, 2004). It means putting

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customers' satisfaction first all the time, empowering employees to deal with solving problems and eradicating waste (Sadgrove, 1995; Snape & Redman, 2010).

TQM promotes a customer-oriented approach in companies. TQM can enable firms to provide products with superior value to customers and become competitive in the marketplace (Sit et al., 2009). The quality management theory, therefore, determines the main critical factors to attain CS (Alfes, Truss, et al., 2013; Rungtusanatham et al., 1998).
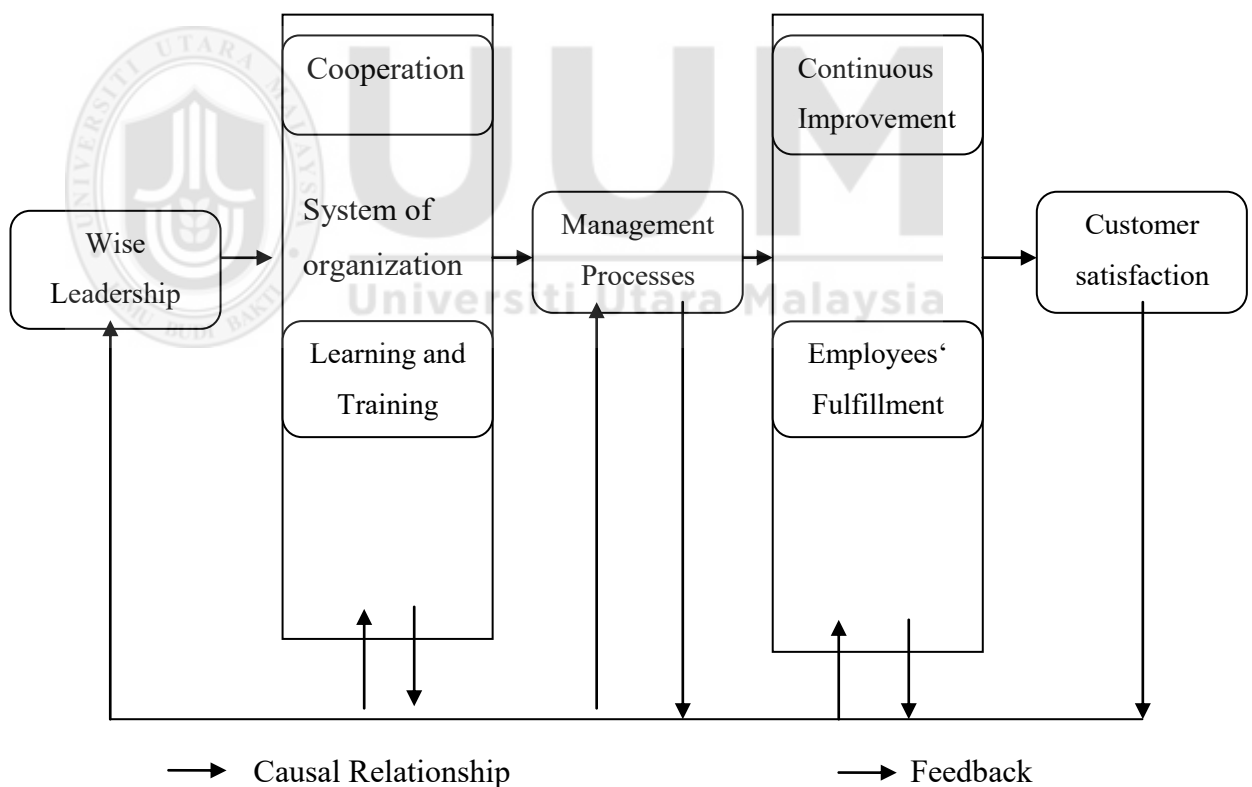
Source: Anderson et al (1994)

Figure 2.3: Theory of quality management based on Deming's principles

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According to this theory, CS is affected by the following factors: wise leadership; internal and external cooperation, i.e., internally among employees and externally with the suppliers; learning and training; management processes, practices and behaviors; continuous improvement of products and processes; and employee fulfillment. These factors are integrated together to actualize CS. As Figure 2.3 shows, the starting point for CS is the wise leadership; then other factors start playing an integrated role to reach the CS destination (Anderson et al., 1994). It is important to add that other studies have used different combinations or dimensions of TQM factors (Chen et al., 2014; Pieterse et al., 2010). Nonetheless, the common factor in all TQM studies is how to reach CS (Peterson et al., 2012).

2.2.2.3 Service Quality (Servqual) Theory

The SERVQUAL theory was introduced in 1988 by Parasuraman, Zeithaml, and Berry to measure the quality of service (Marinković et al., 2013; Oh, 1999). It is another theory of CS which aims to make customers happy to retain them sustain their loyalty. A firm must bridge the gap between customer expectations and the actual performance of the delivered services (Naik et al., 2010). Also, the SERVQUAL theory considers that customers' evaluation of the quality of the services is crucial. So, customer assessment leads to satisfaction or dissatisfaction since the performance of perceived services is matched with the previous expectations of the customers. Furthermore, customers evaluate the service based on

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what they receive and what was given. This evaluation affects the future decisions of customers essentially (Lam et al., 2013).

The SERVQUAL theory provides a scale for measuring the quality of service. This scale contains the following dimensions: (a) tangibility, which means the physical evidence that empowers the quality of services such as equipment and written documents; (b) reliability and capability, which examine the firm's ability to deliver the promised quality of service to the customers accurately; (c) responsiveness, which checks the desire to help consumers immediately; (d) assurance, which is related to the employees' skills abilities and competencies; and (e)empathy, which examines the employee performance components, such as communication and attention (Kärnä, 2014; Naik et al., 2010).

CS is one of the most important issues in the world of service. Service quality is used by customers to evaluate satisfaction or dissatisfaction. This evaluation not only depends on the outcomes of the service consumption, but it is a continuous process accompanying all the stages of the service provision process (Talib & Rahman, 2010).

2.2.3 Dimensions of Customer Satisfaction

CS is the optimal objective of any organization, and obtaining it is a strategic issue (Mehmood & Iqbal, 2013; Mittal & Kamakura, 2001). Previous theories also assured

the importance of CS for a company's success. However, what are the dimensions of

CS? Table 2.1 shows CS dimensions in different studies.

Table 2.1
CS Dimensions in Literature

#	CS Dimensions in the study	Study Field	Author
1.	Quality; speed of delivery, delivery dependability, cost, flexibility and innovation.	Manufacturing Engineering	(Zhang et al., 2005)
2.	Retention, ratio of price to value, quality, product reputation, and customer loyalty.	Service	(Kumari et al., 2013)
3.	Price offered, quality of products, product line breadth, order fill rate, and frequency of delivery.	Manufacturing	(Kim, 2006)
4	Retention, ratio of price to value, quality, product reputation, and customer loyalty.	Manufacturing	(Zhang et al., 2005).
5.	Disconfirmation, performance, fairness, expectations, place, modernity, importance, personal level, stockholding and uncertainty.	Service	(Patterson et al., 1996)
6.	Service quality (core, rational, tangibility), service features (stabilization and competitiveness), service problems and situational factors.	Service	(Levesque & McDougall, 1996)
7.	Communication with customers, cost of service, facilities, employees' competencies, behavior and consistency.	Hospital	(Andaleeb, 1998)

CS can be measured by asking customers (Bakker et al., 2012; Kane et al., 2012), or by asking the employees who have direct dealing with customers (Cantarello et al., 2012; Kumari et al., 2013; Rogg et al., 2001; Zhang et al., 2009; Zhang et al., 2006). This study followed the second option to examine the effect of HRM practices, leadership styles, and employee performance on CS because the variables of the present study cannot be measured by asking customers. This study aimed to achieve its objectives by measuring the effect of those variables on CS from the perspective of employees. Besides many examples are available in studies that followed this logic.

It should be noted that the second study in Table 2.1 used retention, ratio of price to value, quality, product reputation, and customer loyalty as CS dimensions to examine the effect of HRM practices on CS. This study also examined the effect of HRM practices and CS. The fourth study was conducted in the manufacturing sector and used the same dimensions. Those studies treated CS with the same logic. In other words, it treated CS cumulatively and translated the dimensions of CS into one set of questions. This study adopted the same dimensions since they have been used in the service and manufacturing sectors. Also, they were used to examine the effect of HRM practice on CS.

In sum, this study adopted the following dimensions of CS and used it cumulatively: retention, the ratio of price to value, quality, product reputation, and customer loyalty. Moreover, the reasons for adopting the second and the fourth studies are

because they examined CS by asking employees and managers about the level of CS (Kumari et al., 2013; Zhang et al., 2005). This study did the same. The next section clarifies HRM practices.

2.3 Definition and Conceptualization of HRM Practices

HRM is a managerial function aims to achieve sustainable competitive advantage by employing highly qualified workers (Lakshman, 2006). Also, it is the policy implemented by management to execute the human aspects by focusing on hiring, inducting, searching, training, rewarding, and evaluating (Dessler, 2002). Also, HRM deals with of the most valuable assets of the firm, which are the employees. They work individually and in teams to participate in achieving a firm's goals (Armstrong, 2003). HRM is a process for enhancing the abilities of the employees so that they can actualize themselves and participate in achieving the firms' objectives (Khan et al., 2013).

2.3.1 Strategic Role of HRM

In the early 1980s, the HRM field was developed to contribute and facilitate the strategic management of the firms. A new dimension was added to the strategic discipline, i.e., strategic human resources management (SHRM) (Walker et al., 2008). HRM practices are a set of organizational strategies and policies adopted and

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implemented by a firm to assure their effective and efficient contribution towards the firm's objectives (Tiwari & Saxena, 2012). A good career planning allows companies to maximize the benefits from their human capital. This can be executed by matching the skills, experiences, and ambitions of the employees with the job vacancies in the companies. And link it with CS. A proper compensations system creates satisfied employees, and satisfied employees provide the needed forts to serve the company. Performance appraisal assesses the current and previous employee's performance based on the predetermined standards and giving feedback on assessed employee. A well-prepared performance appraisal assists in achieving organizational objectives, and one of these objectives is CS. similarly, this study links all of its HRM practices with CS. The success of this process requires connecting HRM with organizational strategy. Therefore, HRM components are designed and planned based on the strategic objectives (Dessler, 2002; Wright & McMahan, 1992), enabling HRM to empower the culture of the organization (Harter et al., 2002).

Satisfying the potential needs of human resources and acquiring the right kind of employees are very important. This process requires a full understanding of the firm's environment. Firstly, firms must analyze the components of their external environment, especially the factors affecting them like the threats of new entrants, bargaining power of the supplier, the degree of rivalry, and the threat of substitute products. Firms have to study their general environmental factors, such as economic,

demographic, legal, socio-cultural, technological and global factors. The role of HRM is to prepare the right human resources to react successfully to the external environmental factors and provide the firms with the best solutions for impending problems (Chadwick et al., 2014; Dessler et al., 2004).

Secondly, companies have to understand their internal environment by focusing on their strengths and weaknesses. The role of HRM here is to suggest the appropriate strategic HRM solutions based on the internal analysis of the firm (Dessler et al., 2004). Thus, the strategic orientation of HRM emphasizes mainly two dimensions. Firstly are the characteristics that consolidate the desired current behaviors and secondly are the characteristics needed to ensure that the workers are prepared well to carry out any new duties in the future (Jackson & Schuler, 2002).

HRM looks for the best human resources for the long term to ensure that the mutual benefits between its members and the firm's objectives actualization are realized. In this way, the firm will have a long-term competitive advantage (Muscaly & Muntean, 2013). Other studies have asserted that HRM has an important role in the strategy-making process in an organization, which includes inspiration of the decision makers and enriching the strategic discussions (Andersen & Minbaeva, 2013).

2.3.2 HRM Theories

This study explains the following theories to give an overall understanding of the theoretical background of the HRM concept.

2.3.2.1 Resource-based View (RBV) Theory

The RBV theory talks about creating linkages between the performance of the firm and its resources and capabilities (Ismail et al., 2014). The core of this theory assumes that the firms can achieve success if they gain and maintain their own competitive advantage (Freedman, 2007). This competitive advantage comes from the special techniques and strategies of the firm, which are hard to be emulated by its rivals (Barney, 1991; Jackson & Schuler, 1999).

Competitive advantage needs three conditions to be achieved: (a) the resources of the firm must be unique, (b) immobility of resources, which means obtaining those resources is not easy, and (c) the firm's resources must cover the vital aspects of the organization, such as physical aspects, including place, property and equipment of the firm, human aspects, organizational structure, and managerial functions. (Barney, 1991; Ismail et al., 2014; Jackson & Schuler, 1999).

A critical challenge that a firm face is how to sustain the uniqueness of its products (Conner, 1991). According to the RBV theory, distinctive resources will create long-term and sustainable competitive advantage (Barney, 1991). To achieve that, the firm

must focus on its products and services to be more valuable than competitors' in the eyes of buyers. Even if it produces undifferentiated goods and services, the uniqueness, in this case, is represented by low cost (Conner, 1991). The RBV theory is the underpinning theory of the present study, and it will be clarified further in another section.

2.3.2.2 Resource Dependence Theory

This theory is based on the relationship between the firm and its surrounding environment. Usually, many exchanges occur between an organization and its environment. According to this theory, the most important part of those exchanges is the human exchange (Jackson & Schuler, 1999). A company operates in an interdependence networks and social relationships, and it needs many resources, including financial and physical, which come from the external environment. This dependency needs to be managed by the firm. Specifically, the environment always provides opportunities in spite of the scarcity of its resources (Pfeffer & Salancik, 2003). Thus, the resource dependence theory asserts that human resources department has a strategic role in organizational performance since it is the unit that controls the relationship between the firm and environmental, human resources. Hence, the success or failure of the firm depends on this unit (Hillman et al., 2009).

This theory also guides firms toward getting their competitive resources. Preparing the right standards to control the human resources will lead to the desired changes

(Sherer & Lee, 2002). When the firm employs distinctive and non-substitutable human resources, the resource dependence theory expects that the performance of the firm will be unique and the strategic objective will be achieved (Hillman et al., 2009). However, the challenge that the firm face is the scarcity of resources. Thus, the firm must answer the question: who to hire? (Pfeffer & Salancik, 2003). In this situation, HRM department must play its role to attract or prepare the best possible human resources internally (Sherer & Lee, 2002). The firm must focus on taking the right actions to maximize the benefits from the environment as well as to reduce the dependency on the external environment (Hillman et al., 2009).

2.3.2.3 Strategic Human Resources Management (SHRM) Theory

This theory proposes the link between HRM and firm strategy to achieve the performance and the outcomes of an organization (Truss & Gratton, 1994; Wright & McMahan, 1992). According to this theory, there are two critical differences between SHRM and traditional HRM theories. Firstly, SHRM emphasizes the performance of the firm while the traditional HRM theories focus on individual performance, and secondly, SHRM aims to provide solutions for the challenges the organization is confronted with by integrating all human resource system components. On the other hand, the traditional HRM works on the human resource practices in isolation (Becker & Huselid, 2006).

The SHRM theory seeks to achieve organizational goals by deploying the human resources of the firm. This process includes vertical integration between HRM practices and the firm's strategic plan, as well as the horizontal integration of HRM practices (Truss & Gratton, 1994; Uysal, 2014; Wright & McMahan, 1992). Therefore, SHRM connects the HRM practices with the strategic goals of the firm, and it consolidates the cooperation and interrelations among HRM practices. This will facilitate the process of managing the human resources department based on pre-determined objectives (Truss & Gratton, 1994). Besides, it is the builder of the sustainable competitive advantage of the firm by shaping the relationships between HRM and organizational performance.
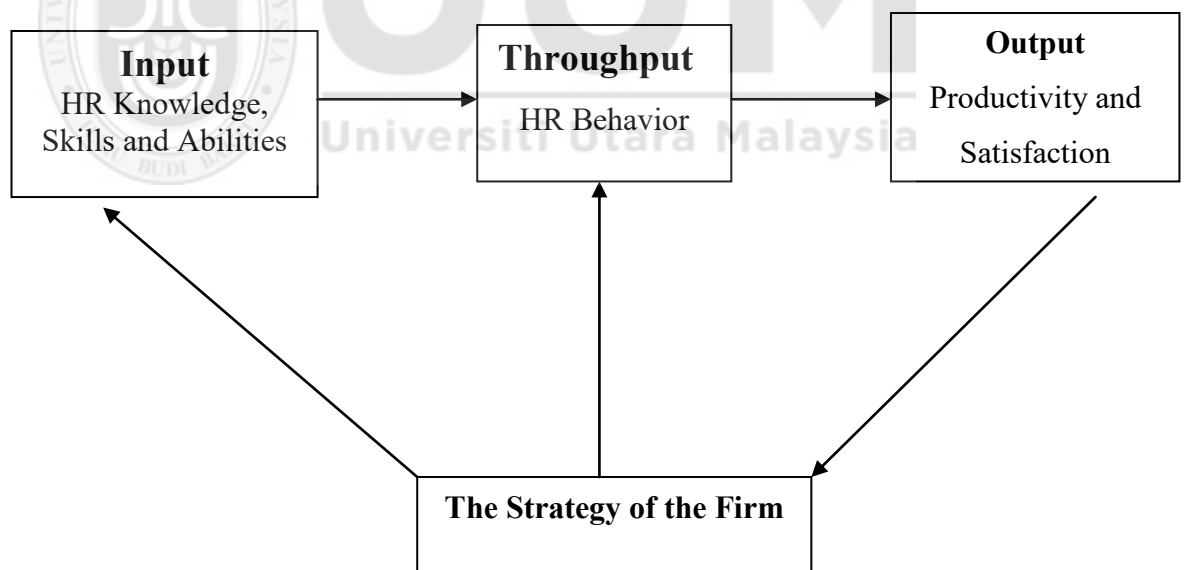
Source: Wright and McMahan (1992)

Figure 2.4: HRM System and firm strategy

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SHRM theory focuses on creating human resources architecture comprising human resources system; human resources practices, employees' performance; and competencies (Becker & Huselid, 2006). Figure 2.4 clarifies the link between a firm strategy and HRM.

Figure 2.4 shows how the HRM system enables the firm to reach its strategic goals. It asserts that the organizational strategy leads to the formulation of the HRM practices of the firm. Those practices affect the behavior of the firm's employees, as well as the outcomes of the firm. This sequence shows the role of HRM practices in firm performance. Thus, the relationship between the strategy of the firm and its performance can be examined by following this model with the mediation or moderation of the HRM practices (Wright & McMahan, 1992).

2.3.3 HRM Practices

HRM practices comprise high-performance work systems used to coordinate the efforts of the human capital pool to create a better relationship among employees and improve their performance (Chang, 2011). Also, HRM practices consist of preplanned strategies and policies, which are adopted and implemented by a firm's management on its human capital to ensure effective and efficient contribution towards the firm's achievement of its objectives (Anthony et al., 2002). At the organizational level, HRM practices are identified as a resource of business revenue (Yean & Yahya, 2013). Some of these practices such as compensation (providing an

attractive reward to gain and maintain skillful manpower); training and development (training futuristic employees to carry out higher-level tasks); performance appraisal (highlighting employee's strengths and weakness) are the cornerstone strategies to ensure that the organization has talented employees to increase the productivity and achieve its goals.

HRM practices determine employees' behaviors and performance by creating an appropriate environment and condition of high commitment and involvement (Birasnav, 2014; Huselid, 1995). Further, many studies concluded that HRM practices have a significant relationship with employee performance (Leiter et al., 2011; Radulescu, 2013). Hence, HRM practices must be treated as a strategic tool since it empowers employees' knowledge, skills, and abilities, thereby increasing the productivity of the firm (Young & Choi, 2011). Several studies have also examined the relationship between HRM practices and CS. In conclusion, HRM practices have a significant relationship with CS (Kumari et al., 2013; Youssef et al., 2014).

2.3.4 HRM Practices of Present study

There is no one standard list of HRM practices that fits all kinds of organizations and business sectors (Khan et al., 2013; Mohamad et al., 2009). Table 2.2 shows many HRM practices. The present study examined the effect of HRM practices on CS in the Palestinian insurance sector. Table 2.2 indicates the different combinations of HRM practices that have been used to examine their effect on CS and firm

performance. The present study adopted the HRM practices of the sixth study in Table 2.2 for the following points: (a) it includes most of HRM practices of other studies; (b) the dependent variable of the study is firm performance and the dependent variables of this study is CS, and CS is one of the determinants of firm performance; (c) the study examined the effect of HRM practices in the insurance sector of Malaysia; (d) there are many similarities between Palestine and Malaysia.

For example, the study of Najeh and Zaitri compared Malaysia, Palestine, Saudi Arabia, Kuwait, and Libya on aspects such as the size of the firm, business classification, and principal ownership. They found that Malaysia and Palestine have many similarities in their organizations. Both countries have the following dimensions: top management commitment; visible involvement of top management; clear mission statement; decision-making at lower levels; effective communication between employees and management; employee commitment; continuous improvement by managers and supervisors; staff development; multi-skills training on the job; and customer orientation (Najeh & Kara-Zaitri, 2007). Additional similarities include socio-economic factors.

Both countries belong to the Islamic world, and there is a tendency to define the Muslim world countries as a distinctive nation (Ummah) with similar socio-economic features (Abbasi-Shavazi & Jones, 2001). Further, socio-economic factors of a country play an important role in HRM practices (Pudelko, 2006). In fact, Malaysian and Palestinian insurance sectors have been established to provide Islamic

Table 2.2
HRM practices in previous literature.

#	HRM practices of the study	Study	DV	Author
1	Recruitment and Selection, Manpower Planning, Job Design, Training and Development, Quality Circle And Pay System.	Hotels	CS	(Chand & Katou, 2007)
2	Training, Performance Review, Policy, Hiring, Testing And Job Description.	SMEs	CS	(Rogg et al., 2001)
3	Selecting And Staffing, Training, Pay For Performance and Participation	Service	CS	(Moynihan et al., 2001)
4	Selection, Performance Appraisal, Career Planning, Employee Participation, Job Definition, Compensation and Training.	Food Industry	CS	(Kumari et al., 2013)
5	Performance Appraisal, Workforce Diversity, Training, Recruiting, Selection and Competitive Compensation.	Insurance	Employees' Orientation	(Kundu & Malhan, 2009)
6	Strategic Human Resource Management Alignment, career planning, Recruitment, Training, Compensation, Performance Appraisal, Internal Communication and Job Design.	Insurance	Firm Performance	(Loo & Beh, 2013)
7	HRM Planning, Recruitment, Training, Performance Appraisal, Compensation and Relations.	Manufacturing	Job Satisfaction	(Absar et al., 2010)
8	Recruitment, Selection, Training and Development, Compensation, Benefits and Performance Appraisal.	Hotels	Service Quality	(Tsaur & Lin, 2004)

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insurance services, for example, Al-Takaful insurance company in Malaysia (Chong & Liu, 2009) and in Palestine (Federation, 2014).

However, the current study has one difference from the Malaysian study. The Malaysian study used SHRM alignment as one of HRM practices since one of its objectives was to examine the effect of SHRM on firm performance. The present study did not follow this practice since its objective was to examine the effect of HRM practices on CS in the Palestinian insurance sector. Therefore, the HRM practices of this study include Career Planning; Job Design; Recruitment and Selection; Training and Development; Compensation; Performance Appraisal; and Internal Communication Appraisal; and Internal Communication.

2.3.4.1 Career Planning

The concept of career planning can be summarized in self and environmental awareness and goal setting. Self and environmental awareness are the analysis of one's abilities as well as his/her values and interests. It means a good understanding of some environmental components such as economic and social components (Chen et al., 2004; Hall et al., 2004; Zhang & Shao, 2012). On the other hand, goal setting is a plan that gives the individual the directions to determine what, where, and when to achieve (Yean & Yahya, 2011). It is a continuous process of exploration. During this process, the workers design their own career paths according to their interests, talents, personalities, needs, work, values, and so on (Riveros & Tsai, 2011). Career

planning is an employee's initiative. It enables the individuals in the organization to identify their own strengths and weaknesses. At the same time, it allows them to draw the goals and plans about their career to achieve the desired career development (Obeidat & Abdallah, 2014; Zikic & Klehe, 2006).

A good career development structure allows organizations to maximize the benefits from their own human capital. This can be executed by matching the skills, experiences, and ambitions of the employees with the job vacancies in the companies. Also, it allows them to make the right choices in terms of compensation and succession planning to gain and maintain the staff, which can lead to more job engagement and a high level of productivity (Kapel & Shepherd, 2004).

The role of career planning in achieving CS has been mentioned in many studies. The process strengthens employees' contributions to CS either in individuals or groups, and increasing employees' empowerment and responsibility requires giving more attention to career planning for all employees (Ensley et al., 2006). So, career planning modifies employee performance which leads to more organizational commitment and achievement organizational goals (Uysal, 2012).

A literature review reveals that many studies have examined the effect of career planning on CS, and a strong relationship between career planning and CS was found (Kumari et al., 2013). On the other hand, career planning has been used in many studies as one of the HRM practices. Those studies examined the effect of the HRM

practices on firm performance. They found that career planning had a significant relationship with firm performance either in the insurance sector (Loo & Beh, 2013) or in other sectors (Fey et al., 2000; Nayyab et al., 2011; Quresh et al., 2010). CS is very important for firm performance (O'Sullivan & McCallig, 2012; Steven et al., 2012). The literature further reveals that career planning has a positive relationship with employee performance (Yadav & Dabhade, 2013). It improves the performance of employees (Patricia & Leonina-Emilia, 2013).

2.3.4.2 Job Design

Job design can be summarized in characteristics of the job of employees (Cenzo & Robbins 2000). It is a good predictor of employee behaviors and attitudes (Alkerdawy, 2014). Job design focuses on job enlargement, job engagement, and job motivation characteristics (Schaufeli, 2013). It plays a fundamental role in empowering and strengthening different employees' motives (Grant, 2012). There are many concepts related to job design such as job analysis, job description, and job specifications.

Job analysis is the process of determining the skills and abilities needed for filling the job vacancy and determining the kind of people who may be fit for the job (Dessler, 2002). The job description is defined as a written statement that clarifies why the job is created, what are the duties of the holder of the job, how he or she must perform it, and the conditions of the job (Tremblay et al., 2010). Job

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specifications refer to certain requirements of job applicants, such as knowledge, abilities, skills, and other personal qualifications to perform the job (Erden, 2014).

A good job analysis requires many steps. It starts with understanding the reason for performing the job analysis and its future benefits to the firm. Following this, the HRM department must understand the nature of the targeted vacancy and compare the current job with other similar positions in the company. Then, they have to decide the way of collecting information about the job and search for additional clarification whenever needed. Also, a preliminary job description for this vacation should be prepared and reviewed by the department responsible for the vacancy (Cenzo & Robbins, 1998; Dessler, 2002).

Job design is concerned with the level of harmony in the tasks that make up the job. The job design process comes after job analysis to ensure the effectiveness of the job. A crucial factor must be taken into considerations during the job design process, which is employee satisfaction. Sometimes, firms need to undertake job redesign, for example, when introducing new work processes and using new machines and technology. There are also other concepts that could be related to job design, such as job enlargement, job enrichment, and job rotation (Dessler et al., 2004).

Many have studies used job design as one of the HRM practices either in the insurance sector (Loo & Beh, 2013) or in other sectors (Chand & Katou, 2007; Hoque, 1999). Besides, some studies that had used job design as one of the HRM

practices in studying CS found that job design affected CS positively (Chand, 2010). Job design has also been used to examine the role of the HRM practices in firm performance, and the results are that job design had a positive relationship with firm performance (Chand & Katou, 2007; Hoque, 1999). Similarly, according to the literature, job design affects employee performance positively (Jiang et al., 2012; Shantz et al., 2013).

2.3.4.3 Recruitment and Selection

Recruitment is a process of attracting a group of applicants with high qualifications to select the best among them (Abomeh, 2013). It is the process of looking for candidates who are fit to fill the job vacancies in the organization (Dhamija, 2012). The starting point of recruitment is the announcement of the job vacancy while the ending point is when applicants apply to fill this vacancy (Ghobadian & O'Regan, 2006). Organizations have to use different ways to reach the highest number of job seekers through advertising, online recruiting, and by using executive recruiters and employment agencies (Cenzo & Robbins, 1998; Dessler et al., 2004).

Recruitment is a very important process since it has a significant effect on employees' commitment in the future. Candidates must review the job requirements and know their responsibilities. If they are still interested, they will participate in achieving the organizational goals (Khan et al., 2013; Nehmeh, 2009). Recruitment

comprises three stages: collecting the applicants; maintaining their status; and facilitating choice decisions (Breaugh & Starke, 2000; Tremblay et al., 2010).

Similarly, the selection process is very important for many reasons: choosing distinctive employees with high skills will lead to better productivity. A good selection will exclude the undesirable candidates from the beginning and keep the good ones. Choosing a wrong candidate for the job will be costly, so new employee must be tested, interviewed and trained, which means cost. So, choosing the wrong candidate means that future efforts and working on the employee will be a sunk cost. Selection is also important for legal purposes (Dessler, 2002). Selection instruments include job application, curriculum vitae, interviews, testing the background of the applicants and his/her references, and honesty and integrity (Wright et al., 2011).

Many studies have used recruitment and selection as a HRM practice, either in the insurance sector (Loo & Beh, 2013; Salahat, 2014) or in other sectors (Cherian & Jacob, 2012; Galang & Osman, 2014; Tsaur & Lin, 2004), to study the effect of HRM practices on CS. Past studies concluded that recruitment and selection were positively related to CS (Chand, 2010; Moynihan et al., 2001). Further, recruitment and selection were found to have a positive relationship with employee performance (Jiang et al., 2012).

2.3.4.4 Training and Development

Training and development is a process to generate new ideas (Razak et al., 2013) by teaching human capital knowledge and skills that are required in their jobs (Dessler, 2002). Training focuses on an employee's current jobs while development focuses on empowering the personal side of the employee (Cenzo & Robbins, 1998; Shen, 2010). Further, training and development are one of HRM practices that can provide and create the required competitive advantage for the organizations (Joarder, 2012). It is a vital factor in implementing the preplanned organizational and strategic changes (Dai et al., 2013) as it provides employees with the knowledge and skills they need. Training and development are important for all types of organizations and different managerial levels. So, service sector employees must be exposed to training programs to develop their abilities to deal with problems and provide valuable solutions, to handle internal and external changes, and contribute to organizational success (Khan et al., 2013; Tzafrir & Gur, 2007).

Employee performance is affected positively by training and development (Dysvik & Kuvaas, 2012) since it has a crucial role in workers' flexibility and high-performance abilities (Tai, 2006). Further, training empowers positive change towards strategic knowledge. A well-trained employee will know where and when he or she has to use the acquired skills and knowledge (Aguinis & Kraiger, 2009). Training and development activities will create organizational competencies and keep the

employees motivated and committed, which in turn provides the company with more energy to compete locally and globally.

Further, training and development were found to have a positive relationship with the level of CS (Moynihan et al., 2001). It enhances the ultimate objective of the firm which is all about achieving CS (Kumari et al., 2013). Several studies have used training and development to study the effect of HRM practices on firm performance either in the insurance field (Loo & Beh, 2013; Salahat, 2014) or in other sectors (Cantarello et al., 2012; Chand, 2010; Rogg et al., 2001). Training and development lead to improving the interactions among all employees and developing their knowledge and capabilities, which are reflected in product quality by taking into consideration the different needs of customers. Thus, the communication and transfer of knowledge during the service providing process will be enhanced. So, training and development leads to a better understanding and better satisfaction of customers' requirements (Cantarello et al., 2012).

2.3.4.5 Compensation and Rewards

Compensation is everything that the workers obtain for carrying out their jobs (Dessler et al., 2004). Other scholars defined it as the aggregate financial and non-financial award which is payable to the human capital for the services they have provided to the firm (Milkovich et al., 1999; Misra et al., 2013). A proper

compensations system leads to employee satisfaction and loyalty (Kumari et al., 2013).

Several authors have divided rewards into two types: (a) intrinsic rewards, which are the rewards that an employee receives for the job itself, such as feeling of actualization and being a team member, and (b) extrinsic rewards, which are the rewards that an employee receives from the employer, such as money, promotions and other benefits (Buiter & Harris, 2013; Cenzo & Robbins, 1998). Compensation is not only positive for employees, but is also very useful for firms. It is the way to gain and maintain the best possible employees (Khan et al., 2013).

Additionally, compensation or pay practice gives the firm a competitive advantage (Huselid, 1995; Lam & O'Higgins, 2012). The effect of compensation on employee performance can be summarized in two points. First, the employee expects to gain a good return for his or her outcomes according to the fairness principle. So, if the return does not match the expectations, then he or she will not exert the same efforts and will be dissatisfied. Second, the expected compensation is a motivational tool (Khan et al., 2013).

Compensation systems have more effect on developing countries than developed ones since the average salary is not high in the developing countries. So, compensations and incentives lead to additional earnings if the employee works hard and achieves good results (Mohamad et al., 2009).

Many scholars used compensations in their studies to examine the effect of HRM practices on CS either in insurance sector (Kundu & Malhan, 2009; Loo & Beh, 2013) or in other sectors (Collins & Clark, 2003; Khatri, 2000; Mittar et al., 2014). The relationship between compensation and CS has been clarified in many studies. Compensation was positively related to the level of CS (Moynihan et al., 2001) and significantly impacted CS (Kumari et al., 2013). Moreover, compensation was found to affect employee performance positively (Aktar et al., 2012).

2.3.4.6 Performance Appraisal

Performance appraisal is a systematic process to evaluate an individual's performance after a certain period (Denisi & Smith, 2014). It plays the role of the medium between management and employees (Hong et al., 2012). It assesses the current and previous performance of employees based on predetermined performance standards. It involves determining the performance standard, assessing the performance, and giving feedback on the assessed employees (Dessler, 2002).

When managers give feedback to their employees about the latter's performance appraisal, employees know their weaknesses and can work to improve and develop their performance to get better evaluation results since the compensation and incentives depend on the performance appraisal results. That is why most companies execute their performance appraisal periodically (Lau et al., 2008). However, during appraisal times, employees tend to get stressed, and their performance fluctuates

more than during normal times. This must be taken into consideration by evaluators (Mir, 2014).

Performance appraisal seeks to improve the productivity of the employees by monitoring their performance. Thus, management has to adopt an appropriate performance appraisal system since a good understanding and supervision of employee performance can increase job satisfaction (Khan et al., 2013). In other words, a well-prepared performance appraisal allows employees and management to communicate and understand the expectation related to the goals and processes of strategic objectives (Dusterhoff et al., 2014).

Several studies have examined the effect of performance appraisal on CS. Kumari (2013) concluded that performance appraisal enhances the ultimate goal of an organization since it affects the level of CS positively. Special emphasis must be given to performance appraisal. Performance appraisal must take into consideration the criteria of CS so that employees will understand the importance of CS and work on achieving it (Bellou, 2007). This study contributes to the literature by examining the effect of performance appraisal on CS in the insurance sector. Also, performance appraisal has a positive relationship with employee performance (Bednall et al., 2014).

2.3.4.7 Internal Communication

Internal communication is a managerial function. It helps the employees to understand what their organization expects of them to achieve the organizational goals (Kothari et al., 2014). Further, organizational success has a prerequisite, i.e., internal communication (Ruck & Welch, 2012). Communication is the process of transferring meanings and understanding (Tjosvold & Yu, 2004). HRM communication programs aim to involve the employees in the organizational affairs. The role of internal communications is similar to the role of the public relation department. However, HRM communication targets the internal side of the firm (Ibrahim et al., 2013). Internal communication is very vital for the firms, especially in the case of workforce diversity (Biswas & Varma, 2011; Cenzo & Robbins, 1998).

Communication is one of the cheapest and most effective measures in times of crisis since the employer-employee relations have a direct impact on the current and future employees' motivation levels (Majovski, 2012). Further, the success of internal communications depends on the management generally and the direct supervisor of the employees specifically (Seppänen et al., 2014). Also, communication reduces misunderstanding and managerial problems between the employees and their management. The relationship between good communication and employee performance was found to be positive (Khan et al., 2013; Nehmeh, 2009). Effective internal communication is achieved if the organization succeeds in communicating with its employees about its mission statement, vision; new products and

development and the financial situation of the firm (Homburg et al., 2011). So, internal communication has a positive relationship with employee performance (Dasgupta et al., 2012). Many studies have used internal communication as an HRM practice to measure its effect on organizational performance, either in the insurance (Loo & Beh, 2013) or in other sectors (Hoque, 1999; Theriou & Chatzoglou, 2009). Also, internal communication was found to have a positive relationship with firm performance (Erdil & Gunsel, 2007; Guest, 1997; Gurbuz & Mert, 2011; Hoque, 1999). Other scholars also asserted that CS is very important for firm performance (O'Sullivan & McCallig, 2012; Steven et al., 2012). This study contributes to the literature by examining the relationship between internal communication and CS in the insurance sector.

In the present study, HRM practices are one of the independent variables (IVs). Even though studies have examined the relationship between HRM practices and CS, which is the dependent variable (DV) of this study, the results are varied. Some studies have concluded that HRM practices have a significant relationship with CS (Kumari et al., 2013; Youssef et al., 2014), others found that the correlation between HRM practices and CS was very low (Delaney & Huselid, 1996; Rogg et al., 2001). Still, other studies demonstrated that a direct correlation between HRM practices and CS was zero (Cantarello et al., 2012), which means the absence of the relationship between the two variables (Nickbakht et al., 2013). Due to the mixed findings, this study used a mediator (MV) between HRM practices and CS, which is employee

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performance since HRM practices were found to have a significant relationship with employee performance (Munjuri, 2011; Paauwe & Boselie, 2005; Tanveer et al., 2011). Employee performance was also revealed to affect CS significantly (Evanschitzky et al., 2012; Grigoroudis et al., 2013; Kumari et al., 2013).

To conclude, the previous paragraphs showed the definition of HRM and HRM practices and clarified the strategic role of HRM in business. It also discussed the main theories that explain the concept of HRM. Then, the different HRM practices considered in the present study were highlighted and justified. It also clarified the relationship between HRM practices and the DV (customer satisfaction) and the MV (employee performance). The next section focuses on leadership styles.

2.4 Definition and Conceptualization of Leadership Style

Leadership has many definitions. Northouse (2012) referred to leadership as the process of influencing others to achieve common goals. Leadership is a managerial tool which aims to solve human problems. It enabled individuals to work together effectively and efficiently to attain better results (Biech & Blanchard, 2010). In other words, leadership is represented in the systems, principles, values and practices adopted by the firm to improve its future. Leadership affects both leaders and followers.

Organizations look at ways on how to achieve effective leadership, which reflects how the employees interact with others and how employees interact with the firm's

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culture, organizational structure, stakeholders, and the external environment (Avery & Bergsteiner, 2011).

Leadership is applicable to different aspects, such as teams working to produce new products or services, community work to provide a better life for the neighbors, and in large companies to enhance the value for the stockholders (Biech & Blanchard, 2010). The previous definitions of leaderships have included many components of leadership. Svensson and Wood (2006) asserted that leadership comprises the following categories: collective processes; individuality and personality; influencing; followers' compliance; power; persuasion; performance towards objectives; behaviors; relationship management; the effect of interaction; or a combination of these elements. Other studies mentioned the following factors: owning the influence; making the change; intention; shared purpose; followers; determination; and common goal responsibility and integrity (Daft, 2007). Furthermore, a leader can be one (or more person), who chooses employees, trains them, and has an effect on one follower or more (Winston & Patterson, 2006). The next section discusses the role of a leader.

2.4.1 The Role of a Leader

Practically speaking, conditions, organization, followers and natural talents are main factors that make leaders. Also, leaders must have the following five characteristics: vitality; deduction; persuasiveness; responsibilities, and intellectual capabilities

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(Krass, 1998; McCleary et al., 2013). Also, the real personality of workers can be seen through effective leaders (Schuh et al., 2012). The most influential tactics of leaders include rational persuasion, appraising, inspiration appeals, consultation, collaboration, exchange, integration, personal appeals, legitimating, pressure, and coalition building (Biech & Blanchard, 2010, p. 76).

Leaders participate in organizational values formation. Quality orientation, customer orientation, and functional values are affected by leaders' motivation (Auh et al., 2014). Leaders motivate employees through their daily behaviors. They show by example how to do the job. Leaders use many ways to achieve the best results such as empowering the employees by providing the model of how to be a good employee, being a source of inspiration, owning simulation skills, and understanding the individual characteristics of the followers (Carter, 2013; Popper & Lipshitz, 2000).

2.4.2 Leadership Style

Leadership style is the pattern of behaviors that leaders disclose when working with and through others (Ali et al., 2013; Heresy et al., 1993). It describes how leaders use their talents, values, judgment, knowledge, and attitudes to lead and guide others (Rad et al., 2010). Leadership style includes two major dimensions: task and interpersonal relationships (Ali et al., 2013). Further, the importance of leadership style comes from its multi-directional effects on the organization. It affects overall

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firm performance (Nauman et al., 2010). Similarly, it has a considerable effect on service quality (Castle & Decker, 2011), employee performance (Lam & O'Higgins, 2012), and organizational commitment (Kohlmeyer III et al., 2014).

The framework of leadership for quality is built on the three core principles of total quality management, customer focus, continuous improvement, and participation and teamwork. Also, he considered that values, traits, and behaviors of leaders at different organizational levels impact the outcomes, and CS is one of those outcomes (Sakthivel, Rajendran, & Raju, 2005).

Much empirical evidence is available in the literature about the impact of leadership style on CS. Leadership style is considered as the designer of the approaches for the employees who work directly with customers; based on that an effective leadership styles lead to maximizing CS, loyalty, and cooperation while ineffective leadership styles minimize it (Morhart et al., 2012), since objectives settings and objectives achievement rely on leadership styles. Further, leadership style is considered a critical factor that affects the motivation and willingness of the followers working as a team. Thus, leadership style has a positive effect on the outcomes of the firm as well as its competitive advantage (Chan et al., 2012). Also, the findings of previous studies showed that this relationship is connected to customer's outcomes, such as CS (Borucki & Burke, 1999; Harter et al., 2002; Walker et al., 2008). Some studies found a positive relationship between leadership styles and CS (Hassan et al., 2014; Mohammadi, 2013; Parzinger & Nath, 2000). Along the same line, many studies

demonstrated that employee performance is affected by leadership styles (Abbas & Yaqoob, 2009; Bono & Judge, 2003; Lu & Yang, 2010; Purvanova et al., 2006). Thus, leadership style is one of the crucial factors that affects the performance of employees (Garg & Rastogi, 2006).

2.4.3 Leadership Styles Theories

This section uses the following theories to give a comprehensive understanding of the theoretical background of the leadership style concept.

2.4.3.1 Traits Theory

Trait theory or latent trait theory was proposed for the first time in 1950 (Hambleton et al., 1978). The philosophy of the traits theory considers leadership as an inherited talent, and leaders are born rather than made. According to this theory, leadership comprises a group of personal characteristics and capabilities, which distinguish between the leader and other persons (Anthony et al., 2002). The personality of each person is unique. This uniqueness is called traits (Colbert et al., 2012; Pervin, 1994). The leadership traits can be represented in five traits, called the big five model, which formulates the hierarchy of the traits of the personality (Ibrahim et al., 2013). These traits include diastolic orientation, acceptableness, having a conscience and stable feelings, and being open-minded towards new experiences (Anthony et al., 2002). The big five model provides a description of the structure of the human

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personality by defining the traits that best interpret the personality (Ibrahim et al., 2013).

Table 2.3
Traits of leadership

Kind of traits	Description of the traits
Personal and constitutional traits	Activity; energy; appearance; grooming; height and weight.
Skill and abilities traits	Administrative ability; intelligence; judgment; knowledge; technical competence; and verbal fluency.
Personal characteristics traits	Achievement driven; adaptability; adjustment; normality; aggressiveness; alertness; antiauthoritarianism; dominance; emotional balance; control; enthusiasm; extraversion; independence; nonconformity; initiative; insightfulness; integrity; objectivity; originality; persistence; responsibility; self-confidence; sense of humor; and tolerance of stress.
Social characteristics	Cooperativeness; interpersonal skills; sensitivity; popularity; prestige; sociability; socioeconomic position; talkativeness and tact.

Source: Jago (1982)

The big five model factors were found to have a positive correlation with the performance of leaders. These factors lead to effective leadership (DeRue et al., 2011). Furthermore, Jago (1982) mentioned the main traits that affect the performance and effectiveness of leaders. Table 2.3 summarizes those traits.

2.4.3.2 Grid Theory

The grid theory provides solutions for the predicted conflicts between organizational parties by providing mutual concern towards production and people (Bernardin & Alvares, 1976). It provides five leadership styles. The first style (1.1) is poor management style. This kind of leaders shows the minimum concern towards production and employees and just looks to keep his or her place in the organization.

The second style (9.1) is obedience management style, which means giving high concern towards the production process. According to this style, people are seen as a tool of production and they are treated as such (McGregor's Theory X). Leaders practice power and authority to achieve organizational goals (Blacke & Mouton, 2013; Brolly, 1967). The third style (1.9) is country club management. Using this style, a leader gives the most concern for the people. The fourth style (5.5) is the management of organization man. In this style, leaders show moderate concern towards production and employees (Blacke & Mouton, 2013; Brolly, 1967).

The forth style (9.9) is team management style. A leader who adopts this style believes in McGregor's Theory Y in which employees look for productive work but need motivations. Thus, the objectives of the two parties can be achieved. The fifth style is an objective-oriented leadership style as it looks for high quality and quantity results through employees' participation, commitment, and conflict solving among the followers (Blacke & Mouton, 2013; Brolly, 1967).

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		1.9				9.9
High	9	High concern for people, low concern for production				High concern for people and production
P	8					
E	7					
O	6			5.5		
P	5			Moderate concern for production and people		
L	4					
E	3	1.1 Minimum concern for production and people				9.1 High concern for production, low concern for people
	2					
	1					

Low   1   2   3 ……   High
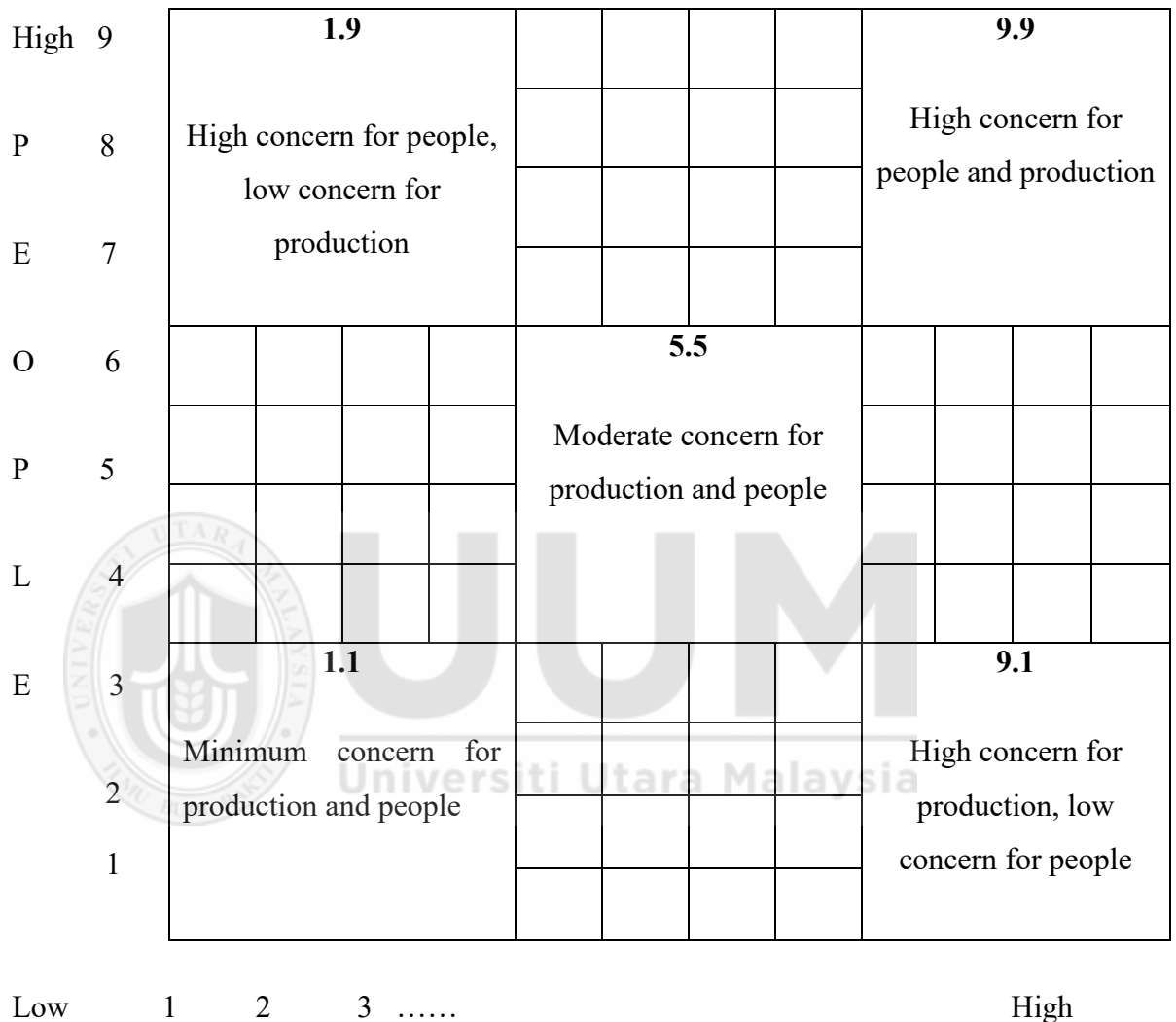
Concern of Production

Source: Blake and Mouton (2013)

Figure 2.5: Managerial Grid

2.4.3.3 Full-Range Leadership Theory

The full-range leadership theory (FRLT) concentrates on the effect of a leader's performance on the followers. This theory was proposed by Avolio and Bass in 1991. It includes three styles of leadership: transformational, transactional, and non-transactional (laissez faire) (Antonakis et al., 2003). It uses multifactor leadership questionnaire (Antonakis, 2001). It is considered the most broadly taught model of leadership (Green et al., 2011).

The multifactor leadership questionnaire has seen several developments. It was proposed in 1985 by Bass with five or six factors (Antonakis et al., 2003; Bass, 1985). Then the questionnaire was developed by adding more factors and now it has nine factors as follows: idealized influence (attributes); idealized influence (behaviors); inspirational motivation; intellectual stimulation; individualized consideration; contingent reward; management-by-exception (active); management-by-exception (passive); and laissez-faire (Antonakis et al., 2003).

Another study developed this instrument and added other factors (Bennett, 2009. The components of multifactor leadership questionnaire include (a) transformational leadership factors: idealized influence (attributed), idealized influence (behavior), inspirational motivation, intellectual stimulation and individualized consideration, (b) transactional leadership factors: contingent reward, management-by-exception

(active), and management-by-exception passive/avoidant, and (c) laissez-faire factors: extra effort; effectiveness; and satisfaction.

2.4.4 Leadership Styles of this Study

Many leadership styles have been used in different studies since they purportedly influence many facets of the organization. For example, the styles affect employees' behaviors and employee (Abbas & Yaqoob, 2009; Lu & Yang, 2010) and affect CS (Namasivayam et al., 2014).

A literature review reveals that many leadership styles have been examined in many empirical studies. The styles include transformational, transactional, and laissez-faire (Antonakis et al., 2003; Bennett, 2009; Furtner et al., 2013; Spinelli, 2006). Table 2.3 below shows the different styles of leadership. However, many studies have used transformational and transactional styles to examine the effect of leadership styles on the DV in the service sector or other sectors (Adamshick, 2007; Baah, 2011; Hater & Bass, 1988; Howell & Avolio, 1993; Yammarino & Bass, 1990).

Table 2.4
Leadership style in different studies

Leadership style	Authors
Transformational, transactional and laissez-faire	(Antonakis et al., 2003; Bennett, 2009; Furtner et al., 2013; Spinelli, 2006).
Task-oriented style	(Eagly & Johannesen-Schmidt, 2001; Powell, 1990).
Autocratic style	(Cellar et al., 2001; Turner & Müller, 2005).
Bureaucratic style	(Girodo, 1998; Turner & Müller, 2005)
Charismatic style	(Turner & Müller, 2005; Wang et al., 2005).
Democratic style	(Savery, 1994; Turner & Müller, 2005).

The reason behind using transformational and transactional leadership styles to examine the effect of leadership style on certain variables refers to the consistency among scholars about the negative role of laissez-faire leadership style on firm performance (Ghobadian & O'Regan, 2006), firm development (O'Regan & Ghobadian, 2006), job satisfaction (Rothfelder et al., 2013) and total quality management (Obiwuru et al., 2011). And CS is one of the critical elements of total quality management (Talib & Rahman, 2010). So, the present study adopted the transformational and transactional styles of leadership to examine their effects on CS.

2.4.4.1 Transformational Leadership Style

A transformational leader is defined as a leader who extracts from the followers more than what they think they can do (Basu & Green, 1997; Obiwuru Timothy et al., 2011). A transformational leader motivates the followers to actualize results beyond their expectations (Rafferty & Griffin, 2004). Also, this kind of leader can touch the soul of the followers (Bennis, 1959; Labby et al., 2012). He or she plays a crucial role in affecting the organizational attitudes and firm's outcomes (Kelloway & Barling, 2000; Obiwuru et al., 2011). He or she is a person that can positively change the performance of the followers in the long run. Through creativity and proactivity, he or she raises the followers' awareness (Jung et al., 2003). Transformational leadership style enables followers to understand organizational goals and values. This style forces the leader to create new ways to motivate and empower the followers towards the desired results. In other words, a transformational leader helps the followers to reach new levels of abilities and performance and to put the firm goals over their personal objectives (Wang et al., 2014).

He is that person who can positively change the performance followers in the long run, through creativity and proactivity, he raises followers' awareness (Jung et al., 2003). Burns have asserted transformational leadership style enables followers to understand organizational goals and values. This style forces the leader to create new ways to motivate and empower the followers towards the desired results. In other

words, a transformational leader helps the followers to reach new levels of abilities and performance and to put the firm goals over their personal objectives (Wang et al., 2014).

Transformational leadership style has five major characteristics: (a) idealized influence (attributes), which refers to the charisma of the leader; he or she has self-confidence, a source of power, and has strong ethical values, (b) idealized influence (behavior) which is related to the leader's behaviors, which is based on values and clear goals, mission and vision, (c) inspirational motivation which is represented by how the leader can draw a positive picture for the future of the followers by motivating and clarifying how their objectives are achievable (Antonakis et al., 2003; Wang et al., 2014), (d) intellectual stimulation which describes how leaders can motivate and encourage the followers to be creative and develop their abilities towards problem solving (Bass, 1985; Hu et al., 2012), and (e) individualized consideration which refers to the leader's ability to participate in self-actualization of the followers by working on making them satisfied besides providing the needed advice and continuous support (Antonakis et al., 2003; Bennett, 2009).

Transformational leadership is purported to affect CS since it plays a critical role in developing the responsive capabilities of employees and the level of service innovativeness. Service responsive capability is the ability of the employee to satisfy customers' needs through effective and quick response (Avolio & Bass, 1995; Jayachandran et al., 2004). Transformational style can play this role through its

unique behavioral components, inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration. So, the leader becomes a coach and mentor to the followers who will develop a set-off skills and techniques that could help them in various ways such as fulfilling the diversified customer's needs (Chang, 2011) Transformational leadership is purported to affect CS since it plays a critical role in developing the responsive capabilities of employees and the level of service innovativeness. Service responsive capability is the ability of the employee to satisfy customers' needs through effective and quick response (Avolio & Bass, 1995; Jayachandran et al., 2004). Transformational style can play this role through its unique behavioral components, inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration. So, the leader becomes a coach and mentor to the followers who will develop a set-off skills and techniques that could help them in various ways such as fulfilling the diversified customer's needs (Chang, 2011).

2.4.4.2 Transactional Leadership Style

Transactional leadership style means attracting the followers through their own self-interests by establishing exchange relationships with them (Othman et al., 2012). It also means the leader's abilities to manage the employees' behaviors and the firm's resources to achieve short-term goals (Siewiorek et al., 2013). This leadership style depends on the success of the leader in achieving predetermined goals of the firm by

assuring the fulfillment of the followers of their contractual obligations and monitoring them (Antonakis et al., 2003).

Leaders use the principle of ‗benefits exchange' with the employees. That is, employees get rewards for their good job, and the firm actualizes its objectives (Chaudhry & Husnain, 2012). It happens when employees' behaviors are connected to the reward and control process (Dai et al., 2013). Transactional leaders are the ones who motivate the followers by attracting them to their self-interests (Othman et al., 2012). Thus, leaders and followers are a part of the exchange process; both of them are looking to meet their own benefits.

Transactional leadership style has three components: contingent rewards, active management by exception, and passive management by exception (Ali et al., 2014). Contingent rewards describe how a leader clarifies what is required and what are the roles of followers in the firm's goals achieving process. It also talks about facilitating the followers' job by providing the needed materials for the job. These materials are provided by the leader, and the leader provides rewards upon the followers' fulfillment (Antonakis et al., 2003; Bennett, 2009).

Management-by-exception (active) describes the continuous focus of the leader on the standards of performance to assure that the goals are achieved. Finally, management-by-exception (passive) has a negative name; practically speaking, leaders just take their roles when mistakes have already been made or when the

followers did not follow the regulations or fulfill contractual obligations (Antonakis et al., 2003; Bennett, 2009).

Theoretically speaking, transactional leadership style affects CS. A leader who adopts this style concentrates on the firm strategy implementation and accomplishment of its objectives, as well as improving the organizational structure. Besides, transactional style leaders reward and punish the employees according to their performance. This leadership style contributes significantly to improving the performance of the organization since he/she leads the employees to correct behaviors (Birasnav, 2014; Tosi, 1982). Scholars demonstrated that transactional leadership style was positively related to firm performance (Ensley et al., 2006; Longe, 2014). CS was found to be a critical factor in determining the performance of the firm, and many studies revealed a direct relationship between CS and firm performance (Babakus et al., 2004; Das et al., 2000). Leadership style is one of the IVs in the present study. Many studies have examined the effect of leadership style on CS. The relationship between leadership style and CS was found to be positive and significant (Mohammadi, 2013). Others demonstrated a positive link between leadership style and CS (Hassan et al., 2014; Parzinger & Nath, 2000). Some scholars have examined the effect of leadership style on CS indirectly by using mediators (Chan et al., 2012). Others found an indirect relationship (Miartana et al., 2014; Namasivayam et al., 2014; Stock & Hoyer, 2002) or even non-existent (Sila & Ebrahimpour, 2005; Wilson & Collier, 2000). Based on the mixed findings, the

present study used a mediator of employee performance to examine the relationship between leadership styles and CS.

The previous paragraphs showed the definition of leadership, the role of a leader, and leadership style. They also provided an overview of the main theories that describe the concept of leadership style. Then, they clarified the dimensions of leadership style adopted in this study. The next section talks about employee performance.

2.5 Definition and Conceptualization of Employee Performance

Employee performance plays a critical role in supporting the success of a firm's brand. It is also the reason behind its failure (Wallace & De Chernatony, 2009) because organizational objectives are attained by employee's behaviors (Liao & Chuang, 2004; Šikýř, 2013). Employee performance has three critical aspects: the quality of service provided, extra-role behaviors, and destructive behaviors (Wallace & De Chernatony, 2009). Employee performance refers to the way the employees behave to achieve the objectives and aims, determined by the management of the organization (Abdullah & Rashid, 2013). There is a critical difference between employee performance and other concepts related to employees' work, such as employee engagement which means employee involvement and satisfaction with as well as enthusiasm for work (Shuck & Wollard, 2008). Also, employee involvement is the ability of employees to participate in decision-making and influence the

directions of the business (Aspinwall & Elgharib, 2013; Shadur et al., 1999). On the other hand employee commitment refers to being with the organization mentally, sustained by continued desires to stay employed in the organization and expressed as an enthusiastic feeling, bond, association and sacrifices (Ogba, 2008).

2.5.1 The Importance of Employee Performance

As markets have become more competitive, organizational planners must concentrate on enhancing the elements that contribute to customers' happiness. As employees who work as service providers are the first focal point between customers and the organizations (Abbasi & Alvi, 2013), customer orientation is vital for employee performance (Liao & Chuang, 2004; Yavas et al., 2011). Indeed, service employees have to carry out a strategic role. They have to translate the meaning of customer orientation into facts through the service providing process and service quality (Gountas et al., 2014; Hartline et al., 2000). Usually, the customers' first contact is the employee who is providing the service; thus, the perception of the customers are created after this connection (Hunt & Davis, 2012).

Employee performance refers to the interaction between the service provider (employee) and the firm's customers. It works as a mediator between the employment process and CS. This mediation effect is measured based on the SERVQUAL theory. Employee performance has a significant effect on customers' perceptions (Nguyen & Leclerc, 2011) and customers' evaluation of the services

(Zhang et al., 2011). Employee performance is a crucial factor in determining the perceived value of the provided service (Gagić et al., 2013; Mittal & Lassar, 1996). Also, many scholars have asserted the importance of employee performance in affecting CS (El-Garaihy et al., 2014). In the service sector, the satisfaction of customers depends on the face-to-face interaction between customers and employees (Bitner et al., 1994; Walsh et al., 2012). ―As a result of the intangible and interactive nature of services, customers often rely on the behavior of service employees when judging the quality of a service" (Hennig-Thurau, 2004, p. 460). Besides, employee performance affects the quality of work and service, that is, whether or not the customer will recommend other customers to try the service as well as the quit or switch decision of customers (Griffin et al., 2012a). So, the more the customer orientation is adopted, the more the economic success of the firm (Hennig, 2004; Homburg et al., 2011).

During the service encounters, employee performance plays the main role in creating customers‘ perceptions. In this interaction, customers evaluate many aspects; hence, employees must focus on things such as showing the needed concern and civility, listening to the customers with full understanding and giving the needed attention (Bradley et al., 2013; Farrell et al., 2001). Similarly, customer orientation of the service employee is embodied in the person-to-person interaction between customers and employee, and the success of this relationship requires certain conditions, such as the employees must have customer-oriented skills. They must have the motivation

to serve the customer in the best way possible and must be perceived to have decision-making authority (Hennig, 2004; Lee & Ok, 2013). Rafaeli et al. (2008) noted that since the customers are evaluating the service (the brand) of the firm through the interactions with service providers, employees must master the following issues: first, expecting the customers' requests; second, providing explanations and justifications to the customers; third, enriching customers' knowledge and educating them; fourth, supporting customers emotionally, and fifth, offering personalized information.

Employee performance plays a critical role in the service sector. The behaviors of service employees express the process of service delivery (functional role). Customers' perceptions towards the quality and the firm are created based on the customers' evaluation of the perceived service (Chung & Yazdanifard, 2014; Grönroos, 1984). Furthermore, employees have to show empathy during the interaction with customers because empathy has a considerable effect on CS and customer loyalty (Wieseke et al., 2012). Also, employee performance is consistent with our Prophet Muhammad Bin Abdullah's (PBUH) saying, ―Allah loves *it when you do* something to make it perfect" (Al-Albani, 1986; Hoque et al., 2014).

2.5.2 Theories of Employee's Performance

This study discusses the following theories to give a comprehensive understanding of the theoretical background of the employee performance concept.

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2.5.2.1 Theory of Job Satisfaction

Job satisfaction is a multidimensional attitude and is either positive or negative that an employee holds about his or her work and its situation (Judge et al., 2012; Weiss, 2002). Job satisfaction theory clarifies this attitude. This theory was proposed by Herzberg in 1959 (King, 1970; Shea, 2014). The theory talks about two states of job satisfaction: job satisfaction and job dissatisfaction. Job satisfaction is affected by intrinsic factors, such as achievement, recognition, the work itself, responsibility, and advancement. These factors are called workers' motivators. On the other hand, job dissatisfaction is affected by extrinsic variables, such as company policy and administration, supervision, salary, relations with co-workers, and working conditions. The extrinsic variables are also known as hygiene factors (King, 1970). Other studies call it Herzberg's Motivation-Hygiene Theory. Motivation relies on the needs, which lead people to work and achieve better results (Teck-Hong & Waheed, 2011).
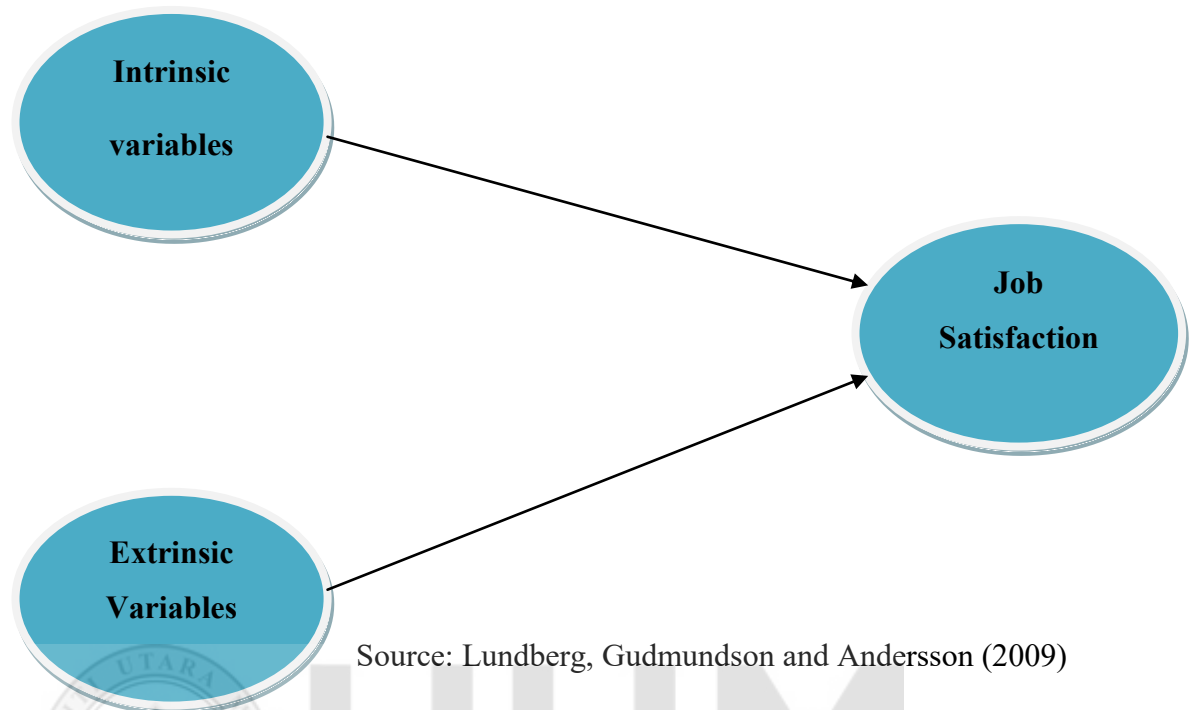
Figure 2.6: Job Satisfaction Theory

Herzberg in his theory mentioned two groups of needs that people seek to satisfy. People can be satisfied or unsatisfied with various elements of the work environment. The first group is represented by the basic needs to survive, and they are not related directly to the job, but to the conditions of the job. The second group is related to growth needs; the components of this group are directly related to the job (Lundberg et al., 2009). Employers have to know the factors related to the work directly and which have a significant effect in creating satisfaction among the employees. At the same time, the absence of these factors does not mean there is job dissatisfaction; it just means the absence of satisfaction (Herzberg et al., 2011). Figure 2.6 clarifies Herzberg's theory of job satisfaction.

2.5.2.2 Theory of Performance

This theory was developed by Campbell and other scholars. It asserts that performing jobs is affected by three variables: (a) declarative knowledge, which refers to the basic knowledge of the work field, and the employee must know it very well. For example, accountants must know the basics and principles and procedures of accounting, (b) procedural knowledge and skills which refer to knowing the theoretical way to conduct the job and having the ability to apply it in the field (e.g., drivers have to know the techniques of driving and how to practice it). The skills include, for instance, cognitive and self-management skills, and (c) motivation, which means the willingness of employees to provide the efforts, the level of the provided efforts, and how long he or she will keep providing the efforts (Motowildo et al., 1997).

Elger (2007) in his study revealed that performance comprises six components: context, the level of knowledge, levels of skills, the level of identity, personal factors, and fixed factors. Other studies indicated that the potential performance theory has two main parts: (a) strategy, which means the harmony of the variables that affect the performance, and (b) consistency (Trafimow et al., 2011).

According to this theory, motivation, opportunity, and ability play a critical and complementary role in affecting employee performance (Siemsen et al., 2008). Performance is something behavioral, evaluative, and multidimensional. So,

performance is the aggregate participation of the employees in the organization during a specific period (Chen, 2013; Motowildo et al., 1997).

2.5.3 Dimensions of Employee Performance

A literature review suggests that previous studies have used different dimensions of employee performance in different fields and countries. Some studies have used the following dimensions: academic study, experience, previous supervisory experience, marital status, integrity, years of hiring decision, etc. (Brown, 1982). Hailesilasie (2009) considered the following dimensions of employee performance: cognitive ability, conscientiousness, goal orientation, and motivation. Other studies have used the following dimensions to measure service behavior: role-prescribed service behavior, extra-role service, and subjective service ability (Tsaur & Lin, 2004).

Along the same line, many scholars have used in-role and extra-role performance (Burney et al., 2009; Demerouti, 2006; Goodman & Svyantek, 1999; Yavas et al., 2013). So, the present study adopted in-role and extra-role performance as the dimensions of employee performance for many reasons. Firstly, it has been used widely by different scholars to express employee behaviors in different sectors. Secondly, it can provide a comprehensive view of performance since it comprises the behaviors of task performance that contribute to the core technical activities of the organization and contextual performance behaviors which maintain and enhance

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the psychological, social and organizational context of the work. The following paragraphs clarify these dimensions.

2.5.3.1 In-Role Performance

In-role performance represents the behaviors that are consistent with those found in formal job descriptions (Varela & Landis, 2010). It can be defined as the activities or formal requirements that an employee is expected to fulfill, and it contributes directly or indirectly to the technical core of the organization (Wu et al., 2012) so that the employees could receive the compensation and other benefits from the organization (Chen et al., 2014).

Many scholars have studied the relationship between in-role performance and CS. Some found that in-role performance was positively and directly affected CS (Namasivayam et al., 2014; Yavas et al., 2013). Others revealed that HRM practices had a positive relationship with in-role performance (Snape & Redman, 2010). It was proposed that the relationship between the two purported to exist because a high level of HRM practices leads to a high level of engagement and commitment among employees who will invest all their abilities in accomplishing the required role, which leads to the enactment of active in-role performances (Alfes, Truss, et al., 2013). Leadership styles were also found to affect in-role performance because leaders could clarify in-role task requirements of the employees (Pieterse et al.,

2010). Indeed, many studies demonstrated that leadership styles had a positive effect on in-role performance (Chen et al., 2014; Peterson et al., 2012).

2.5.3.2 Extra-Role Performance

Extra-role performance represents the behaviors of employees' work that go beyond formal role requirements (Lam et al., 2013). Also, it is called organizational citizenship behaviors (OCB), and it can be defined as discretionary behaviors on the part of an employee that are believed to directly promote the effective functioning of an organization without necessarily directly influencing an employee's productivity (Bakker et al., 2012).

The literature indicates that extra-role performance affects CS. Studies found that extra-role performance had a positive relationship with CS (Kane et al., 2012; Schaufeli, 2013) because in-role and extra-role performance play a critical role in translating the climate of service organization into customer satisfaction and other organizational performance (Yavas et al., 2013).

The extra-role performance was also found to be positively affected by HRM practices (Buiter & Harris, 2013; Tremblay et al., 2010). HRM practices are considered critical in enhancing employee's job satisfaction, organizational commitment, and employee's in-role and extra-role performance (Shen, 2010). Leadership styles were also shown to affect extra-role performance positively (Biswas & Varma, 2011; Lam & O'Higgins, 2012).

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As mentioned earlier, employee performance plays the role of a mediator (MV) in the present study. An MV is characterized as a variable that permits researchers to understand the component through which a predictor impacts an outcome by creating ―how‖ or ―why‖ an independent variable predicts the dependent variable (Baron & Kenny, 1986; Topor et al., 2010). Further, a mediation effect requires four conditions to occur. First, the IVs should affect the mediator significantly. Second, the IVs should affect the DV significantly in the absence of the mediator. Third, the mediator has a significant effect on the DV. Fourth, the effect of the IVs on the DV shrivels upon the expansion of the mediator in the model (Koonmee et al., 2010; Ramayah et al., 2004).

The IVs of the present study are HRM practices and leadership style. HRM practices were found to affect CS (the DV of the present study) significantly (Kumari et al., 2013; Youssef et al., 2014). Similarly, leadership style was shown to have a significant effect on CS (Hassan et al., 2014; Mohammadi, 2013; Parzinger & Nath, 2000). Further, employee performance was found to be affected significantly by HRM practices (Garg & Rastogi, 2006; Seidu et al., 2012) and leadership style (Abbas & Yaqoob, 2009; Bono & Judge, 2003; Lu & Yang, 2010). Finally, studies revealed that employee performance affected CS significantly (Abbasi & Alvi, 2013; Roy, 2012). The next section explains the underpinning theory of the present study.

2.6 Underpinning Theory

The literature indicates the use of many theories to explain the phenomena of HRM practice, leadership style, employee performance, and CS. Many scholars have studied these variables, either in one study or different studies, and they have used different theories to justify the behaviors and relationships between the variables. For example, HRM practices have been studied from the perspective of RBV theory (Barney et al., 2001; Colbert, 2004; Lado & Wilson, 1994; Saá-Pérez & García-Falcón, 2002; Wright et al., 2001; Wright et al., 1994).

Similarly, the RBV theory has been utilized to examine leadership style (Bryant, 2003; Byrne & Bradley, 2007; Roth, 1995; Ruiz-Carrillo & Fernández-Ortiz, 2005; Tena et al., 2001). The same theory has also been used to investigate CS (Gouthier & Schmid, 2003; Pulaj & Kume, 2013; Ruiz-Carrillo & Fernández-Ortiz, 2005; Wang & Lo, 2003) and competitive advantage of the firm (Lavie, 2006; Peteraf, 1993; Ray et al., 2004; Srivastava et al., 2001).

Studies have also used the RBV theory in the insurance sector to understand the role of HRM (Ray et al., 2004; Zong-jian, 2007) and customer issues (Guelman et al., 2012; Ray et al., 2005). However, to date, no study has used the RBV theory to study CS in the insurance sector, which is the contribution to the literature of this study. Similarly, leadership style has been studied using the RBV theory in the insurance sector (Ghobadian & O'Regan, 2000) but not employee performance. So, this is

another contribution of this study. This study used the RBV theory as the main underpinning theory consistent with previous works. The current study also employed other theories to explain the theoretical relationships between the variables, such as quality management theory, SERVQUAL theory, strategic human resources management (SHRM) theory, and the conceptual model of Guest (1997). The following section discusses the RBV theory.

The RBV proposes that the performance of a firm is linked to its resources and capabilities. The theory was introduced by Wernerfelt in 1984. Later on, it saw further development by Barney in 1986, who completed the traditional competitive advantage model of Porter (Ismail et al., 2014). In 1991, Barney examined the relationship between the firms' resources and sustainable competitive advantage. He concluded that the ability of the firm's resources to create sustainable competitive advantage depends on four conditions. That is, the firm resources have to have value, rare and scarce, inimitable, and sustainable (Taher, 2012).

As the RBV theory explains the organization regarding its resources, it is only natural that firms differ from each other based on the integration of their own resources. Barney et al. (2001, p. 627) argued that ―sustained competitive advantage is derived from the resources and capabilities a firm control that is valuable, rare, imperfectly imitable and not substitutable. These resources and capabilities can be viewed as bundles of tangible and intangible assets; they include a firm's management skills, its organizational processes and routines and the information and

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knowledge it controls." The core of this theory assumes that firms can achieve success if they gain and maintain their own competitive advantage (Jackson & Schuler, 1999), which comes from the special techniques and strategies of the firm and which are hard to be followed by its rivals (Barney, 1991; Ismail et al., 2014). A competitive advantage needs three conditions to achieve: (a) availability of unique resources, (b) immobility of resources, which means obtaining these resources is not easy, and (c) the firm's resources must cover the vital aspects of organization, such as physical aspects of the firm (e.g., place, property and equipment), human aspects of the firm, and organizational structure and managerial functions (Jackson & Schuler, 1999).

The critical challenge facing a firm is how to keep the uniqueness of its products (Conner, 1991). According to the RBV theory, distinctive resources will create long-term and sustainable competitive advantage (Barney, 1991). To achieve that, the firm must focus on its products and services to be more valuable than competitors (Conner, 1991; Ismail et al., 2014).

Since employees are the manufacturers of products and services (Conner, 1991), they are participating in competitive advantage creation (Jackson & Schuler, 1999). Resources of the organization include all organization's assets and processes. So, the more distinctive these resources are, the more valuable will be its products and services since the resources and the outputs of the firms are considered as two sides of the same coin (Voon et al., 2011). The firm then can apply and implement a

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creative value strategy, different from what competitors have currently and potentially. Thus, the valuable resources create a sustainable competitive advantage (Barney, 1991; Ismail et al., 2014).

2.7 Chapter Summary

The contents of chapter two comprise a very important part of this study. It started with the definition and the conceptualization of the variables of the current study. It clarified CS and its importance as well as its most popular theories and dimensions. It also elaborated HRM practices, leadership styles, and employee performance. It ended with a section on underpinning theories. The next chapter introduces the conceptual framework and explains the research methodology.

CHAPTER THREE
METHODOLOGY

3.1 Introduction

This chapter highlights the conceptual framework and the relationships between the variables as well as the hypotheses. It explains the research design of this study, population and sampling, data collection procedure, measurements of the variables, and techniques of data analysis.

3.2 Conceptual Framework

As mentioned in Chapter Two, HRM practices are one of the IVs of the present study. They comprise the following dimensions: career planning, job analysis and job design, recruitment and selection, training and development, compensation, performance appraisal, and internal communication (Loo & Beh, 2013). Leadership style is another IV. Two dimensions were considered, i.e., transformational and transactional styles of leadership. Employee performance was treated as a mediator because the literature indicates that employee performance has not been used before as a mediator between HRM practices and CS on one the hand and between leadership style and CS on the other hand. Employee performance dimensions in this study considered were in-role and extra-role performance. Figure 3.1 shows the conceptual framework of the present study.   .

Independent Variable

HRM practices
• Career planning
• Job design
• Recruitment and selection
• Training and development
• Compensation
• Performance appraisal
• Internal communication

Mediator

Dependent Variable

Employee performance
• In-role performance
• Extra-role performance

Customer Satisfaction

Independent Variable

Leadership Style
• Transformational
• Transactional
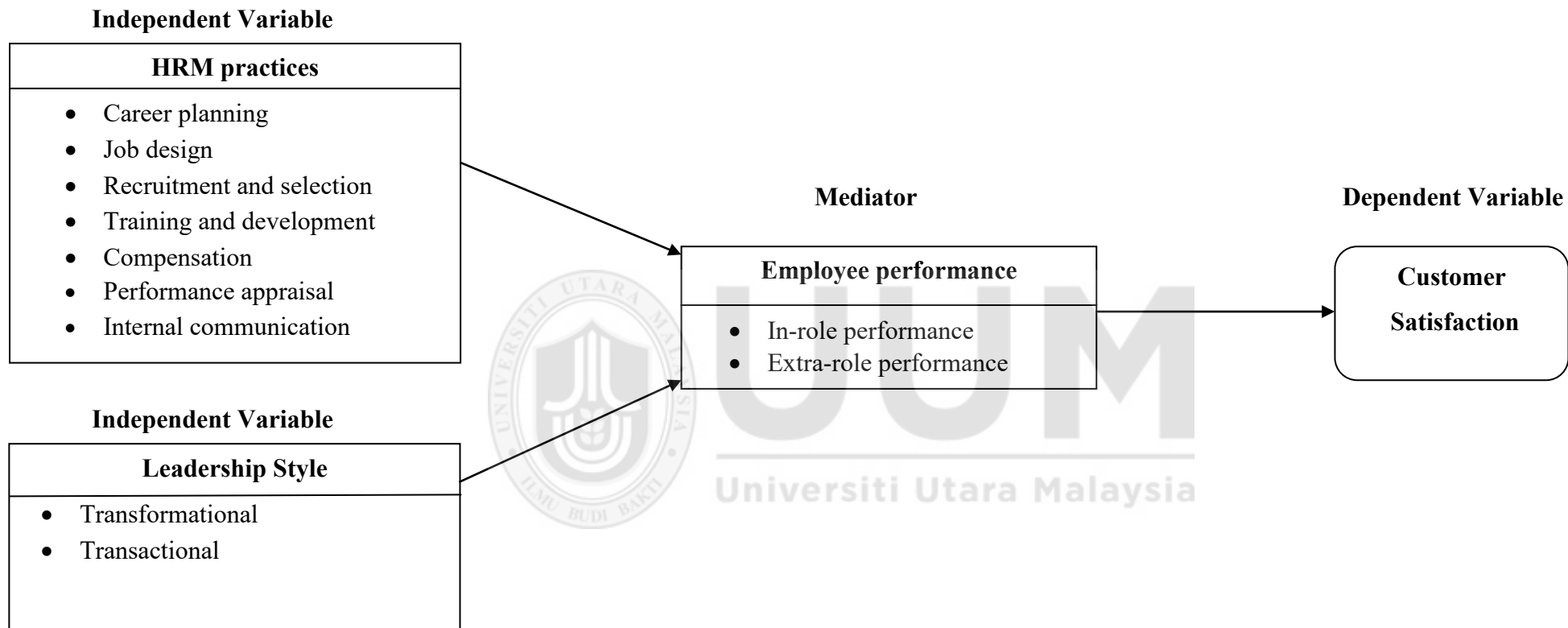
Figure 3.1: Conceptual Framework of the present study

3.3 Relationships between Variables and Hypotheses Development

―A hypothesis is an unproven supposition or proposition that tentatively explains certain facts or phenomena. A hypothesis may also be thought of as an assumption about the nature of a particular situation" (Hair et al., 2007, p.145). Also, it is a relationship between two or more variables that can be conjectured by logic and expressed through a testable statement (Sekaran, 2003). Researchers test hypotheses to examine the expected relationships between the variables of the study to confirm that those relationships are true and do not happen by chance (Hair et al., 2007). This study tested the theoretical relationships between HRM practices, leadership style, employee performance, and CS. The following sections clarify the theoretical relationships.

3.3.1 The Mediating Role of Employee Performance (EP) in HRM Practices - CS Link

Studies have demonstrated that the direct effect of HRM practices on CS was relatively low and had a small correlation (Delaney & Huselid, 1996; Rogg et al., 2001). Other studies found no direct correlation between HRM practices and CS (Cantarello et al., 2012). To explain how HRM practices affect CS, previous studies have used mediators such as organizational commitment (Cantarello et al., 2012), service quality (Chand, 2010), and organizational climate (Rogg et al., 2001). This study used employee performance as a mediator since it has not been used before in the relationship between HRM practices and CS (Kumari et al., 2013).

Furthermore, previous studies found that HRM practices had a significant relationship with employee performance (Leiter et al., 2011; Radulescu, 2013). Thus, HRM practices play a crucial role in employee performance (Tanveer et al., 2011). Also, studies revealed that employee performance had a positive impact on CS (Abbasi & Alvi, 2013; Homburg & Stock, 2004). In the service sector, employees play a critical role in enhancing the satisfaction of their customers. Through their professional behavior, they facilitate the process of service provision, creating CS (Yagil & Medler-Liraz, 2013).

The dimensions of employee performance in this study were in-role performance and extra-role performance. In-role performance was found to affect CS (Namasivayam et al., 2014; Yavas et al., 2013) and was affected by HRM practices (Snape & Redman, 2010). Also, extra role-performance was shown to affect CS (Kane et al., 2012; Schaufeli, 2013) and was influenced by HRM practices (Buiter & Harris, 2013; Tremblay et al., 2010). So, based on the exposition of the relationship between HRM practices and employee performance on the hand and the relationship between employee performance and CS on the other, the present study hypothesized that:

H1: Employee performance mediates the relationship between career planning and CS.

H1a: In-role performance mediates the relationship between career planning and CS.

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H1b: Extra-role performance mediates the relationship between career planning and CS.

H2: Employee performance mediates the relationship between job design and CS.

H2a: In-role performance mediates the relationship between job design and CS.

H2b: Extra-role performance mediates the relationship between job design and CS.

H3: Employee performance mediates the relationship between recruitment and selection and CS.

H3a: In-role performance mediates the relationship between recruitment and selection and CS.

H3b: Extra-role performance mediates the relationship between recruitment and selection and CS.

H4: Employee performance mediates the relationship between training and development and CS.

H4a: In-role performance mediates the relationship between training and development and CS.

H4b: Extra-role performance mediates the relationship between training and development and CS.

H5: Employee performance mediates the relationship between compensation and CS.

H5a: In-role performance mediates the relationship between compensation and CS.

H5b: Extra-role performance mediates the relationship between compensation and CS.

H6: Employee performance mediates the relationship between performance appraisal and CS.

H6a: In-role performance mediates the relationship between performance appraisal and CS.

H6b: Extra-role performance mediates the relationship between performance appraisal and CS.

H7: Employee performance mediates the relationship between internal communication and CS.

H7a: In-role performance mediates the relationship between internal communication and CS.

H7b: Extra-role performance mediates the relationship between internal communication and CS.

3.3.2 The Mediating Role of EP in Leadership Style - CS link

Some scholars have examined the effect of leadership style on CS indirectly by using mediators. While some found an indirect relationship (Miartana et al., 2014; Namasivayam et al., 2014; Stock & Hoyer, 2002), other did not find any mediation (Sila & Ebrahimpour, 2005; Wilson & Collier, 2000).

Leadership is a process of influence (Metcalf & Benn, 2013) that could affect CS. Previous studies have used mediators between leadership and CS such as team

cohesion (Besieux et al., 2012), employee empowerment (Ugboro & Obeng, 2000), and knowledge management (Gowen III et al., 2009). However, employee performance as a mediator has never been considered.

Past studies showed that leadership style affected the performance of employees (Abbas & Yaqoob, 2009; Bono & Judge, 2003; Lu & Yang, 2010; Purvanova et al., 2006). Along the same line, in-role performance was found to be affected by leadership style (Chen et al., 2014; Peterson et al., 2012) so was extra-role performance (Biswas & Varma, 2011; Lam & O'Higgins, 2012).

Based on the preceding arguments, the present study hypothesized the following:
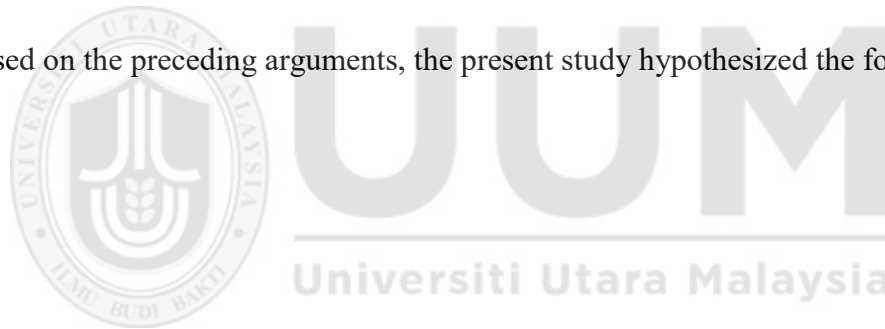
H2: *Employee performance mediates the relationship between transformational leadership style and CS.*

> *H2a:* *In-role performance mediates the relationship between transformational leadership style and CS.*
> *H2b:* *Extra-role performance mediates the relationship between transformational leadership style and CS.*

H3: *Employee performance mediates the relationship between transactional leadership style and CS.*

H3a: *In-role performance mediates the relationship between transactional leadership style and CS.*

H3b: *Extra-role performance mediates the relationship between transactional leadership style and CS.*

3.4 Research Design

This section will present the nature of the research, unit of analysis, population, sampling, sample size, sampling technique and data collection.

3.4.1 Nature of Study

A research design is the catalog of the different stages and facts of the research (Sharma, 2011). It is the plan of the study that must be followed by the researcher to achieve the objectives or to test the hypotheses of the study (Kumar et al., 2013). It provides the roadmap to execute the research so that the research questions, hypotheses, and the overall study can be completed effectively and efficiently (Hair et al., 2007).

There are two approaches to research: qualitative and quantitative (Hair et al., 2007; Kumar et al., 2013). The nature of qualitative research is exploratory, and it generates non-numerical data, (Kumar et al., 2013). It works with a small number of sample (Hair et al., 2007). According to the qualitative methodology, data are collected through focus groups, in-depth interviews, and reviews of documents. It

adopts an inductive process. The outcomes of qualitative research works are not generalizable since there is a shortage of statistical analysis and the small sample size (Kumar et al., 2013). For example, in qualitative studies, the researcher may ask the participant to describe a particular thing, such as his or her feelings towards globalization, or the researcher may ask the participant to tell a story about a certain event. Then the researcher translates the feelings of the participant or the components of the story into a meaningful form (Hair et al., 2007).

On the other hand, a quantitative study generates statistics by using large-scale survey research. According to this approach, the researcher can use different methods, such as questionnaires or structured interviews (Kumar et al., 2013). As this approach uses numbers to clarify the characteristics of the studied variable(s), it is useful for testing and providing trends (Hair et al., 2007). A quantitative research adopts a deductive process, thus allowing generalizing the results as a sample is chosen in such a way that it represents the population (Kumar et al., 2013). Furthermore, quantitative research is useful to examine the relationship between two or more variables (Zikmund, 2003).

Based on the above comparison, this study adopted the quantitative study for the following reasons: (a) the analysis allows examining the relationship between two or more variables, and the present study examined the effect of HRM practices, leadership style, and employee performance on CS, (b) quantitative analysis allows generalizing the result, and this is one of the objectives of this study so that they can

be of use for academics and practitioners, and (c) it permits the use the questionnaire as a tool of data collection.

A research design plan relies on the type of information desired and the objective of the research (Aiswarya et al., 2014; Emory & Cooper, 1991). This study was a correlational study because it aimed to examine the effect of HRM practices, leadership styles, and employee performance on CS of the Palestinian insurance sector. Correlational studies are used in the following cases: (a) to clarify the variance in the dependent variable, and (b) to understand the relationships among two or more variables (R. Cavana et al., 2001).

Also, this study was descriptive. Descriptive studies are used to describe the characteristics of certain topics (Hair et al., 2007). It describes something such as the current situation, or the characteristics of a group, organization, and people. Further, descriptive research answers who, what, where, and how questions about a certain issue. So, it is useful when the researcher has a fair understanding of the issue of the research and when the literature has enough information about the field of the study (Kumar et al., 2013). It uses a structured design to examine and measure the characteristics of the issue described in the research questions. Then the researcher formulates the hypotheses derived from the theories (Hair et al., 2007).

Descriptive studies can be either a longitudinal study or cross-sectional (Kumar et al., 2013). In a longitudinal study, the researcher collects data two or more times.

This kind of study is useful when the research questions and objectives are affected by the independent variables in different ways from time to time (Hair et al., 2007). Also, the philosophy of this approach is based on the study of small samples for a long period. The outcomes of this kind of studies cannot be generalized since the sample size is small (Chisnall, 1992; Scharf et al., 2012; Williams et al., 2011). On the other hand, a cross-sectional study is when the researcher collects data only once to answer the research questions; so all the research variables are measured at the same time (Hair et al., 2007).

Based on the comparison between these two approaches, this study adopted the cross-sectional design so that the results of this study can be generalized. The researcher collected data to examine the effect of HRM practices, leadership styles, and employee performance on CS of the Palestinian insurance sector only once. A longitudinal design did not fit the present study because it focuses on small samples and data must be collected more than once.

3.4.2 Unit of Analysis

A ―unit of analysis refers to the subject that is being studied in the research. Specifically, it is what or who that is being studied, for which the data is being collected from these units" (Kumar et al., 2013, p. 61). Because this study assessed the effect of HRM practices and leadership styles on CS through employee performance, the unit of analysis for this study was individual employee. These employees can give right

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information, reflective of the real situation in the organization, especially regarding the variables of this study. Therefore, for this study, it was assumed that either marketing employees, production department employees, compensations department employees, reinsurance department employees, finance and accounting department employees or legal advisors have specific knowledge of HRM practices, leadership styles, employee performance, and CS.

3.5 Population, Sample Size and Sampling Technique

The following paragraphs present the population of this study, samples size and sampling technique.

3.5.1 Population

A population can be defined as a group of people, events or things, which have the desired information. For example, if the marketing manager of Microsoft wants to know the advertising strategy of electronic firms in a certain country, then the electronic firms in that country form the population (Kumar et al., 2013). Past studies have investigated CS from the employees' point of view (Cantarello et al., 2012; Zhang et al., 2009; Zhang et al., 2006). So, the present study adopted the same methodology.

There are ten companies in Palestine (see Table 3.12) with 109 branches scattered in the Palestinian governorates. Each insurance company has many departments, such as accounting department, production department, compensations department, HR department, marketing department, public relations department, and so on. However, the direct communication between customers and employees takes place mainly in the following departments: production department, compensation department, and marketing department. The headquarters of many Palestinian insurance firms are located in Ramallah and the services to the Palestinian people are provided by the branches. Each branch contains at least the following two production departments, one for general insurance and the other for vehicle insurance. Besides, the branch also has two compensation departments. The first one processes general insurance claims while the other deals with vehicle accident claims. Some insurance firms' branches have departments for marketing, whereas some of them have only a central marketing department in the firm's headquarters and one marketing employee in the branch (GUI, 2014; NIC, 2014; Trust, 2014).

The specific population of this study according to its objectives will be the employees of the following departments: production departments in headquarters and the branches, compensation departments in headquarters and branches, marketing employees in headquarters and the branches and the employees of public relations department. Many previous studies have measured CS through the

employees who have direct dealing with customers (Cantarello et al., 2012; Rogg et al., 2001).

Table 3.1
Insurance Companies in Palestine.

#	Company name	# of All Employees	Population Size*
1	National Insurance Company	220	195
2	Al-Mashriq Insurance Company	126	106
3	Trust Insurance Company	200	175
4	Palestine Insurance Company	127	105
5	Ahleia Insurance Group Company	129	108
6	Global United Insurance Company	222	198
7	American Life Insurance Company	3	2
8	Al-Takaful Insurance Company	105	84
9	Palestine Mortgage & Housing Corporation	7	5
10	Arab Life & Accidents Insurance Company	closed	closed
	Total	**1139**	**978**

Source: Federation (2014)

The population of current study excluded managers at the top level because the present study examined their leadership style and top level managers are usually the ones who develop the human resources policies. Hence, it was not appropriate to get their opinions (Al-Shuaibi et al., 2013). Even though the total number of employees in the insurance sector is 1139, the study targeted the employees who have direct

connections with customers only. Hence, after subtracting the managers at the top level, the population comprised 978 employees (Federation, 2014) (see Table 3.1).

3.5.2 Sample Size

Sampling is the process of selecting some members of the population to represent the whole population (Cooper & Schindler, 2008). That is, a sample is a subset of a population (Hair et al., 2007; Kumar et al., 2013) chosen to be studied. Also, a sample is used when the population is big, and the researcher can save time and efforts by sampling. At the same time, sampling gives researchers the ability to generalize the findings with some degree of confidence (Sekaran, 2003). To achieve the objectives of the research, the sample must be representative of the population. Otherwise, the study will fail.

Sample size varies based on the mode of the study. For instance, experimental studies require a smaller sample size than descriptive ones (Sharma, 2011). There is some consensus amongst researchers about the appropriate sample size but for statistical significance purposes, bigger samples as better than smaller samples (Zikmund et al., 2009). The general rule says that the sample size must range from 30 to 500 or that the sample size must be ten times larger than variables of the study to achieve the desired statistical significance (Kumar et al., 2013).

The population of this study is the employees who deal directly with customers in the insurance sector in Palestine. The population size was 978 employees. For an

alpha of .05 and a degree of accuracy of .05, the samples size should be 270 (Kotrlik & Higgins, 2001). This study adopted Kotrlik and Higgins' calculations in determining sample size since many studies had used their recommendation (Al-Shuaibi et al., 2014; Oni & Adebayo, 2012; Sinkovics & Roath, 2004).

3.5.3 Sampling Technique

Sampling is the process of choosing a sufficient number of elements from the population (Kumar et al., 2013). When the researcher selects a sample from a population, he/she must give the needed attention to the sampling technique or design (Singleton Jr & Straits, 2005). Two types of sample techniques can be identified: probability and non-probability sampling. In probability sampling, the sample is selected through a random selection process, which means all elements in the population have a known and non-zero of being selected (Hair et al., 2007; Kumar et al., 2013). Non-probability sampling is commonly used when there is no possibility to use probability sampling (Kumar et al., 2013) or when the sample need not be representative (Hair et al., 2007).

Probability sampling can be generalized to the whole targeted population. Thus, this study adopted probability sampling since it aimed to generalize the findings to the population. Besides, probability sampling gives generalizable results with a specified level of confidence. In probability sampling, various techniques are available. They are simple random sampling, stratified sampling, systematic sampling, and cluster

sampling (Hair et al., 2007; Kumar et al., 2013). Simple random sampling means that the researcher chooses the sample of individuals from a larger population where each element has an equal chance of being selected. Systematic sampling refers to selecting the sample randomly from an ordered sampling frame; the researcher divides the population into (n) parts and then starts with a point on the list and then each nth element in the sampling frame is selected. In stratified random sampling, members of the population are divided into homogenous subgroups based on certain categories under study while cluster sampling is used when the population contains heterogeneous groups (Hair et al., 2007; Sekaran, 2003).

In the present study, systematic random sampling was used by selecting one unit on a random basis and choosing additional elementary units at evenly spaced intervals until the desired number of units is obtained (Kothari et al., 2014; Onwuegbuzie & Leech, 2007). Systematic random sampling is widely used in many scientific fields as its use guarantees the statistical principle of equal probability (Morillas et al., 2011). This sampling technique is applicable when the study population is relatively large (100 or more) and a list is available (Omair, 2014).

In the context of the presents study, a list of 978 employees who have direct dealing with customers in the insurance sector was prepared. (HR manger of each insurance sector provided me with the names of the employees who are fit with the criteria of the study. Moreover, the list of employees highlighted the location of the respondent (the branch of insurance company and the city). After obtaining all names from all

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companies (according to the numbers mentioned in Table 3.1), the names of the employees had been sorted according to the alphabetical order. In keeping with systematic random sampling criteria, the researcher divided 978 by 270 to get 3.6 (this number was approximated to be 3). Then, number five was selected randomly to start. The fifth employee on the list was chosen first and then every third employee after that until 270 employees was selected.

3.5.4 Data Collection Procedure

Data collection is a critical part of the research design. Data can be collected using various methods, and each method has its advantages and disadvantages (Sekaran, 2003). Data can be collected through survey interviews and observation (Hair et al., 2007). A questionnaire is one technique to collect data. A questionnaire has a list of predetermined questions which must be answered by the participants, and the results of those questions are tabulated and treated statistically by the researcher (Sharma, 2011). It is a structured framework containing questions and scales, prepared to collect primary data to achieve the research objectives (Hair et al., 2007). The statistical analysis of the outcomes of the questionnaire must be reliable (R. Cavana et al., 2001).

A questionnaire or survey is the most popular tool used for collecting data in social sciences research, especially when the population size is large. The researcher can use the questionnaire in the following cases: (a) when the study has a large number

of participants, (b) when the researcher is asking the participants predetermined questions, and (c) when the researcher is looking for attitudinal and behavioral data (Wong, 2002).

This study employed a questionnaire to collect quantitative data from a large number of participants about the effect of HRM practices, leadership style, and employee performance on CS in the Palestinian insurance sector. To get the data from the employees who had been selected to take part in the study,

The letter of data collection was collected from UUM University to facilitate the process of data collection. The letter had been sent to general managers and HR managers of insurance companies in Palestine to get the approval to conduct the process of data collection. After getting the permission the researcher coordinated with the HR managers to determine the appropriate time to collect data. Data collection process started on April 2015, the researcher collected data by himself. The researcher conducted visits for each insurance branch of insurance companies according the list of the employees and their locations. The researcher prepared a schedule of visits and sent it to the HR manager of each company to inform the managers and of the branches about the time of the visit. During the visit, the researcher distributed the survey to the targeted employees (who had been selected in systematic random sampling) and gave them the needed time to answer. The researcher followed up the answering process, provided the needed clarifications,

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and asked the participants, to be honest as much as possible. The researcher collected the answered questionnaires directly after the participants had completed them. Such data collection method can maximize the response rate (Sekaran, 2003). This process had been repeated in all insurance branches.

3.6 Operational Definitions and Measurement of Variables

Measurement is an important part of research, and without it, no data cannot be collected (Sekaran, 2003). The following paragraphs discuss the measurement of the variables of this study.

3.6.1 Measurement of Customer Satisfaction

Customer satisfaction (CS) was operationalized as how customers perceive service quality, service features, loyalty to service, customer referrals, perceived value and fair price from the employees' point of view (Tan & Tracey, 2007; Tu et al., 2001). Six items were used to measure customer satisfaction.

Table 3.2
Operational Definition and items of CS

Operational definition	Items
Customer Satisfaction refers to the perceptions about service quality, service features, loyalty to service, customer referrals, perceived value and fair price (Tan & Tracey, 2007; Tu et al., 2001).	1 Our customers are satisfied with the quality of our services. 2 Our customers are satisfied with the features that our services provide. 3 Our customers are loyal to our services. 4 Our customers refer new customers to purchase our services. 5 Our customers feel that we offer services with high 6 Our customers perceive they receive their moneys' worth when they purchase our services.

Source: Tan and Tracey (2007)

Previous studies indicated that the items were reliable. Kumari (2013) reported a reliability coefficient of 0.70, Zhang et al. (2009) 0.79, and Tan and Tracey (2007) 0.82. The present study adopted the six-item instrument since it has been used by many scholars and it has an acceptable level of reliability and consistency. Table 3.2 contains the operational definition and the items of CS in this study.

3.6.2 Measurement of HRM Practices

HRM practices represent the first IV of this study; it has seven practices, and the following paragraphs clarify the measurement of each dimension.

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Career planning was operationalized as the individual's attempt to participate in goals setting and awareness of self-abilities, interests, strengths, weaknesses and the constraints of the work environment (Joarder, 2012). Five items were used to measure career planning. Previous studies indicated that the items were reliable. Orpen (1994) reported a reliability coefficient of 0.70 (Orpen, 1994), Aryee and Debrah (1993) 0.80, and Tan (2010) 0.75. (Aryee & Debrah, 1993; Lee, 2002; Zin, 2006). Along the same line, Tan's study used a five-item scale to measure career planning and the coefficient alpha was 0.75 (Tan, 2010).

Table 3.3
Operational Definition and items of Career Planning

Operational definition:		Items
Career planning is the individual's attempt to participate in goals setting and awareness of self-abilities, interests, strengths, weaknesses and the constraints of the work environment (Joarder, 2012).	1	I know my strengths, weaknesses, and abilities.
	2	I have accurate information about my organization's management policies that affect my career.
	3	My awareness of career interests has helped to clarify my plans.
	4	I have an accurate view of the opportunities and constraints that may occur in the work environment which can affect my career.
	5	I have plans for my career.

Source: Tan (2010) and Joarder (2012)

The present study adopted the five-item instrument since it has been used by many scholars and it has an acceptable level of reliability and consistency. Table 3.2 contains the operational definition and the items of career planning in this study.

Job design was operationalized as a flexible job description, development of a learning organization, cross-cultural job design, and team working (Alleyne et al., 2006; Chand, 2010). Four items were used to measure job design. Prior researchers assured that the items were reliable. Chand and Katou (2007) reported a reliability coefficient of 0.80 and Chand (2010) 0.84, and Hoque (1999) 0.76. This study adopted the four-item measurement because its components are consistent with the present study. Table 3.4 contains the operational definition and the items of job design in this study.

Table 3.4
Operational Definition and items of Job Design

Operational definition:	Items
Job design comprises flexible job descriptions, development of a learning organization, cross-cultural job design, and team working (Alleyne et al., 2006; Chand, 2010).	1 Flexible job descriptions that are not linked to one specific task. 2 Deliberate design of jobs to make full use of workers' skills and abilities (i.e., use of job enrichment and/or autonomous work groups) 3 Work organized around team working for the majority of staff 4 Staff involvement in setting performance targets.

Source: Alleyne, Doherty and Greenidge (2012)

Recruitment and selection include the use of employment tests, performing validation studies on selection methods, providing realistic job previews, and conducting structured and standardized interviews (Khatri, 2000). Three items were used to measure recruitment and selection. Prior researchers assured that the items were reliable. Five items were used to measure training and development. Tsaur and Lin (2004) reported a reliability coefficient of 0.75, Loo & Beh (2013) 0.87. This study adopted the instrument of Tsaur and Lin since it fits the components of recruitment and selection of this study. Table 3.5 shows the operational definition and the items of recruitment and selection in this study.

Table 3.5
Operational Definition and items of Recruitment and Selection

Operational definition:	Items	
Recruitment and Selection include use of employment tests; performing validation studies on selection methods; providing realistic job previews and conducting structured and standardized interviews (Khatri, 2000).	1	In the selection of new employees, my company often uses employment tests (e.g. knowledge tests, personality tests, language tests, etc.).
	2	In the hiring process, potential employees are often provided with a realistic picture of the job and the firm, including the negative aspects.
	3	My company conducts structured and standardized interviews (as opposed to unstructured interviews) for selection of jobs.

Source: Khatri (2000) and Tsaur and Lin (2004)

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Training and development were operationalized as an employee's perception toward the availability and adequacy of organization's training and development activities (Tan, 2010). Five items were used to measure training and development. Previous studies indicated that the items were reliable. Kharti (2000) reported a reliability coefficient of 0.76, Tan (2010) 0.86, and Collins and Clark (2003) 0.74. This study adopted the instrument of Tan since its items fit the present study. Table 3.6 contains the operational definition and the items of training and development in this study.

Table 3.6
Operational Definition and items of Training and Development

Operational definition:		Items
Training and development is the employee's perception toward the availability and adequacy of organization's training and development activities (Tan, 2010).	1	Extensive training and development programs are provided by the firm to improve the employees' skills.
	2	The training provided by the firm helps the employees to enhance their work performance.
	3	Training programs offered by the firm help employees to develop a variety of skills and abilities.
	4	There are formal training programs to teach new hires the skills they need to perform their jobs.
	5	Opportunities for advancement are available for all employees.

Source: Delery and Doty (1996), and Tan (2010)

Compensation and rewards was operationalized as the financial and nonfinancial rewards practiced in the organization (Tan, 2010). Three items were used to measure compensation and rewards. Prior researchers assured that the items were reliable. Tan (2010) reported a reliability coefficient of 0.71, Khatri (2000) 0.79. Table 3.7 contains the operational definition and the items of compensation and rewards in this study.

Table 3.7
Operational Definition and items of Compensation and Rewards

Operational definition:		Items
Compensation and rewards are the financial and nonfinancial rewards practiced in the organization (Tan, 2010).	1	I am satisfied with the financial rewards that I have received.
	2	The amount of bonuses that I obtain depends on my efforts.
	3	I am satisfied with the process used to determine my non-financial efforts (awards and benefits).
	4	The amount of income I receive reflects what I deserve.
	5	My company constantly reviews and updates the range of benefits to meet the needs of employees.

Source: Khatri, 2000, and Tan, 2010

Performance appraisal was operationalized as a formalized process of monitoring the employees; it works as a management tool to improve the performance of workers (Al-Shuaibi et al., 2014; Brown & Heywood, 2005). Prior researchers assured that the items were reliable. Four items were used to measure performance appraisal. Khatri (2000) reported a reliability coefficient of 0.70, Tan (2010), and Al-Shuaibi et

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al. (2014) 0.81. Table 3.8 contains the operational definition and the items of performance appraisal.

Table 3.8
Operational Definition and items of Performance Appraisal

Operational definition:		Items
Performance appraisal refers to a formalized process of developing employees, as exemplified by diagnosing training needs, frequent feedback, problem solving, and discussing future issues (Snell & Dean, 1992). .	1	The organization uses flexible performance standards
	2	Our managers/supervisors regularly discuss with employees their individual Performance
	3	Pay rise, promotions, training and development, and other rewards are very closely linked to performance appraisal
	4	Employees in this organization greatly participate in goal-setting and appraisal

Source: Al-Shuaibi et al., 2014

Internal communications were operationalized as sharing information with employees, building employee commitment, structuring multiple mechanisms for sharing information (Ulrich, 1997). Five items were used to measure training and development. Previous studies indicated that the items were reliable. Loo and Beh (2013) reported a reliability coefficient of 0.87 and Ulrich (1997) 0.78. Table 3.9 shows the operational definition and the items of internal communication.

Table 3.9
Operational Definition and items of Internal Communication

Operational definition:		Items
Internal communication is often a collection of miscellaneous programs and activities aimed at improving employee satisfaction (Phillips, 1996). .	1	There are consistency and clarity of messages from top management and HR department.
	2	Employees provide suggestions for improvement.
	3	I am satisfied with the speed and effectiveness of responses to employee complaints.
	4	I am satisfied with the percentage of suggestions of employees that were implemented.
	5	HR department works as a mediator between employees and management.

Source: Ulrich (1997), Ulrich and Lake (1990)

3.6.3 Measurement of Leadership Styles

Leadership styles represent the second IV of this study; it has two dimensions, and the following paragraphs clarify the measurement of each dimension. Transformational leadership was operationalized as leaders who lead their followers to perform beyond what is expected of them and to convince them to sacrifice and put aside their own self-interests and moral values for a common cause (Al-Shuaibi et al., 2013). On the other hand, transactional leadership was operationalized as a leader who relies on contingency rewards to motivate their followers towards a common cause. If their followers make mistakes or cause any problems or deviate from the set standards, the leaders wait for the problems to occur to take corrective action (Al-Shuaibi et al., 2013; Bass, 1985).

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Table 3.10
Operational Definition and items of Leadership Styles

Operational definition:	Items	
Transformational leader: a leaders who lead their followers to perform beyond what is expected of them convince them to sacrifice and put aside their own self-interests and moral values for a common cause (Al-Shuaibi et al., 2013).		**My supervisor**
	1	Instills pride in me.
	2	Spends time teaching and coaching.
	3	Considers moral and ethical consequences.
	4	Views me as having different needs, abilities and aspirations.
	5	Listens to my concerns.
	6	Encourages me to perform.
	7	Increases my motivation.
	8	Encourages me to think more creatively.
	9	Sets challenging standards.
	10	Gets me to rethink never-questioned ideas.
Transactional leaders: leaders who rely on contingency rewards to motivate their followers towards a common cause. If their followers make mistakes or cause any problems or deviate from the set standards, the leaders wait for the problems to occur to take corrective action (Al-Shuaibi et al., 2013; Bass, 1985).	1	Makes clear expectations.
	2	Will take action before problems become chronic.
	3	Tells us standards to carry out work.
	4	Works out agreements with me.
	5	Monitors my performance and keeps track of mistakes.

Source: Avolio and Bass (1991), and Al-Shuaibi (2013)

Ten items were used to measure transformational leadership style, while five items were used to measure transactional leadership style. Previous studies indicated that

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the items were reliable. Amitay (2005) reported a reliability coefficient ranges from 0.78 to 0.93 (Amitay et al., 2005), Al-Shuaibi (2013) 0.90. Table 3.10 showed the operational definition and items of leadership styles used in this study.

3.6.4 Measurement of Employee Performance

Employee performance represents the mediator of this study; it has two dimensions, and the following paragraphs clarify the measurement of each dimension.

In-role performance was operationalized as officially required outcomes and behaviors that directly serve the goals of the organization (Demerouti, 2006) while extra-role performance was operationalized as discretionary behaviors on the part of an employee that are believed to directly promote the effective functioning of an organization, without necessarily directly influencing a person's productivity (Demerouti, 2006). Nine items were used to measure in-role performance. On the other hand, 15 items were used to measure extra-role performance. Prior literature indicated that the items were reliable. Tjosvold and Yu (2004) reported a reliability coefficient ranges from 0.67 to 0.70, Demerouti (2006) 0.92, and Goodman (1999) between 0.86 and 0.93. Table 3.11 shows the operational definition and the items of the dimensions of employee performance.

Table 3.11
Operational Definition and items of Employee Performance

Operational definition:		Items
In-role performance: refers to officially required outcomes and behaviors that directly serve the goals of the organization (Demerouti, 2006).	1	I achieve the objectives of the job.
	2	I meet criteria for performance.
	3	I demonstrate expertise in all job-related tasks.
	4	I fulfill all the requirements of the job and procedures.
	5	I could manage more responsibility than typically assigned.
	6	I appear suitable for a higher level role.
	7	I am competent in all areas of the job, handle tasks with proficiency.
	8	I perform well in the overall job by carrying out tasks as expected.
	9	I plan and organize to achieve objectives of the job and meet deadlines.
Extra-role performance: is defined as discretionary behaviors on the part of an employee that are believed to directly promote the effective functioning of an organization, without necessarily directly influencing a person's productivity (Demerouti, 2006).	1	I help other employees with their work when they have been absent.
	2	I exhibit punctuality arriving at work on time in the morning and after lunch breaks.
	3	I volunteer to do things not formally required by the job.
	4	I take undeserved work breaks.
	5	I take initiative to orient new employees to the department even though not part of his/her job description.
	6	I exhibit attendance at work beyond the norm, for example, take fewer days off than most individuals or fewer than allowed.
	7	I help others when their work load increases (assists others until they get over the hurdles).
	8	I coast toward the end of the day.
	10	I spend a great deal of time in personal telephone conversations.

Continued

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Table 3.11 continued

	10	I spend a great deal of time in personal telephone conversations.
	11	I do not take unnecessary time off work.
	12	I assist my supervisor to accomplish his duties.
	13	I make innovative suggestions to improve the overall quality of the department.
	14	I do not take extra breaks.
	15	I willingly attend functions not required by the organization, but helps in its overall image.

Source: Goodman (1999)

Furthermore, this study used five point likert scale in its all measurements, the justification behind that was it is very important to have an odd number of items for median calculations purposes (Jamieson, 2004).

3.7 Questionnaire Design

The questionnaire was translated into the Arabic language for the ease of the participants since Arabic is their mother tongue. The Arabic version was later translated into English again. The process of translations has been accomplished in cooperation with two experts; the first one is Prof. Dr. Aziz Khalil, a full time professor at English department at Palestine Ahlyia University. The second is Dr. Muhammad Sharia, a full time lecturer at business department at Al-Quds University. The present study conducted a pilot study before starting the data collection process. Ninety questions were asked, and they were divided into five sections. Section one asked the participants about the HRM practices; section two about leadership styles; section three employee performance; section four CS; and

section five demographic information (see Table 3.12). Each section had different instructions. Each set of the questionnaire was attached with a cover letter that clarified the purpose of the study, confidentiality of data, and instruction on how to return the completed questionnaire to the researcher. The questionnaire can be seen in Appendix A.

Table 3.12
Arrangement of Questionnaire

Sections of Questionnaire	Description
Section One	This section includes 31 questions about HRM practices
Section Two	This section includes 15 questions about leadership styles.
Section Three	This section includes 25 questions about employee performance.
Section Four	This section includes six questions about CS.
Section Five	This section includes nine questions about personal information.

3.8 Pilot Study

A pilot study refers to a small-scale preliminary investigation executed to evaluate the feasibility, cost and time to predict an appropriate sample size and improve upon the study design before the actual conduct of a full-scale study (Hulley et al., 2013). A pilot study is very important because it can disclose shortages that may exist in the design of a proposed survey. In other words, it entails procedures that can be addressed before resources and time are allocated for a large scale study (Altman et

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al., 2006). More importantly, the reasons for conducting a pilot study are: (1) to examine the reliability and validity of questionnaire items; (2) to assess the adequacy of phrasing, item wording, and question construction for accurate results; (3) to check whether questions are formulated in a way that would introduce better response; and (4) to test if participants could provide the needed data. The validity of the questionnaire is the extent to which it measures what it is supposed to measure not something else, whereas reliability of the questionnaire is the extent to which the questionnaire is free of errors and the results are stable and consistent across time and contexts (Sekaran & Bougie, 2010b).

Traditionally, the sample size for a pilot study purposes is small, between 15 and 30 elements, though the number can increase substantially depending on peculiarities (Malhotra, 2008). Fifty questionnaires were distributed among the employees of insurance companies in Palestine who have direct dealing with customers. The number of the questionnaires was increased to 50 to avoid a low response rate as suggested by Malhotra (1999). Actually, the sample for pilot study purposes was selection based on systematic random sampling technique among insurance employees at Bethlehem. However, 38 questionnaires were completed and returned, but only 36 were retained as usable after three of them were removed as a result of various errors, indicating a response rate of 76%. The pilot study was conducted in the period from April 2016 to June 2016. The pilot study was primarily undertaken for content validity and reliability, discussed below.

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3.8.1 Content Validity

The content or face validity of the questionnaire was conducted before the pilot study. Content validity is defined as the extent to which an instrument covers the meaning embedded in particular concepts (Babbie, 2016). Checking for content validly entails consulting a small group of potential participants or number of experts for their opinion about the items, phrases, and instructions contained in the questionnaire (Sekaran & Bougie, 2010b).

To verify and refine the instrument of the present study through which the necessary data was collected to assess the model under investigation, the researcher performed a pre-test with two different groups of experts: the first group consisted of four academics. They were two associate professors and two senior lecturers. Three of them were from College of Business Universiti Utara Malaysia, and the fourth expert was from Al-Quds University in Palestine. The experts were chosen because they were familiar with the constructs. The second group consisted of two senior managers working in insurance companies in Palestine. The instrument of the present study was carefully reviewed by all of the six experts to guarantee the clarity of the items, face validity, comprehensibility, and the validity of measures employed. The academic participants mainly focused on content validity. The two groups assisted in checking the extent to which every item reflected the proposed constructs, and whether the questionnaire response instructions and format were appropriate with the item scale points and statements.

The feedback from the experts indicated that the proposed questionnaire was quite easy to understand and could be answered within the suggested timeframe of 15 minutes. Also, the experts suggested ways to improve the questionnaire better such as by rephrasing some of the items to eliminate confusion and to increase the quality of the data of this study. Some questions were also rearranged to improve the general flow and sequencing of the items. The local experts also suggested reversing the scale of the items in which 1 = strongly disagree to 5 = strongly agree in the English version. In the Arabic version, the scale was reversed in that 1 = strongly agree to 5 = strongly disagree. This is because most research work in Palestine starts the scale with 1 = strongly agree. More importantly, score reversing process would not affect the results of the study, since it had been used by a large number of researchers (Iqbal et al., 2015; Kabuoh & Anazodo, 2012; Rousseau, 1990; Srull & Wyer, 1979).

3.8.2 Reliability

In addition to content validity, a pilot study could also be used to check for the reliability of the measures used. Reliability refers to the assessment of the level of internal consistency among multiple measurements of a construct (Hair et al., 2010). To determine the internal consistency of items used to measure a construct, the reliability analysis of the instrument was conducted. The reliability of the instrument means that the instrument will produce the same output if used repetitively. Sekaran (2003) mentioned several ways to check the reliability of the construct. One of the most common methods is by checking the Cronbach's alpha coefficient. Using the

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Statistical Package for Social Science SPSS version 20, the researcher found that the measures were reliable in which the alpha values ranged from 0.631 to 0.952. Scholars argued that a reliability coefficient of .60 means average reliability and a coefficient of .70 and above high reliability (Hair et al., 2006; Sekaran & Bougie, 2010b). As all the constructs were reliable, no items were deleted (Hair et al., 2010). Table 3.13 shows that all items had a good level of internal consistency.

Table 3.13
Reliability Analysis of Pilot Study

Construct	Dimensions	No. of items	Cronbach's Alpha
HRM practices	Career Planning	5	.631
	Job Design	4	.671
	Training and Development	5	.892
	Recruitment and Selection	3	.800
	Compensations and Reward	5	.931
	Performance Appraisal	4	.864
	Internal Communication	5	.830
Leadership Styles	Transformational leadership	10	.951
	Transactional leadership style	5	.945
Employee performance	In-role performance	9	.869
	Extra-role performance	15	.737
Customer Satisfaction	-	6	.873

3.9 Data Analysis

The present study used SPSS version 20.0 and SEM, specifically Partial Least Square (PLS-SEM) for data analysis. Moreover, a combination of both inferential and descriptive statistics was employed. While the descriptive method helped the current study describe the sample characteristics (Sekaran, 2003), the inferential method was used to examine the hypothesized relationships in the conceptual model. Since two mediating relationships were involved, Structural Equation Model (SEM) technique was appropriate. SEM is the second generation technique which is used to overcome the potential limitations and analytical problems of measuring the relationships among variables (Haenlein & Kaplan, 2004). Moreover, SEM is considered one of the most powerful statistical tools in the field of social sciences that has the needed ability to examine several relationships simultaneously (Hair et al., 2010).

In the present study, PLS-SEM application was employed because of its distinctive methodological features that make it a possible alternative to the more popular CB-SEM approach. Its use has also been expanded in different fields of business research and practice (Henseler et al., 2009). PLS-SEM is similar to using multiple regression analysis. The main object is to maximize the explained variance in the dependent constructs. It also enables the researcher to evaluate the quality of data on the basis of measurement of model characteristics (Hair et al., 2011). PLS-SEM is more flexible than CB-SEM (co-variance based SEM) because the latter involves many

requirements to fulfill (model specification, identification, non-convergence, data distributional assumptions and large data set) (Henseler & Sarstedt, 2013). The next section talks about PLS-SEM and its components.

3.9.1 Partial Least Square Structural Equation Modeling (PLS-SEM)

A SEM with latent constructs has two components:

1- The structural model or the inner model (Henseler et al., 2009). This component shows the relationships (paths) between the latent constructs. PLS-SEM only allows recursive relationships in the structural model. Therefore, the structural paths between the latent constructs can only head in a single direction. The structural model consists two types of constructs, exogenous and endogenous. The term ‗exogenous‘ is used to depict the latent constructs that do not have any structural path relationships pointing at them. The term ‗endogenous‘ depicts the latent target constructs in the structural model that are explained by other constructs through structural model relationships (Hair et al., 2011).

2- The measurement model or outer model (Henseler et al., 2009). This model consists unidirectional predictive relationships between each latent construct and its indicators. In the measurement model, multiple relations are not allowed; thus indicator variables are related with only a single latent

construct. PLS-SEM handles both reflective and formative measurement models.

Reflective indicators are defined as functions of the latent construct, and any changes in the latent construct are reflected directly in the indicator (manifest) variables. Reflective indicators are shown as single-headed arrows formulating from the latent construct to the indicator variables. In PLS-SEM, the coefficient of this relationships is called outer loading. On the contrary, formative indicators cause a latent construct, and the changes in the indicators create changes in latent construct value (Diamantopoulos et al., 2008). Formative indicators can be expressed through single-headed arrows formulated toward the latent construct from the indicator variables; the coefficient of this relationships is called outer weight in PLS-SEM (Hair et al., 2011). SmartPLS program requires processing missing values before assessing the model because it is very sensitive to them.

3.10 Criteria of Assessing Measurement Model

The measurement model of the present study was reflective, meaning that the reliability and validity need to be evaluated. To ensure that the measurement model is reliable and valid, following analyses are used (Hair et al., 2011; Henseler et al., 2009):

- Convergent validity

- Factor loading (outer loading)

- Composite reliability

- The average variance extracted (AVE)

- Discriminant validity; and

- Cross-loadings

Table 3.14 illustrates the criteria for assessing the reflective measurement models:

Table 3.14

Criteria of Assessing the Reflective Measurement Model

Criterion	Description
Convergent validity	The extent to which the items used to measure a construct share a high proportion of common variance.
Factor Loading (Outer Loading)	Indicator loadings should be higher than 0.70.
Composite Reliability	Internal consistency reliability: Composite reliability should be higher than 0.70 (in exploratory research, 0.60 to 0.70 is considered acceptable).
The Average Variance Extracted (AVE)	The average variance extracted (AVE) should be higher than 0.50
Discriminant Validity	The AVE of each latent construct should be higher than the construct's highest squared correlation with any other latent construct (Fornell-Larcker criterion).
Cross-loadings	Cross-loadings offer another check for discriminant validity. If an indicator has a higher correlation with another latent variable than with its respective latent variable, the appropriateness of the model should be reconsidered.

Source: Hair et al., (2011)

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3.11 Criteria of Assessing Structural Model

Valid and reliable outer model estimations enable the research to evaluate the inner

path model estimates. The essential criteria for the structural model assessment (Hair

et al., 2011; Henseler et al., 2009) are shown in Table 3.15 as follows:

Table 3.15
Criteria of Assessing the Reflective Measurement Model

Criterion	Description
Coefficient of Determination (R^2)	R^2 values of 0.75, 0.50, or 0.25 for endogenous latent variables in the structural model can be described as substantial, moderate, or weak, respectively.
Effect Size	$f2 = (R2\ included - R2\ excluded) / (1- R2\ included)$ values of 0.02,0.15, and 0.35 can be viewed as a gauge for whether a latent predictor variable has a weak, medium, or large effect at the structural level.
Predictive Relevance of the Model (Q^2)	Predictive relevance: Use blindfolding to obtain cross-validated redundancy measures for each construct. Make sure the number of valid observations is not a multiple integer number of the omission distance d. Choose values of d between 5 and 10. Resulting $Q2$ values of larger than zero indicate that the exogenous constructs have predictive relevance for the endogenous construct under consideration.
Estimates for Path Coefficients	The estimated values for path relationships in the structural model should be evaluated in terms of sign, magnitude, and significance (the latter via bootstrapping). Critical t-values for a two-tailed test are 1.65 (significance level = 10 percent), 1.96 (significance level = 5 percent), and 2.58 (significance level = 1 percent).

Source: Hair et al. (2011)

3.12 Chapter Summary

This chapter showed very important aspects of the research. It started with the research framework and the relationships between the variables before the research hypotheses were developed. Then, it described the design of the present study and discussed the operational definitions and measurement of the variables. Data collection procedure and the population and sampling, as well as sampling techniques, were also provided, followed by the techniques used for data analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter shows the findings of this study. It comprises three main sections. The first one describes the response rate and the participants' profile. In the second section, confirmatory factor analysis (CFA) was used to show the reliability and validity of the measurement of the present study. The final section presents the hypotheses testing results for both direct and sub-hypotheses relationships as well as the mediating effects.

4.2 Analysis of Survey Response

4.2.1 Response Rate

A total of 358 questionnaires were distributed to the employees working at insurance companies in Palestine within three months (from April to June 2016). By the end of April, 136 questionnaires were returned. By the end of May, another 121 questionnaires were returned. In early June, 22 questionnaires were returned. Overall, a total of 269 were returned. However, only 258 questionnaires were usable for data analysis. The remaining 11 questionnaires were rejected due to some technical errors such a lot of missing answers or incomplete surveys. So, the response rate was 75.1%. Table 4.1 depicts the response rate.

Table 4.1
Response Rate

Criterion	Result
Population size	987
Sample size	270
Number of questionnaires distributed	358
Number of questionnaires returned	269
Incomplete questionnaires	11
Usable questionnaires	258
Response rate	75.1%

Source: The Researcher

The rate of response in studies on Palestine is different. Some scholars achieved 75% (Ghanem, 2015) while others were 81.5% (Quzat, 2009) and 83% (Asad, 2014). In the present study, the response rate is 75.1%. This rate is considered sufficient according to Sekaran (2003), who argued that a response rate of 30% and more is acceptable for surveys. More importantly, the response rate approximated the sample size which is 270 (J. Kotrlik & C. Higgins, 2001). Also, PLS requires a minimum of only 30 responses (Chin, 1998). Thus, a total of 258 responses were deemed adequate for analysis.

4.2.2 Profiles of the Participant

Descriptive analysis was run to describe the profile of the participants. Table 4.3 illustrates the profile of the participants regarding their gender, age, department, job title, the level of education, monthly income, experience at the current company, the name of participant's company, and experience at insurance sector.

Table 4.3 shows that the majority of the participants were male (61.2%). In terms age, close to half of the participants were between 20 and 29 years old (47.7%) while 37.2% were between 30 and 39 years, 9.7% and 5.4% were those in the fifth and sixth decade of their life, respectively. Close to half (44.2%) worked in the production departments (issuing general and car insurance policies) while 24% worked in the compensation department, 17.1% in finance and accounting departments, and 12.1% marketing department. The remaining participants were legal advisors (2.3%) and those who worked in the reinsurance department (0.4%).

Consequently, the descriptive statistics show that 44.2% of respondents are working at production departments (issuing general and car insurance policies), while 24% of respondents are belonging to compensations department, 17.1% of them are working in finance and accounting departments, and 12.1% of them are working in marketing departments. The remaining respondents are legal advisors and reinsurance department with 2.3% and 0.4% respectively.

Regarding job title, 64% were employees while 33.7% were heads of the department and 2.3% were legal advisors. On the level of education, the majority had a BA

degree (74%), 16.3% had Diploma, 7% held an MBA, 1.9% had a general secondary certificate, 0.8% had less than general secondary examination.

Of 258 participants, 39.5% received a monthly salary between ILS 2000 and 3000, 25.2% between ILS 3000 and 3999, 15.1% more than ILS 6000, 12.4% between ILS 400 and 4999, and 7.8% between ILS 5000 and 5999. On the length of work experience in the current company, 48.4% had been working with their current company for 1-5 years, 27.1% for 6-10 years, 11.6% were in the first working year, 3.5% between 11 and 15 years, and 9.3% more than 15 years.

Regarding company, 23.6% were from NIC, followed by Global United Insurance, Al-Ahlyia Group, PIC, Al- Mashriq, Trust, and Al-Takaful (22.1%, 12.4%, 12%, 11.6%, 8.5% and 8.5 respectively). A small percentage of participants were from PHMC and Alico (0.8% and 0.4% respectively). Regarding experience at insurance sector, 44.6% had been working in the insurance sector for 1-5 years, 27.5% for 6-10 years, 14% exceeded 15 years, 5% for 11-15 years, and 8.9% were new employees (less than a year).

Table 4.3
Profile of Respondents

Item	Category	N	%
Gender	Male	158	61.2
	Female	100	38.8
	22-25	44	17.2
	26-30	98	38.1
	31-35	47	18.4
Age	36-40	29	11.2
	41-45	18	7.1
	46-50	9	3.6
	51-55	7	2.8
	56-59	6	2.4
	Legal Advisors	6	2.3
	Finance and Accounting	44	17.1
Department	Compensation Department	62	24.0
	Reinsurance Department	1	0.4
	Production Department	114	44.2
	Marketing	31	12.0
	Legal Advisors	6	2.3
Job Title	Head of Department	87	33.7
	Employee	165	64.0
	Less than GSE	2	0.8
	General Secondary Examination	5	1.9
Level of Education	Diploma	42	16.3
	BA	191	74.0
	MBA	18	7.0

Continued

Table 4.3 Continued

	2000-2999	102	39.5
	3000-3999	65	25.2
Monthly Income	4000-4999	32	12.4
(ILS)	5000-5999	20	7.8
	More than 6000	39	15.1
	less than a year	30	11.6
Experience at current	1-5 years	125	48.4
company	6-10 years	70	27.1
	11-15 years	9	3.5
	More than 15 years	24	9.3
	Takaful	22	8.5
	Ahlyia	32	12.4
	NIC	61	23.6
	Mashriq	30	11.6
Name of Company	Global	57	22.1
	PHMC	2	0.8
	Alico	1	0.4
	PIC	31	12.0
	Trust	22	8.5
	less than a year	23	8.9
	1-5 years	115	44.6
Experience at	6-10 years	71	27.5
Insurance Sector	11-15 years	13	5.0
	more than 15 years	36	14.0

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4.3 Data Screening and Preliminary Analysis

Before conducting data analysis, data screening was done to ensure that the effect of data distribution did not invalidate the result (Byrne, 2010). Although the present study used SmartPLS to evaluate the quality of its model (measurement model and structural model) and test the hypotheses, PLS has no concern about data distribution. In this study data screening was employed to check for missing data, outliers, normality, linearity, and multicollinearity.

4.3.1 Missing Data

Missing data represent an important concern to researchers since they have the ability of negatively affecting the outcomes of any empirical research (R. Y. Cavana et al., 2001). Twenty-three returned questionnaires (8.9% of collected questionnaires) had missing data. Processing missing data is a very vital issue because the SmartPLS is sensitive to missing values (similar to all statistical techniques that belong to SEM). If the missing data exceed 50%, it is advisable for the case to be excluded or removed, especially when the researcher has no problems about sample size. Alternatively, missing data can be handled through SPSS by replacing the missing values with a median or a mean of nearby points (Hair et al., 2010; Tabachnick & Fidell, 2007). In the present study, all missing values were less than 50%. Since only one or two items for each set of the questionnaire were missed,

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the alternative option was adopted. Thus, in this study, 23 participants with missing values were replaced with the median of nearby values by using SPSS.

4.3.2 Removing Outlier

In quantitative studies, it is very important to check if there is any outlier in the dataset. According to Byrne (2010), an outlier refers to any observation that numerically has the distance in comparison to the rest of dataset. A literature review shows several methods for discovering and processing outliers in a given research, which includes categorizing data points based on an observed (Mahalanobis) distance from the expected data (Hair et al., 2010).

In the present study, chi-square statistics were applied to determine outliers. The optimal value to detect the outliers for the present study was determined to be 119.8503 at 0.001 level as it was related to 76 measurements items used in this study. Outliers could be simply calculated by performing a simple liner regression by selecting the newly created response number as the dependent variable. After that, all the measurement items were selected as the independent variables. But it must be noted that the demographic variables were excluded from this liner regression analysis. Hair et al. (2010) suggested establishing a new variable in the SPSS called ─response" to represent the beginning to the end of all variables. In the present study, the new output was called MAH to compare the chi-square as specified in the table and the newly output of Mahalanobis. Based on the output of MAH, the values

ranged from 15.796 to 154.556, which means 24 outliers were detected because their

MAH values exceeded the maximum value of outliers (119.850). Table 4.4 below

illustrates the findings of MAH.

Table 4.4
Outliers Results (Mahalanobis)

Survey	MAH.	Survey	MAH.	Survey	MAH.
1	119.867	9	130.479	17	141.575
2	122.044	10	132.627	18	141.916
3	122.612	11	133.410	19	143.063
4	123.089	12	133.606	20	146.547
5	123.138	13	133.970	21	147.568
6	124.728	14	134.991	22	150.254
7	124.887	15	135.149	23	153.172
8	124.920	16	135.539	24	154.556

4.3.3 Assumption of Normality

Normality is used to show the symmetrical curve which has the greatest frequency of

scores in the middle and smaller frequencies towards the extremes (Pallant, 2005).

The normality of the distribution scores of the endogenous latent construct and

exogenous latent constructs can be assessed by evaluating the skewness and kurtosis

values (Kline, 2015). Due to the nature of constructs in social sciences, many scores

of independent and dependent variables have positive or negative skewness values

(Pallant, 2005).

The initial data of the present study revealed that some of its items were not normally distributed because the critical ratio (CR) of skewness was > ± 3 for the sample size of > 300 (Hair et al., 2010). In other words, some scores were over the range. Hence, transformation process was executed to achieve normalized data. CDF norm function in SPSS was used to produce normalized data. The findings of linearity test are illustrated in Figure 4.1. Graphical findings are displayed in Appendix E.
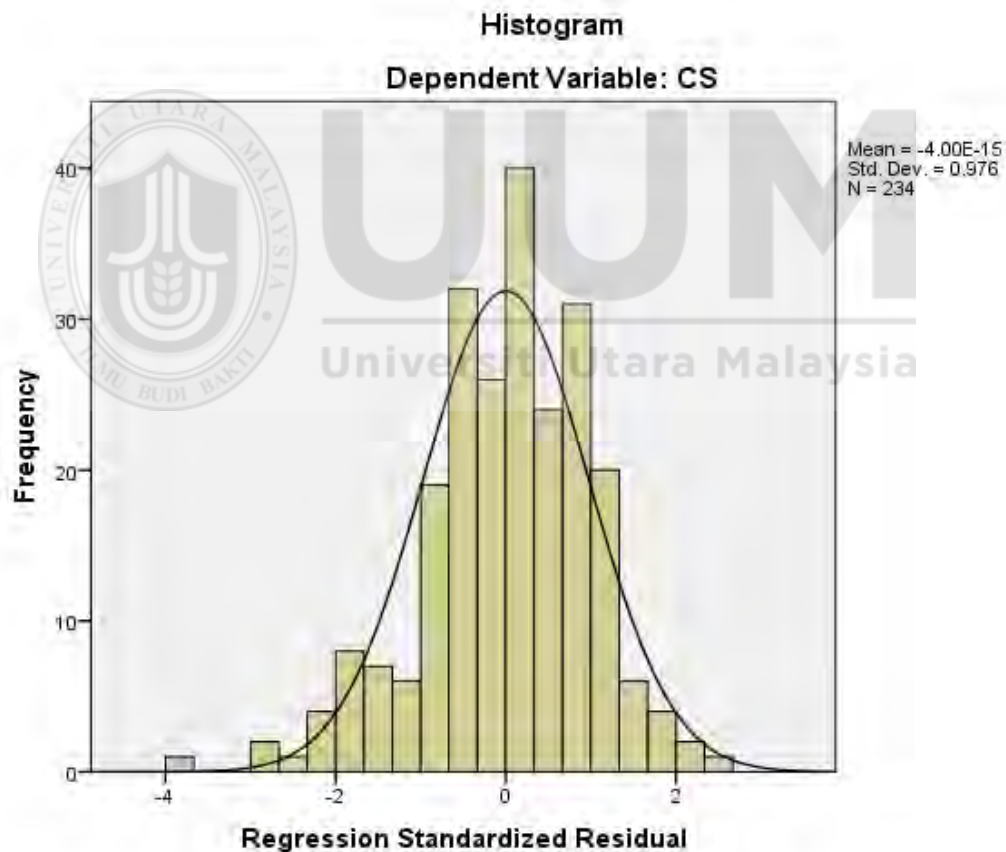
Figure 4.1: Normalized data after transformation

4.3.4 Test of Linearity

Test of linearity determines the association with the dependent variable. It can predict the direction of the hypotheses. A positive value indicates that the relationship is positive. The reason for testing linearity is that correlation represents only a linear association between variables, and nonlinear effects will not be represented in the correlation value. Hence, a scatter plot is the representation of the relation between two metric variables portraying the joint value of each observation in the two-dimensional groups. Therefore, a scatter plot must show that the dotted line is a linear line (Hair et al., 2010). The output for the test of linearity is illustrated graphically in Appendix E.

4.3.5 Multicollinearity Test

Hair et al. (2010) suggested testing multicollinearity among independent variables is highly recommended prior testing the proposed model of the study. Multicollinearity indicates the existence of a setback in correlation matrix when an exogenous latent variable is significantly correlated with another exogenous latent variable. The detection of multicollinearity appears when a correlation value is over 0.90. This test is applied by testing the tolerance value and the variance influence factor (VIF). Tolerance value refers to the amount of variability of the chosen exogenous latent variable that is not explained by other exogenous latent variable while variance influence factor (VIF) is the inverse of tolerance. The tolerance value and variance

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influence factor (VIF) cut-off scores are 0.10 and 10 respectively. In other words, the VIF value must be closer to 1.00 to conclude little or no multicollinearity (Hair et al., 2010).

Table 4.5
Multicollinearity Test

		Collinearity Statistics	
Model		Tolerance	VIF
Career Planning		0.493	2.028
Job Design		0.370	2.701
Training and development		0.359	2.787
Recruitment and Selection		0.391	2.561
Compensation	Employee	0.457	2.188
Performance Appraisal		0.240	4.166
Internal Communication		0.285	3.511
Transformational Leadership		0.234	4.267
Transactional Leadership		0.264	3.792
Career Planning		0.319	3.138
Job Design		0.369	2.709
Training and development		0.356	2.810
Recruitment and Selection		0.380	2.635
Compensation	Customer Satisfaction	0.451	2.219
Performance Appraisal		0.236	4.245
Internal Communication		0.284	3.527
Transformational Leadership		0.234	4.280
Transactional Leadership		0.252	3.973
In-role Performance		0.286	3.491
Extra-role Performance		0.294	3.405

Table 4.5 illustrates collinearity statistics for all the independent variables. The tolerance values ranged between 0.234 and 0.493 while the VIF values ranged between 2.028 and 4.280. The result of this test revealed no violation of the assumption of multicollinearity.

4.4 Testing the Goodness of the Measurement

To ensure the validity and reliability of the results of the analysis, the test of the goodness of the measurement was run. Testing goodness of the measurement is usually performed by employing CFA using SEM, or EFA using SPSS. Specifying which approach is more fit is determined based on the technique adopted to run the analysis. Two-generation approaches of the statistical instruments are available. The first one is called the first-generation techniques (regression-based approach) and the second one is called the second-generation techniques (SEM) (Haenlein & Kaplan, 2004). For the regression-based approach or first generation techniques, SPSS software is the most common program, and the test of the goodness of the measurement can be done by employing EFA. For the second-generation techniques, the program used to run the analysis is SEM, and the goodness of the measurement is tested by applying CFA.

Even though EFA is widely used in organizational studies, EFA approach has some limitations (Sureshchandar et al., 2001). The first substantial limitation is the way to which the item is assigned to the factors, as the highest loading is the criterion

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regardless of the fact that the item may also load on other factors. This criterion accordingly may affect the distinctiveness of the factors due to the cross loadings. The second substantial limitation of the EFA approach is assigning the items to factors in EFA is based on statistical reasoning and not theoretical justifications, unlike the case of using CFA. Finally, in EFA the concept of unidimensionality has not been given the needed concern, unlike in the case of CFA (Ahire et al., 1996). Hence, CFA was performed to validate the measurement model (outer model) by examining the association between the items or indicators and their respective underlying constructs. SmartPLS version 2.0. was used to estimate the reliability and validity of the measurement.

As the model of the present study includes first- and second-order constructs (high-level constructs), testing the measurement model was implemented in two steps: (a) assessing the first order construct, and (b) assessing the second-order construct. The first order construct indicates the relationship between the items and its dimension while the second order construct represents the relationship between the dimensions and the latent construct. Figure 4.2 clarifies the first and the second orders by using some variables of the present study.
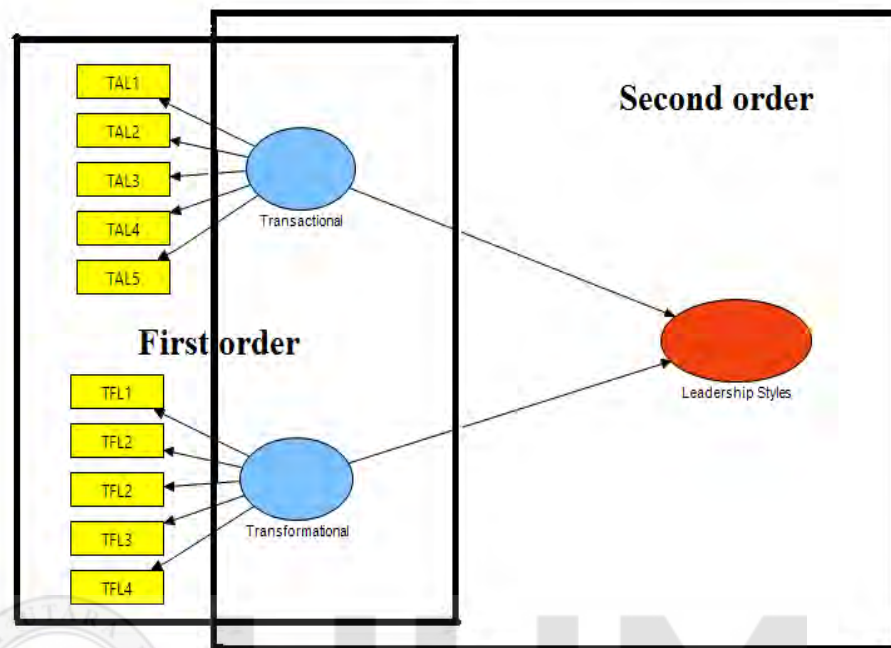
Figure 4.2: portion of first and second order constructs of present study

4.5 Testing the Measurement Model (Outer Model)

Before evaluating the nature of the relationships in the overall model, the researcher has to ensure that reliable and valid constructs' measures are used. Hence, the reliability and the validity of the items and constructs in the measurement model were tested first. In PLS, individual item/construct reliability is assessed by testing the loadings of respective items on their respective latent construct (Hulland & Business, 1999). The higher loadings indicate more shared variance between the construct and its measures than error variance, whereas low loadings add very little to the explanatory power of the model (Hulland & Business, 1999). In assessing the reflective measurement items, researchers follow this order: (a) construct validity,

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(b) convergent and discriminant validity, and (c) reliability analysis (Götz et al., 2010; Hair et al., 2011). The following sections show the assessment of the measurement model.

4.5.1 Construct Validity

Construct validity refers to how well the results obtained from the use of the measure fit the theories around which the test is designed (Sekaran & Bougie, 2010a). This fitness can be achieved by assessing convergent and discriminant validity by looking at the respective loadings and cross-loadings (Ramayah et al., 2011).

Table 4.6
Loadings and Cross Loadings of the variables under Study

Construct	Career Planning	Compensation	Customer Satisfaction	Extra-role performance	Internal Communication	In-role performance	Job Design	Performance Appraisal	Recruitment and Selection	Transactional leadership style	Training And Development	Transformational leadership style
CP1	**0.800**	0.146	0.495	0.668	0.411	0.724	0.415	0.305	0.441	0.479	0.305	0.438
CP2	**0.826**	0.410	0.562	0.599	0.522	0.551	0.527	0.466	0.538	0.460	0.516	0.496
CP3	**0.837**	0.357	0.551	0.578	0.488	0.609	0.464	0.400	0.520	0.464	0.464	0.497
CP4	**0.777**	0.197	0.436	0.560	0.446	0.572	0.432	0.301	0.466	0.414	0.313	0.423
CP5	**0.796**	0.309	0.497	0.603	0.471	0.580	0.441	0.374	0.503	0.412	0.424	0.467
CR1	0.324	**0.866**	0.434	0.255	0.439	0.213	0.385	0.552	0.473	0.375	0.488	0.415
CR2	0.325	**0.911**	0.381	0.293	0.483	0.228	0.421	0.639	0.494	0.451	0.551	0.460
CR3	0.282	**0.900**	0.369	0.235	0.477	0.182	0.394	0.634	0.440	0.430	0.533	0.450
CR4	0.307	**0.905**	0.360	0.267	0.495	0.198	0.364	0.618	0.459	0.420	0.496	0.427
CR5	0.347	**0.848**	0.402	0.300	0.587	0.212	0.457	0.692	0.511	0.417	0.543	0.418
CS1	0.573	0.407	**0.906**	0.592	0.571	0.551	0.506	0.494	0.537	0.459	0.554	0.500
CS2	0.590	0.411	**0.919**	0.587	0.528	0.564	0.499	0.452	0.503	0.459	0.556	0.506
CS3	0.566	0.367	**0.878**	0.569	0.489	0.507	0.438	0.394	0.465	0.443	0.515	0.498
CS4	0.558	0.378	**0.836**	0.525	0.430	0.495	0.410	0.337	0.420	0.467	0.469	0.478
CS5	0.564	0.370	**0.920**	0.568	0.537	0.535	0.532	0.456	0.529	0.433	0.560	0.470
CS6	0.510	0.414	**0.852**	0.538	0.490	0.479	0.443	0.386	0.471	0.446	0.530	0.444
Extra1	0.563	0.208	0.491	**0.822**	0.359	0.719	0.377	0.303	0.438	0.479	0.333	0.407
Extra1	0.620	0.242	0.473	**0.825**	0.446	0.709	0.407	0.307	0.501	0.510	0.389	0.467
Extra1	0.647	0.273	0.542	**0.825**	0.475	0.721	0.416	0.349	0.532	0.480	0.411	0.471
Extra1	0.482	0.157	0.462	**0.713**	0.375	0.594	0.317	0.286	0.407	0.424	0.338	0.399
Extra1	0.579	0.380	0.505	**0.721**	0.490	0.584	0.432	0.426	0.545	0.467	0.465	0.431
Extra2	0.598	0.250	0.535	**0.809**	0.433	0.677	0.384	0.357	0.440	0.546	0.393	0.470
Extra3	0.596	0.242	0.458	**0.793**	0.406	0.656	0.404	0.343	0.406	0.485	0.362	0.435
Extra5	0.564	0.213	0.509	**0.753**	0.351	0.640	0.347	0.278	0.419	0.465	0.328	0.384
Extra7	0.555	0.263	0.471	**0.794**	0.399	0.640	0.401	0.308	0.449	0.477	0.351	0.447
Extra8	0.619	0.239	0.550	**0.835**	0.422	0.726	0.395	0.295	0.467	0.462	0.412	0.452
Extra9	0.642	0.187	0.531	**0.816**	0.414	0.731	0.382	0.269	0.459	0.507	0.370	0.475
IC1	0.500	0.381	0.540	0.496	**0.765**	0.499	0.546	0.582	0.574	0.523	0.536	0.549
IC2	0.534	0.392	0.511	0.412	**0.828**	0.396	0.581	0.587	0.587	0.389	0.590	0.479
IC3	0.410	0.530	0.414	0.346	**0.863**	0.300	0.541	0.701	0.607	0.446	0.557	0.502
IC4	0.424	0.533	0.417	0.376	**0.860**	0.301	0.566	0.712	0.547	0.468	0.560	0.493
IC5	0.461	0.470	0.412	0.481	**0.728**	0.363	0.493	0.589	0.543	0.478	0.540	0.469

Continued

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Table 4.6: continued

In 1	0.720	0.236	0.586	0.743	0.479	**0.887**	0.459	0.360	0.524	0.514	0.421	0.505
In 2	0.631	0.238	0.525	0.732	0.459	**0.871**	0.419	0.352	0.487	0.507	0.407	0.486
In 3	0.694	0.214	0.527	0.764	0.379	**0.910**	0.386	0.277	0.467	0.463	0.336	0.420
In 4	0.655	0.183	0.509	0.734	0.392	**0.898**	0.360	0.250	0.451	0.437	0.314	0.397
In 5	0.647	0.138	0.445	0.709	0.376	**0.865**	0.316	0.262	0.463	0.457	0.245	0.420
In 6	0.646	0.165	0.492	0.709	0.348	**0.857**	0.335	0.232	0.405	0.463	0.277	0.402
In 7	0.662	0.248	0.499	0.768	0.386	**0.904**	0.353	0.312	0.457	0.476	0.327	0.426
In 8	0.648	0.186	0.555	0.810	0.430	**0.901**	0.355	0.321	0.485	0.539	0.332	0.480
In 9	0.671	0.244	0.545	0.806	0.469	**0.883**	0.357	0.374	0.486	0.565	0.365	0.509
JD1	0.443	0.321	0.391	0.401	0.481	0.363	**0.796**	0.470	0.483	0.343	0.524	0.419
JD2	0.502	0.352	0.455	0.440	0.545	0.389	**0.835**	0.514	0.532	0.408	0.602	0.468
JD3	0.517	0.383	0.451	0.385	0.555	0.352	**0.807**	0.539	0.557	0.407	0.587	0.450
JD4	0.413	0.450	0.464	0.395	0.644	0.295	**0.843**	0.658	0.508	0.431	0.665	0.497
PA1	0.402	0.565	0.457	0.343	0.655	0.297	0.585	**0.846**	0.546	0.519	0.561	0.551
PA2	0.422	0.568	0.408	0.352	0.717	0.314	0.565	**0.870**	0.584	0.617	0.608	0.602
PA3	0.376	0.718	0.405	0.336	0.612	0.293	0.556	**0.849**	0.549	0.443	0.634	0.464
PA4	0.375	0.563	0.337	0.351	0.671	0.276	0.552	**0.849**	0.563	0.493	0.562	0.472
RS1	0.526	0.430	0.499	0.492	0.559	0.485	0.509	0.510	**0.837**	0.435	0.461	0.448
RS2	0.500	0.501	0.462	0.496	0.650	0.410	0.564	0.639	**0.857**	0.529	0.528	0.578
RS3	0.555	0.459	0.459	0.514	0.615	0.473	0.553	0.544	**0.886**	0.473	0.532	0.497
TAL1	0.502	0.379	0.436	0.566	0.515	0.522	0.434	0.506	0.521	**0.867**	0.440	0.742
TAL2	0.508	0.454	0.443	0.529	0.545	0.489	0.434	0.581	0.526	**0.885**	0.474	0.765
TAL3	0.481	0.427	0.424	0.483	0.523	0.415	0.445	0.541	0.534	**0.902**	0.466	0.766
TAL4	0.469	0.421	0.433	0.516	0.493	0.461	0.450	0.550	0.473	**0.864**	0.462	0.727
TAL5	0.398	0.327	0.434	0.501	0.350	0.482	0.292	0.416	0.317	**0.743**	0.332	0.551
TD1	0.380	0.542	0.465	0.360	0.562	0.285	0.628	0.609	0.498	0.409	**0.886**	0.481
TD2	0.468	0.525	0.565	0.448	0.613	0.376	0.641	0.611	0.516	0.478	**0.910**	0.542
TD3	0.492	0.482	0.554	0.447	0.625	0.365	0.653	0.604	0.527	0.459	**0.919**	0.518
TD4	0.436	0.477	0.525	0.408	0.593	0.328	0.610	0.607	0.522	0.424	**0.845**	0.476
TD5	0.450	0.578	0.525	0.434	0.631	0.322	0.644	0.624	0.529	0.472	**0.847**	0.523
TFL1	0.584	0.458	0.530	0.511	0.570	0.458	0.547	0.575	0.587	0.750	0.536	**0.893**
TFL2	0.490	0.461	0.546	0.448	0.595	0.417	0.497	0.594	0.534	0.710	0.577	**0.870**
TFL3	0.552	0.413	0.492	0.523	0.505	0.505	0.460	0.477	0.521	0.729	0.494	**0.871**
TFL4	0.523	0.476	0.491	0.496	0.578	0.473	0.546	0.590	0.571	0.757	0.580	**0.913**
TFL5	0.465	0.388	0.432	0.452	0.561	0.411	0.472	0.531	0.470	0.730	0.472	**0.897**
TFL6	0.531	0.426	0.479	0.545	0.516	0.508	0.472	0.516	0.511	0.779	0.489	**0.923**
TFL7	0.476	0.414	0.437	0.487	0.500	0.405	0.459	0.528	0.476	0.755	0.459	**0.914**
TFL8	0.508	0.463	0.483	0.526	0.597	0.473	0.522	0.590	0.536	0.773	0.519	**0.902**

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Indicator loadings (factor loadings) should be higher than 0.70. Researchers usually

apply the informal rule that the loadings (or correlation coefficient) must be greater

than 0.70, which indicates that the variance shared between the construct and its

measure is (greater than the error of the variance, which means that more than 50%

of the variance in the observed variable is due to its construct. One the other hand, if

the correlation coefficient is less than 0.70, then the results of the study must be

interpreted with care, and the reason for this correlation may refer to the following:

low reliability (poorly formulated item); (2) inadequate item (low content validity);

and (3) inadequate transfer of an item from one context to another (Valérie, 2012).

Based on the above recommendations, the factor loading matrix of this study is

illustrated in Table 4.6.

4.5.2 Convergent Validity

According to Hair et al. (2010), convergent validity is the extent to which the items

used to measure a construct share a high proportion of common variance. Many

methods are used to examine the convergent validity among items of a construct,

such as a factor loading (outer loading) of the indicators, Composite Reliability

(CR), and Average Variance Extracted (AVE) (Hair et al., 2010).

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4.5.2.1 Factor Loading (Outer Loading)

In the measurement model, the factor loading test is a vital and essential test. It is used to examine the loading of each item on its respective construct. Factor loading reflects whether the items of the same construct are consistent with each other. The more consistency between the construct's items the highest factor loading will be. The factor loading results must exceed the standardized value which is 0.70. Any score above 0.70 means that consistency between construct measurements is stronger (Hair et al., 2016). Table 4.7 shows that all the factor loadings scores were greater than 0.70.

Table 4.7
Results of Measurements Model – Factor Loading

Constructs	Items	Factor Loading
Career Planning	CP1	0.800
	CP2	0.826
	CP3	0.837
	CP4	0.777
	CP5	0.796
Job design	JD1	0.796
	JD2	0.835
	JD3	0.807
	JD4	0.843
Recruitment and selection	RS1	0.837
	RS2	0.857
	RS3	0.886
Training and development	TR1	0.886
	TR2	0.910
	TR3	0.919
	TR4	0.845
	TR5	0.847
Compensation	CR1	0.866
	CR2	0.911
	CR3	0.900
	CR4	0.905
	CR5	0.848
Performance appraisal	PA1	0.846
	PA2	0.870
	PA3	0.849
	PA4	0.849
Internal communication	IC1	0.765
	IC2	0.828
	IC3	0.863
	IC4	0.860
	IC5	0.728

Continued

Table 4.7: Continued

Transformational	TFL1	0.893
	TFL2	0.870
	TFL3	0.871
	TFL4	0.913
	TFL5	0.897
	TFL6	0.923
	TFL7	0.914
	TFL8	0.902
Transactional	TAL1	0.867
	TAL2	0.885
	TAL3	0.902
	TAL4	0.864
	TAL5	0.745
In-role performance	IN1	0.887
	IN2	0.871
	IN3	0.910
	IN4	0.898
	IN5	0.865
	IN6	0.857
	IN7	0.904
	IN8	0.901
	IN9	0.883
Extra-role performance	EXTRA1	0.822
	EXTRA2	0.825
	EXTRA3	0.825
	EXTRA5	0.713
	EXTRA7	0.721
	EXTRA8	0.809
	EXTRA9	0.793
	EXTRA12	0.753
	EXTRA13	0.794
	EXTRA14	0.835
	EXTRA15	0.816
Customer Satisfaction	CS1	0.906
	CS2	0.919
	CS3	0.878
	CS4	0.836
	CS5	0.920
	CS6	0.852

4.5.2.2 Composite Reliability

Composite reliability (CR) refers to the extent to which the items consistently interpret the same latent construct. It is a measure of the overall reliability of a collection of heterogeneous but similar items. Composite reliability provides an assessment of the shared variance by the respective indicators by using the item loading that obtained within the nomological network. It is one of the measures of internal consistency reliability. Even though checking internal consistency through factor loading to confirm the reliability of the measurement of the study is acceptable, using composite reliability is highly recommended. The composite reliability values vary between 0 and 1. The higher values indicate higher levels of reliability, which means that the construct indicators reflect the latent variable. The minimum acceptable value of composite reliability is 0.70 (Hair et al., 2013). Composite reliability can be calculated by the following formula:

Composite Reliability = $\quad CR_\eta = \dfrac{\left(\Sigma \lambda_{\eta_i}\right)^2}{\left(\Sigma \lambda_{\eta_i}\right)^2 + \Sigma \varepsilon_i}$

Where,

λi = loadings of indicator i of a latent variable

εi = measurement error of indicator i

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j = flow index across all reflective measurement model

In the present study, the values of composite reliability exceeded the cut-off value of 0.70 (see Table 4.8).

Table 4.8
Results of Measurements Model – Composite Reliability (CR)

Constructs	Composite Reliability (CR)
Career Planning	0.904
Compensation	0.948
Customer Satisfaction	0.956
Extra-role	0.949
In-role	0.971
Internal Communication	0.905
Job Design	0.892
Performance Appraisal	0.915
Recruitment and Selection	0.895
Training And Development	0.946
Transactional Leadership Style	0.931
Transformational Leadership Style	0.971

4.5.2.3 Average Variance Extracted (AVE)

Average variance extracted is a common measure to establish convergent validity on the construct level. It refers to the average percentage of the variance extracted commonly among the observed variables of a construct (Hair et al., 2013). Hair et al. (2010) suggested a formula to calculate the AVE as follows:

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$$AVE = \dfrac{\displaystyle\sum_{i=1}^{n} \lambda_i^2}{n}$$

Where:

λi = the standardized factor loading of the ith item.

n = number of items that measure the respective construct.

Table 4.9
Results of Measurements Model – Average Variance Extracted (AVE)

Constructs	Average Variance Extracted (AVE)
Career Planning	0.652
Compensation	0.786
Customer Satisfaction	0.628
Extra	0.785
In-role	0.786
Internal Communication	0.657
Job Design	0.673
Performance Appraisal	0.729
Recruitment and Selection	0.740
Training And Development	0.777
Transactional Leadership Style	0.730
Transformational Leadership Style	0.806

The minimum acceptable value of AVE must be greater than 0.50 (Hair et al., 2010; Henseler & Sarstedt, 2013). An AVE value of 0.50 or more means that, on average, the construct explains more than half of the variance of its indicators. On the contrary, if the value of AVE is less than 0.50, it means that, on average, more error remains in the items than the variance explained by the construct (Hair et al., 2013). In the current study, the values of AVE exceeded the cut-off value of 0.50 and ranged from 0.628 to 0.806. Table 4.9 shows the AVE values.

4.5.3 Discriminant Validity

Discriminant validity is an indicator used to appraise construct validity. It is the extent to which a construct is truly distinct from other constructs by empirical standards. Thus, establishing discriminant validity implies that a construct is unique and captures phenomena not represented by other constructs in the model (Hair et al., 2013). Subsequently, the role of discriminant validity is to ensure that a construct is more strongly related to its own measures than any other construct. This can be done by examining the overlap in variance. If a certain construct (A) is more correlated with another construct (B) in the model than its own measures, then there is the possibility that (A) and (B) constructs are sharing the same types of measures and are not distinct conceptually (Chin, 2010).

Discriminant validity can be assessed by the Fornell-Larcker criterion, which compares the square root of the AVE values with the correlations of the latent

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variable. Substantiation of discriminant validity occurs when square root of AVE estimation is over the correlations between the factors making each pair (Fornell & Larcker, 1981), or the AVE of each latent construct is higher than the construct's highest squared correlation with any other latent construct (Chin, 2010; Hair et al., 2013). Table 4.10 illustrates the values of the square root of AVE of each latent construct of the present study. It shows that the square root of AVE of each latent construct exceeded the constructs correlations. Hence, it can be concluded that the discriminant validity of the measurement model was met in the present study.

Table 4.10
Discriminant Validity- Square Root of AVE

Constructs	Career Planning	Compensation	Customer Satisfaction	Extra-role performance	In-role performance	Internal communication	Job Design	Performance Appraisal	Recruitment and Selection	Training and Development	Transactional leadership style	Transformational leadership style
Career Planning	**0.808**											
Compensation	0.359	**0.887**										
Customer Sat.	0.633	0.442	**0.792**									
Extra-role Per.	0.744	0.305	0.637	**0.886**								
In-role Per.	0.750	0.234	0.590	0.851	**0.887**							
Internal Comm.	0.581	0.560	0.574	0.525	0.469	**0.811**						
Job design	0.566	0.457	0.533	0.489	0.421	0.675	**0.820**					
Performance App.	0.462	0.707	0.476	0.404	0.346	0.777	0.662	**0.854**				
Recruitment and	0.613	0.538	0.551	0.582	0.531	0.706	0.629	0.655	**0.860**			
Training and	0.507	0.589	0.600	0.478	0.383	0.687	0.721	0.693	0.588	**0.881**		
Transactional	0.553	0.471	0.509	0.609	0.556	0.569	0.482	0.608	0.556	0.510	**0.854**	
Transformational	0.577	0.489	0.545	0.556	0.509	0.617	0.555	0.615	0.588	0.578	0.833	**0.898**

As apparent from Tables 4.10 above, the square root of AVE of each latent construct exceeds the constructs correlations.

4.5.4 Reliability Analysis

Cronbach's alpha coefficient value was used in this study to examine the inter-item consistency of the measurement items. According to Hair et al. (2011), the value of Cronbach's alpha must be higher than 0.70. Table 4.11 shows that all Cronbach's alpha values of the constructs exceeded Hair's recommended value of 0.70. Therefore, construct reliability was confirmed.

Table 4.11
Cronbach's Alpha of Constructs

Constructs	Number of	Cronbach's alpha
Career Planning	5	0.867
Job Design	4	0.838
Training and development	5	0.928
Recruitment and Selection	3	0.824
Compensation	5	0.932
Performance Appraisal	4	0.876
Internal Communication	5	0.868
Transformational Leadership Style	10	0.966
Transactional Leadership Style	5	0.906
In-role Performance	9	0.966
Extra-role Performance	15	0.940
Customer Satisfaction	6	0.945

4.5.5 Descriptive Analysis

In social science research, descriptive analysis is usually used to describe the basic features of the collected data. The minimum, maximum, mean, and standard deviation value for each indicator can be generated from the descriptive analysis. In

this study, all indicators' responses were formulated based on a five-point Likert scale.

To recap, HRM practices were measured using these dimensions: career planning; job analysis and job design; recruitment and selection; training and development; compensation; performance appraisal and internal communication. Leadership styles had two dimensions: transformational and transactional styles. Employee performance had two dimensions: in-role performance and extra-role performance. The final variable is customer satisfaction.

Table 4.12 shows that the minimum value of the constructs was 1.00 and the maximum value was 5.00, which were the minimum and maximum levels in the Likert scale used. The result revealed that in-role performance had a maximum mean value of 4.260 with the third lowest standard deviation (0.745). On the other hand, compensation had the minimum mean value of 2.858 with the highest standard deviation (1.067). In general, the findings indicated that the participants tended to exhibit high levels of in-role performance and career planning.

Table 4.12
Descriptive Statistics of the Study Variables

Construct	n	Minimum	Maximum	Mean	Std. Deviation
Career Planning	258	1.00	5.00	4.036	0.685
Job Design	258	1.00	5.00	3.538	0.785
Training and Dev.	258	1.00	5.00	3.357	0.963
Recruitment and Selection	258	1.00	5.00	3.665	0.870
Compensation	258	1.00	5.00	2.858	1.067
Performance Appraisal	258	1.00	5.00	3.203	0.920
Internal Communication	258	1.00	5.00	3.467	0.809
Transformational Style	258	1.00	5.00	3.618	0.842
Transactional Leadership	258	1.00	5.00	3.741	0.830
In-role Performance	258	1.00	5.00	4.260	0.745
Extra-role Performance	258	1.00	5.00	3.815	0.583
Customer Satisfaction	258	1.00	5.00	3.844	0.777

Five-points scale: 1=strongly disagree; 5=strongly agree

4.6 Conclusion of Measurement Model

The evaluation of the measurement model of the present study involved examining

factor loading, convergent validity, and discriminant validity so that the reliability

and validity of the measurement could be established before testing the hypotheses.

Figure 4.3 shows the final model of the present study that was valid and reliable.
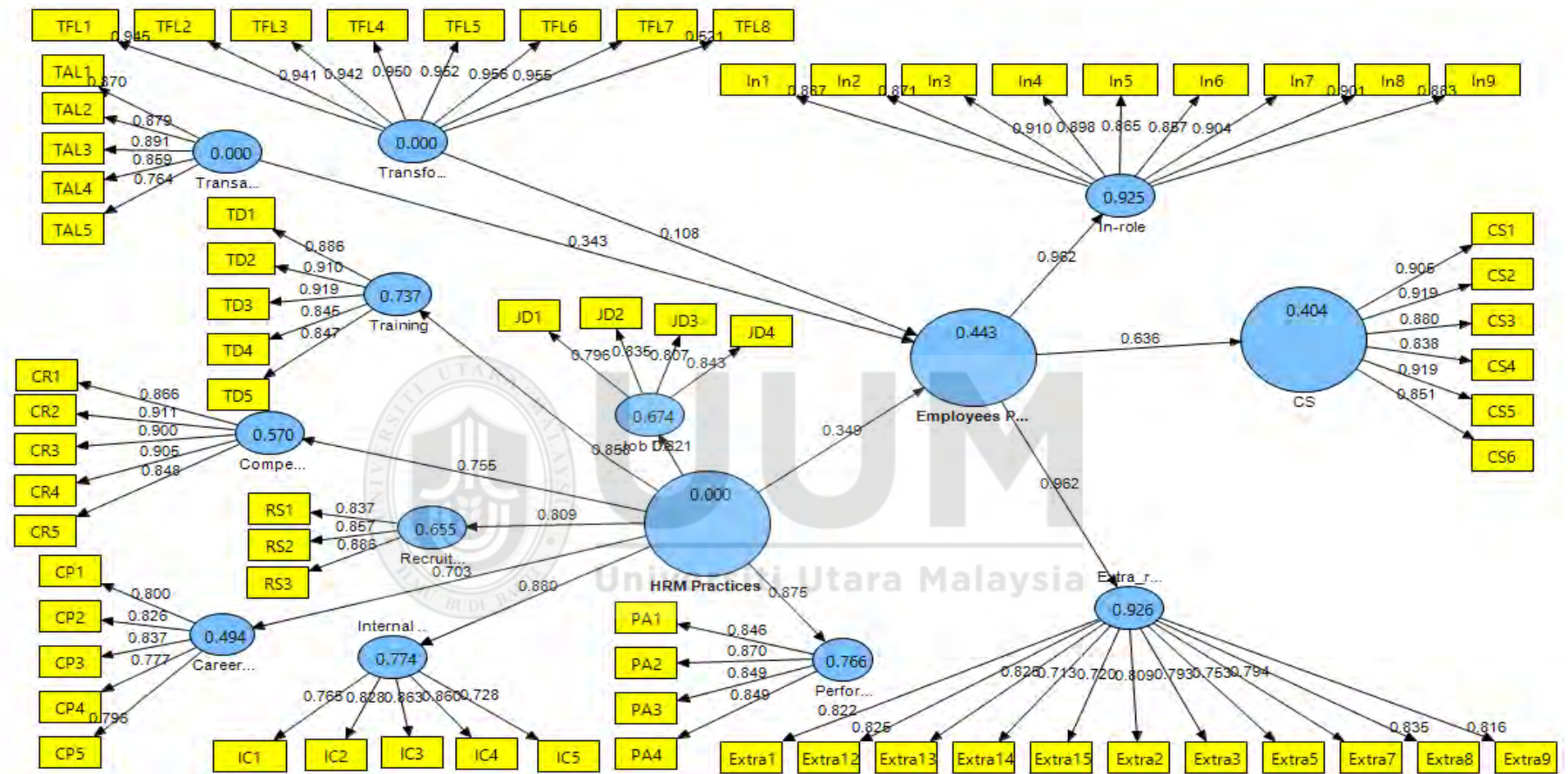
Figure 4.3: The Final Reliable and Valid Model

4.7 Testing the Structural Model (Inner Model)

Once the measurement model was assessed, the next step was the assessment of the structural model. This means examining the model of the present study's predictive capabilities and the relationships between the constructs (Hair et al., 2013). Table 4.13 illustrates the components of testing the structural model:

Table 4.13
The Components of Testing the Structural Model:

Step	Description
1	Coefficient Of Determination (R^2)
2	Effect Size
3	Predictive Relevance of the Model Q^2
4	Goodness Of Fit Of The Model (Gof)
5	Hypothesis Testing (Path Coefficient)
6	Mediating Testing

Source: Hair et al. (2013)

The structural model could also be examined by running the PLS-SEM algorithm and Bootstrap (Chin, 2010). The next sections show in detail the components of Table 4.13 and present the findings.

4.7.1 Coefficient of Determination (R^2)

A coefficient of determination (R^2) is one of the most common measures to evaluate the structural model. R^2 measures the predictive accuracy of the model. The coefficient of determination represents the squared correlation between a specific endogenous construct's actual and predicted values (Hair et al., 2013). Since R^2 values of the endogenous constructs indicate the predictive power of the structural

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model (Chin, 2010; Henseler et al., 2009), the level and significance of the path coefficients can be ascertained (Hair et al., 2011). So, the structural model quality can be examined by R^2 which refers to the variance in the endogenous latent variable that is explained by the exogenous latent variables. In other words, the objective of the prediction-oriented PLS-SEM approach is to interpret the endogenous latent variables' variance where the main target is the level of constructs' R^2 should be high (Chin, 2010; Hair et al., 2010).

Chin (1998) suggested the values of R^2 as follows:

- If R^2 is above 0.67 it is considered high.

- If R^2 is located between 0.33 to 0.67 it is considered moderate.

- If R^2 is located between 0.19 to 0.33 it is considered weak.

- If R^2 is less than 0.19 it is considered unacceptable.

Table 4.14 shows the values of R^2. The result revealed that the effect of Transformational Leadership Styles (TFS) on Employee Performance (EP) was weak with $R^2 = 0.076$, indicating that the TFS accounted for 0.076 of the variance in EP. Also, The result revealed that the effect of Transactional Leadership Styles (TLS) on Employee Performance (EP) was moderate with $R^2 = 0.369$, indicating that the TLS accounted for 0.369 of the variance in EP, The effect of Human Resource Management (HRM) practices in explaining EP was found to be moderate with $R^2 = 0.346$, indicating that HRM practices accounted for 0.346 of the variance in EP. The effect of TLS and TFS and HRM practices on EP was found to be moderate with R^2

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= 0.443. The effect of EP on Customer satisfaction (CS) was found to be moderate with R^2 = 0.404, which means that EP explained 40.5% of the variance in CS. In sum, R^2 for all constructs relations were moderate except that of TFS in explaining EP which was found to be weak.

Table 4.14
R-Square of the Endogenous Latent Variables- Second Order

Constructs Relation	R^2	*Result*
TFS → EP	0.076	Weak
TLS → EP	0.369	Moderate
HRM → EP	0.346	Moderate
HRM & TLS & TFL → EP	0.443	Moderate
EP → CS	0.404	Moderate

4.7.2 Effect Size

In PLS-SEM, the effect size is performed to clarify the change in R^2 value to distinguish whether the effect of a specific exogenous latent variable on the endogenous latent variable has a substantive effect. The effect size measurement or f^2 can be calculated by using the following formula:

:

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}}$$

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where $R^2_{included}$ and $R^2_{excluded}$ represent the provided value of R^2 in the endogenous latent construct when the predictor exogenous latent construct is omitted or used in the structural model (Hair et al., 2014). The effect size values can be interpreted as follows:

- If f^2 is located between 0.02 to 0.14 the exogenous variable has small impact.

- If f^2 is located between 0.15 to 0.35 the exogenous variable has medium impact.

- If f^2 is greater than 0.35 the exogenous variable has large impact (Cohen, 1988).

As shown in Table 4.15, the effect size of transformational leadership style (TFS > EP) was small, so was the effect size of transactional leadership style (TLS > EP). But the effect of (HRM practices > EP) and was medium.

Table 4.15
The Effect Size of the Model

Constructs	R^2 Include	R^2 Exclude	Effect size	Results
TFS → EP	0.443	0.403	0.0752	Small
TLS → EP	0.443	0.383	.1077	Small
HRM practices→ EP	0.408	0.374	0.1238	Medium

4.7.3 Predictive Relevance of the Model Q^2

The predictive relevance of the model or Q^2 represents another criterion for examining the structural model's quality. In other words, this criterion gives an

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indicator of the model's capability to predict (Chin, 2010). The main reason for using predictive relevance is that the model of the present study must be capable of predicting the indicators of each endogenous latent variable construct adequately (Hair et al., 2011).

In PLS-SEM the value of Q^2 can be obtained by using the blindfolding procedure to get the cross-validated redundancy and cross-validated community. The blindfolding procedure is designed to omit the amount of the data and process them to estimate the parameters of the model. In other words, it is a technique of sample reuses that remove every d^{th} point of the data part and then uses the finding's estimates to predict the omitted part. It is worthy of note that the omission distance or (d) should be chosen; experience shows that a d value from 5 to 10 is beneficial (Chin, 2010).

The procedure of blindfolding is only used with endogenous latent constructs that consist a reflective measurement model specification (Hair et al., 2011; Henseler et al., 2009). Q^2 can be applied via two forms: cross-validated redundancy and cross-validated communality. According to the recommendation of Hair et al. (2011), using cross-validated redundancy is adequately fit when using the PLS-SEM estimates for both measurement models and the structural models. Some scholars suggested that if the value of cross-validated redundancy (Q^2) of the endogenous latent construct is greater than zero ($Q^2 > 0$), its explanatory latent constructs provide evidence of predictive relevance (Fornell & Cha, 1994).

In the present study, the values of cross-validated redundancy are illustrated in Table 4.16. The values of cross-validated redundancy of the endogenous latent variables Q^2 of the present study were found to be (CS 0.693 > 0), (EP 0.647 > 0), (HRM practices 0.462 > 0) and (LS 0.713 > 0). In other words, the results of SmartPLS 2.0 were consistent with the recommendation of Fornell and Cha (1994). So, the values of Q^2 indicated that the prediction quality of the model of the present study was sufficient.

Table 4.16
Predictive Relevance of the Endogenous Latent Variables Q^2

Construct	validity redundancy	Result
Customer Satisfaction	0.693	Q^2 > 0 Explanatory variable provide predictive relevance
Employees performance	0.647	Q^2 > 0 Explanatory variable provide predictive relevance
HRM Practices	0.462	Q^2 > 0 Explanatory variable provide predictive relevance
Leadership styles	0.713	Q^2 > 0 Explanatory variable provide predictive relevance

4.7.4 Goodness of Fit of the Model (GoF)

A goodness of fit of the model can be described as the global fit measure (GoF). The values of GoF range from 0 to 1 (0 < GoF < 1). GoF is defined as the geometric

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mean of the average communality (Average Communality AVE) and the average R^2 for the endogenous latent variables (Tenenhaus et al., 2005). The reason for this measure is to account for the performance of the model at both the structural and measurement models with a concentration on the overall model's prediction performance (Chin, 2010; Henseler & Sarstedt, 2013). GoF can be calculated using the following formula:

$$Gof = \sqrt{R^2 \times \overline{AVE}}$$

To determine the level of the global validation of the models of the PLS, some scholars suggested the criteria of GoF (Wetzels et al., 2009) as shown in Table 4.17.

Table 4.17
GoF criteria

GoF small	0.1
GoF medium	0.25
GoF large	0.36

According to the formula, a GoF value of the present study equals:

$$Gof = \sqrt{0.400 \times 0.729} = 0.540$$

By comparing the findings of the GoF of the present study with the GoF baseline values suggested by Wetzels et al. (2009), the GoF model was large and sufficient.

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4.7.5 Hypothesis Testing (Path Coefficient)

The individual path coefficients (hypotheses testing) of the structural model of the PLS can be interpreted as standardized beta coefficients of ordinary least squares regressions (Hair et al., 2011). The significance of each path coefficient can be examined by the procedures of bootstrapping. Paths that show signs of the hypothesized direction do not support the prior hypotheses, whereas significant paths showing the hypothesized direction empirically support the proposed causal relationship (Hair et al., 2011).

PLS-SEM does not suppose that the data are normally distributed (Hair et al., 2011). Hence, PLS-SEM performs nonparametric bootstrapping (Efron & Tibshirani, 1994). In other words, the approach of bootstrap acts as a nonparametric approach to estimating the accuracy of the PLS estimates. Furthermore, the bootstrapping process adopts repeated random sampling with replacement from the original sample to achieve a bootstrap sample to realize standard errors to use it for hypotheses testing (Hair et al., 2011). Consequently, this process presumes that sample distribution is considered a reasonable representation of the distribution of the intended population. The bootstrap sample allows the estimated coefficients in PLS-SEM to be examined for their significance. In general, the technique of bootstrapping provides an estimate of the spread, shape, and bias of sampling distribution of a specific statistic (Henseler et al., 2009). As a result of this procedure, a huge and pre-specified number of bootstrap samples was created (500 samples in the present study) by

drawing cases with replacement from the original sample in a random way. More importantly, each bootstrap sample must include the same number of cases of the original sample. Along the same line, the PLS-SEM algorithm estimates each bootstrap results (Chin, 2010; Henseler et al., 2009). Consequently, the estimates of the repeated bootstrap parameter are used to obtain an empirical sampling distribution for each model parameter, and the standard deviation of the empirical sampling distribution is used as a proxy for the empirical standard error for the parameter (Hair et al., 2011). Moreover, the obtained coefficients of the path model form a bootstrap distribution can be considered an approximation of the sampling distribution (Hair et al., 2011; Henseler et al., 2009).

The results of PLS-SEM for all the bootstrap samples presented a standard error for each path model coefficient and associated t-test to assess the significance of path model relationships (Chin, 1998). The bootstrapping analysis enables the process of statistical testing of the hypothesis where a coefficient equals to zero, or the null hypothesis was viewed as opposed to the alternative hypothesis in which the coefficient does not equal zero or the two-tailed test. The critical t-values for a two-tailed test are 1.65 (with a significance level of 10%), 1.96 (with a significance level of 5%), and 2.58 (with a significance level of 1%) (Hair et al., 2011; Henseler et al., 2009).

In keeping with Hair et al.'s (2011) suggestions in testing the hypotheses, the paths that show signs of the hypothesized direction or are non-significant do not support a

prior hypothesis. On the other hand, significant paths showing the hypothesized

direction empirically support the proposed causal relationship. Table 4.18 and Figure

4.3 show the results of direct hypotheses testing

Table 4.18
Results of Hypotheses Testing-

Hypothesized path	Path coefficient (β)	Standard error	t-value	p-value	Decision
HRM practices -> EP	0.349	0.051	6.904	0.000***	**Supported**
Trans style-> EP	0.343	0.044	7.797	0.000***	**Supported**
Transf. style-> EP	0.108	0.028	3.830	0.000***	**Supported**
EP -> CS	0.636	0.039	16.216	0.000***	**Supported**

Significant at ***$p < 0.001$; **$p < 0.01$; *$p < 0.05$

Figure 4.4: t-value of The Direct Paths of The Present Study

Table 4.18 and Figure 4.4 show four direct paths between the variables of the present study.

4.7.6 Mediation Testing

According to previous letriture mediation calculations can be done through two different ways. (1) Baron and Kenny (1986) and (2) Preacher and Hayes (2008). According to Baron and kenny: mediation can be defined as a situation in which the predictor (exogenous latent variable):

- has a significant influence on the mediator (or the endogenous latent variable) path (a),
- the mediator (or the exogenous latent variable) has a significant influence on the criterion variable (the endogenous latent variable) path (b), and
- the predictor (the exogenous latent variable) has a significant influence on the criterion variable (the endogenous latent variable) in the absence of the influence of mediators' path (c) while the influence of predictor (the exogenous latent variable) on the criterion variable (endogenous latent variable) in the presence of the mediators' influence is called path (c`) (Baron & Kenny, 1986).

To establish the mediating effect two necessary steps are required:

a. Calculate the bootstrapping of the indirect relation exogenous latent variable and the criterion variable via the mediator, that is, the t-value of the path a and path b together. To find that out, the sum of the standard beta (β) of (path a * path b) must be calculated and then divide it by the standard error of (path a * path b) (Hair et al., 2014). The t-value of the indirect relationships can be calculated by the following formula:

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$$t\text{ - value} = \frac{\text{Standard beta of (path } a \text{ * path } b)}{\text{Standard error of (path } a \text{ * path } b)}$$

b. Determine the extent to which the variance of the exogenous latent construct is directly explained by the endogenous one, and how much the endogenous latent construct is explained by the indirect relationship via the mediator (how much the mediator variable absorbs). That is, the value of VAF (Variance Accounting For) needs to be computed to determine the strength of this mediation. The value of VAF can take the following classifications:

- If the VAF value is less than 20%, we can conclude that no mediation takes place.
- If VAF value ranges from 20% to 80%, we can conclude that partial mediation exists.
- If VAF value is more than 80%, we can conclude that a full mediation occurs (Hair et al., 2014).

According to Hair et al., 2014, VAF value can be calculated by the following steps:

- Compute the sum of standard beta (β) for the path a multiplied by standard beta (β) for path b (a * b).
- Add to the results of (a*b) the standard beta of path c (a*b + c).
- Divide the first equation (a*b) by the results of the second equation as illustrated below:

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$$VAF = \frac{\text{Standard beta of (path } a \text{ * path } b)}{\text{Standard beta of (path } a \text{ * path } b) + (\text{ path } c)}$$

But, if a mediator is a variable M, that is causally between X and Y and that accounts at least in part for the association between X and Y, then by definition X and Y must be associated in order for M to be a mediator of that effect. According to this logic, if there is no evidence that X affects Y, then how can X's effect on Y be mediated and so what is the point of estimating Indirect Effects 9 indirect and direct effects? But it is possible for M to be causally between X and Y even if X and Y aren't associated.

In this case, some prefer to avoid the term mediator when describing M and instead refer simply to X's indirect effect on Y through M (see Mathieu & Taylor, 2006, for a discussion of the distinction between indirect effects and mediation). The distinction between mediation and indirect effect is not always made by users of the Baron and Kenny method, who may prematurely end the hunt for evidence of indirect effects if there is no evidence that X and Y are associated (Hayes, 2009).

Whereas Preacher and Hayes (2008) suggested that in a simple mediation model, the total effect of X on Y is the sum of the direct effect of X on Y and indirect effect of X on Y through M. Whereas, there are many choices available for inferences about the indirect effect, inference for the total effect is simple and straightforward. Although the total effect is the sum of two pathways of influence, it can be estimated simply by regressing Y on X. Mediator variables function as the conduits through which causal effects operate.

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When some causal variable X transmits an effect on Y through a mediator M, it is said that X affects Y indirectly through M. Indirect effects can be quantified easily using OLS regression and some simple rules of path analysis. X can also affect Y directly, meaning independent of its effect on M. These two pathways of influence sum to yield the total effect of X on Y. Relatively recent innovations in computer-intensive methods have made it possible to conduct inferential tests of an indirect effect without making unnecessary assumptions about the shape of its sampling distribution (Hayes, 2013).

The bootstrap confidence interval (CI) for the population specific indirect effect through Mi is derived by sorting the k values of aibi * from low to high. Values defining the lower and upper $100(\alpha/2)$ % of the distribution of aibi * are then found and taken as the lower and upper limits of the $100(1-\alpha)$ % CI for the population indirect effect, where α is the desired nominal Type I error rate. More specifically, the lower and upper bounds of a $100(1-\alpha)$ % CI are defined, respectively, as the $(.5\alpha)$ kth and 1 1 $(1-.5\alpha)$ kth values of aibi * in this sorted distribution (Preacher & Hayes, 2008).

This study adopts Preacher and Hayes methodology and based on the questions and objectives and the hypotheses of the present study, three mediating relationships must be examined, the evaluation process of these three relationships is illustrated in Table 4.19.

Table 4.19
Mediation Relationships of the Present Study

	std.beta					Bootstrapped Confidence Interval	
Med.	Path a	Path b	Indirect Effect	SE	*t-value*	95% LL	95% UL
TlC	0.343	0.636	0.218	0.039	5.588	0.14	0.29
TFC	0.108	0.636	0.069	0.032	2.146	0.01	0.13
HRMC	0.338	0.636	0.215	0.039	5.561	0.14	0.29

4.7.6.1 Mediation Role of EP in HRM Practices → CS Link (Hypothesis 1-7)

Based on table 4.19 the mediation calculations show that the mediation effect of EP in HRM practices and CS link is located in the bootstrapped confidential interval. In other words, it can be concluded that EP mediated the relationship between HRM practices and CS.

4.7.6.2 Mediation of EP in Transactional leadership style → CS Link (Hypothesis 8)

Based on table 4.19 the mediation calculations show that the mediation effect of EP in transactional leadership style and CS link is located in the bootstrapped

confidential interval. In other words, it can be concluded that EP mediated the relationship between transactional leadership style and CS.

4.7.6.3 Mediation of EP in Transformational leadership style → CS Link (Hypothesis 9)

Based on table 4.19 the mediation calculations show that the mediation effect of EP in transformational leadership style and CS link is located in the bootstrapped confidential interval. In other words, it can be concluded that EP mediated the relationship between transformational leadership style and CS.

4.8 Chapter Summary

This chapter presented the analyses outcome. The analyses was executed by using SPSS for frequencies, to describe the respondents' profile, and, convergent and discriminant analyses were carried out by using PLS-SEM to examine the reliability and validity. Furthermore, the hypotheses of the present study were tested by using bootstrapping PLS-SEM technique. The findings revealed that most of the hypotheses are supported. The discussions of the results are presented in the next chapter.

CHAPTER FIVE
DESCUSSION, RECOMMENDATIONS, AND CONCLUSION

5.1 Introduction

This main purpose of this chapter is to discuss the research findings and highlight the main contributions of this study to the existing literature. Also, this outlines the limitations of the study and suggests future research opportunities based on the limitations. Some concluding remarks are presented at the end of this chapter. But first, the chapter starts by recapitulating the study for the benefit of the readers.

5.2 Recapitulations of Research Findings

The study developed a structural model of the relationships between HRM practices, leadership styles, employee performance, and customer satisfaction (CS) in the context of Palestinian insurance sector. The model was designed to assist in answering the following questions:

(1) Does employee performance mediate the relationship between HRM practices and CS?

(2) Does employee performance mediate the relationship between transactional leadership style and CS?

(3) Does employee performance mediate the relationship between transformational leadership style and CS?

The above questions were consistent objectives to be accomplished, that is, to (1) to investigate the mediation effect of employee performance beteen the career planning, job design, recruitment and selection, training and development, compensation, performance appraisal, and internal communication and CS; (2) to assess the mediation effect of employee performance between transactional leadership style and CS; and (3) to examine the mediation effect of employee performance between transformational leadership style and CS.

Employees of the insurance sector in Palestine who had direct dealing with customers were recruited to collect the data. Initially, 358 questionnaires were distributed, and 269 returned, representing 75.1% response rate. However, only 258 were usable. Hence the effective response rate was 72%.

The data collected were subject to various analyses, primarily to evaluate the measurement and structural model. PLS-SEM were used for the purpose.

5.3 Discussion

The following sub-sections are organized to discuss the findings presented in the previous chapter.

5.3.1 Mediating Role of EP in HRM practices and Customer Satisfaction Link

The first objective of ths study was to investigate the mediation effect of employee performance between the career planning, job design, recruitment and selection, training and development, compensation, performance appraisal, and internal communication and CS. The finding showed that the path coefficient from HRM practices to EP was statistically significant. Similarly, the path coefficient from EP to CS was statistically significant. In other words, EP mediated the relationship between HRM practices and CS.

The result is in harmony with previous research grounded in RBV theory (Barney, 1991; Jackson & Schuler, 1999). Even though there is no previous studies examined the indirect relationship between HRM practices and CS through EP. The finding suggests that a successful implementation of HRM practices empowers employee performance. As a modern service economy considers customer satisfaction as the key factor in organizational success, the attitudes and behaviors of the employees in a service organization have a great impact on customer satisfaction because of their direct contact with customers (Moynihan et al., 2001). HRM practices comprise high-performance work systems by coordinating the efforts of the human capital pool to create better relationships among employees and improve their performance (Chang, 2011). Thus, it is critical to understand what HRM practices contribute to the creation of a positive level of CS indirectly. More importantly, the vital role of HRM practices in empowering CS will provide many solutions to the Palestinian

insurance sector that has been suffering from reduced CS as mentioned in Chapter 1. To know which HRM practices were influential in affecting CS indirectly, further exploration to evaluate the path coefficients of each HRM practice with customer satisfaction was made. A comprehensive understanding of the relative contribution of each HRM practice towards CS through employee performance can help insurance companies to utilize their available resources better to enhance the satisfaction of insurance customers. The next paragraphs show the meditation role of EP between each dimension of HRM practices and CS.

Results indicated that seven HRM practices were found to be predictors of CS indirectly. The result showed a significant positive relationship between career planning and EP, consistent with past works (Abdulkadir et al., 2012; Gabcanova, 2012). Career planning can be summarized as self- and environmental awareness and goal setting. It enables employees to design their career paths according to their interests, talents, personalities, needs, work, values, etc. A good career planning allows companies to maximize the benefits from their human capital. This can be executed by matching the skills, experiences, and ambitions of the employees with the job vacancies in the companies.

Along the same line, employee performance refers to the interaction between the service provider (employee) and the firm's customers. It works as a mediator between the employment process and CS. It is a vital element in determining the perceived value of the provided service (Gagić et al., 2013; Mittal & Lassar, 1996).

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Many scholars have asserted the importance of employee performance in affecting CS (El-Garaihy et al., 2014). In the service sector, the satisfaction of customers depends on the face-to-face interaction between customers and employees (Bitner et al., 1994; Walsh et al., 2012). Because of the intangible and interactive nature of services; customers often depend on the behavior of service employees when judging the quality of a service" (Hennig-Thurau, 2004). Besides, employee performance affects the quality of work and service, that is, whether or not the customer will recommend other customers to try the service as well as the quit or switch decision of customers (Griffin et al., 2012). So, the more the customer orientation is adopted, the more the economic success of the firm (Hennig, 2004; Homburg et al., 2011).

During the service encounters, employee performance plays the main role in creating customers' satisfaction. In this interaction, customers evaluate many aspects; hence, employees must focus on things such as showing the needed concern and civility, listening to the customers with full understanding and giving the needed attention (Bradley et al., 2013; Farrell et al., 2001). Similarly, customer satisfaction of the service employee is embodied in the person-to-person interaction between customers and employee, and the success of this relationship requires certain conditions, such as the employees must have customer-oriented skills. They must have the motivation to serve the customer in the best way possible and must be perceived to have decision-making authority (Hennig, 2004; Lee & Ok, 2013). Rafaeli et al. (2008) noted that since the customers are evaluating the service (the brand) of the firm

through the interactions with service providers, employees must master the following issues: first, expecting the customers' requests; second, providing explanations and justifications to the customers; third, enriching customers' knowledge and educating them; fourth, supporting customers emotionally, and fifth, offering personalized information. It can be concluded that employee performance plays a critical role in the service sector. The behaviors of service employees express the process of service delivery (functional role). Customers' perceptions towards the quality and the firm are created based on the customers' evaluation of the perceived service (Chung & Yazdanifard, 2014; Grönroos, 1984). Similarly, a good understanding of some environmental components such as economic and social components enable the employees to identify their own strengths and weaknesses, in order to draw the goals and plans about their careers and to achieve the desired role of career planning in actualizing the organizational goals generally and CS specifically, which is as expected in this study.

As for the effect of the mediating role of EP in compensation and rewards and CS link, the result showed that compensation and rewards were associated significantly with EP. This result is consistent with previous studies (Anitha, 2014; Jiang et al., 2012). The logical justification behind this finding is that a proper compensations system leads to improve employee performance. In other words, a good compensation and reward system can be viewed as a competitive advantage for service companies because it is one of the vital tools to gain and maintain the best

possible employees. Furthermore, the role of EP in empowering CS was clarified earlier. In keeping with the result, three important things regarding compensations and rewards must be clarified: first, the employees expect to gain a good return for their outcomes according to the fairness principle. So, the amount of compensation must be matched with their efforts to be motivating (Khan et al., 2013).

Second, compensation and reward play a critical role in a developing country like Palestine since the average salary is low. Adopting a compensations system with a good package of incentives and allowances will affect the performance of the employees and subsequent CS. Third, Within CS logic, management of the firms have to reward and motivate employee performance based on personal initiative and on relationships with customers rather than on organizational hierarchy. In other words working in a less impersonal environment, where the quality of interpersonal interaction among customer-contact employees is high.

A significant positive relationship between internal communication and EP was found. The present result is consistent with past works that reported a direct and positive link between internal communication and EP (Bedarkar & Pandita, 2014; Rajhans, 2012). Internal communication is to allow employees to understand what their organization expects of them to achieve the organizational goals (Kothari et al., 2014). Internal communication represents the process of transferring meanings and understanding among the employees and involving the employees in the organizational affairs (Ibrahim et al., 2013). Also, communication

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reduces misunderstanding and managerial problems between the employees and their management. The relationship between good communication and employee performance was found to be positive (Khan et al., 2013; Nehmeh, 2009). Effective internal communication is achieved if the organization succeeds in communicating with its employees about its mission statement, vision; new products and development and the financial situation of the firm (Homburg et al., 2011). So, internal communication has a positive relationship with employee performance (Dasgupta et al., 2012). More importantly, companies have to exploit internal communication as an important tool because it is the cheapest way to establish a customer-oriented culture and develop a competitive advantage.

A significant positive relationship between job design and EP was also revealed. This result is in line with some past studies (Jiang et al., 2012; Zareen et al., 2013). Job design is considered an important predictor of employee behaviors and attitudes (Alkerdawy, 2014). Job design entails the implementation of job analysis, job description and job specifications. The role of job design in enhancing CS can be achieved through the following points: (a) adopt customer orientation approach by determining the skills and abilities needed to fill the job vacancy and determine the kind of people who are fit for the job (job analysis); (b) emphasize the importance of customer satisfaction during the job description process (what are the duties of the employee and how to perform them to ensure CS); and (c) draw more attention to CS during job specification determination process by clarifying certain requirements of

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job applicants, such as knowledge, abilities, skills, and other personal qualifications to perform the job. In other words, when a clear philosophy for the process of CS has been established, the company's jobs must be designed in greater details in accordance with the guidelines of this philosophy. The final objective of this is to translate the expectations and requirements of customers into precise performance targets.

A significant positive relationship between performance appraisal and EP was found. This finding is consistent with some past studies (Anitha, 2014; Jiang et al., 2012). According to Dessler (2002), performance appraisal assesses the current and previous employee's performance based on the predetermined standards and giving feedback on assessed employee. A well-prepared performance appraisal assists in achieving organizational objectives, and one of these objectives is CS. A good performance appraisal helps both employees and management to communicate and understand the expectation of the goals and processes. Mangers' feedback allows employees to know the employees' weaknesses and work to improve and develop the employees' performance.

Performance appraisal as a key role of managing performance requires determining the critical success factors in the job and providing the key inputs to a decision on merit-based salaries increases, promotion, and training. Everything employees do at work at any level contributes to the overall purpose of the organization negatively or positively. Performance appraisal systems evaluate how they behave, how they perform their work, and what they have achieved and then provided the needed

corrections based on customer orientation approach (Loo & Beh, 2013). Thus, the impact of performance appraisal will lead to improving CS. In other words, the effective performance appraisal is determined by comparing actual performance and expected standards. These measurements, taken together, are the best representation of the most important factors that can predict customer satisfaction.

A significant positive relationship between recruitment and selection and EP was found. This finding is consistent with some past studies (Anitha, 2014; Jiang et al., 2012). Recruitment is a very important process since it has a significant effect on employee performance in the future. Candidates must review the job requirements and know their responsibilities. If they are still interested, they will participate in achieving the organizational goals (Khan et al., 2013; Nehmeh, 2009). Similarly, the selection process is very important for many reasons: choosing distinctive employees with high skills will lead to better productivity. A good selection will exclude the undesirable candidates from the beginning and keep the good ones. Choosing a wrong candidate for the job will be costly, so new employee must be tested, interviewed and trained, which means cost. So, choosing the wrong candidate means that future efforts and working on the employee will be a sunk cost. Selection is also important for legal purposes (Dessler, 2002).

Finally, training and development were found to have a significant and positive association with EP. This result is consistent with previous studies (Jiang et al., 2012; Zareen et al., 2013). Training and developing refer to the multiple benefits training

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that can provide to create a competitive advantage for the organization (Joarder, 2012). Training is defined as the degree to which trainees effectively apply the knowledge, skills, and attitudes gained in training to the job (Jaidev & Chirayath, 2012). As service providing process is done through the interaction between service employees and customers, the performance of employees during this process determines the quality of service provided and subsequent CS (Cantarello et al., 2012; Malhotra & Mukherjee, 2003).

Training and development must be designed to assure that training topics and sessions provide skills and knowledge employee need to actualize CS. training topics include leadership, quality awareness, meeting customers' requirement, problem solving, process analysis, waste reduction, process simplification, cycle time reduction and other training topics which impact employee efficiency and effectiveness. Furthermore, specific skills of customer-contact employees must be developed; they need to know how insurance service is offered not only by their firm but also by the competitors. Customer-contact employees need also to acquire skills related to customer expectation management and customer retention.

Employees could be trained through several ways such as on-the-job training (training in the actual workplace), off-the-job (lectures, videos, role play, and computer-based training). Employers can develop their employees' abilities through different ways like job rotation, assistant-to-position, lectures and seminars, simulation, mentoring, and coaching (Cenzo & Robbins, 1998).

This study examined in-role performance as a dimension of employee performance. The result showed mediation role of in-role performance. In-role performance refers to the activities or formal requirements that an employee is expected to fulfill, and they contribute directly or indirectly to the technical core of the organization (Wu et al., 2012). The result is consistent with previous studies in that HRM practices had a positive impact on in-role performance (Lamba & Choudhary, 2013; Snape & Redman, 2010), and in-role performance affected CS positively (Namasivayam et al., 2014; Yavas et al., 2013). High-performance HRM practices assist employees to invest themselves fully in their roles which may lead to the enactment of active in-role performances. Thus, employees may achieve higher performance because they focus their efforts on work-related goals, are cognitively vigilant, and are emotionally and socially connected to their work (Alfes, Truss, et al., 2013).

Another dimension of employee performance examined was extra-role performance as a mediator. Extra-role performance refers to discretionary behaviors of an employee that are believed to directly promote the effective functioning of an organization without necessarily directly influencing an employee's productivity (Bakker et al., 2012). This result is consistent with previous studies that found that HRM practices had a positive impact on extra-role performance (Buiter & Harris, 2013; Tremblay et al., 2010), and extra-role performance affected CS positively (Kane et al., 2012; Schaufeli, 2013). Through a good application of HRM practices, employee performance will be improved and subsequently better CS.

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To conclude, employee performance serves as a mediator between HRM practices and CS is the main contribution because no studies have examined its role as a mediator. The mediating role of employee performance was based on previous studies that found a significant effect of HRM practices on employee performance (Leiter et al., 2011; Radulescu, 2013). HRM practices could help employees to develop a broad range of superior skills and abilities to be utilized to achieve the organization's goals (Alfes, Truss, et al., 2013). So, if companies adopt and implement good HRM practices, employees' performance will be enhanced (Alfes, Shantz, et al., 2013). Another set of studies found a significant and positive impact of employee performance on CS (Abbasi & Alvi, 2013; Homburg & Stock, 2004). Insurance companies' employees play a critical role in CS. They translate customer orientation concept into facts by providing high-quality service (Gountas et al., 2014; Hartline et al., 2000). Customers' first contact is the employee who provides the service; thus, the perception of the customers is created after this connection (Hunt & Davis, 2012). So, employee performance is a crucial factor in determining the perceived value of the provided service (Gagić et al., 2013; Mittal & Lassar, 1996).

5.3.2 Mediating Role of EP in the Relationship between Transactional Leadership Styles and CS

The second objective of this study was to investigate the mediating role of employee performance in the relationship between transactional leadership style and customer satisfaction. The result showed that employee performance played a mediating role

in this relationship. The mediation role of employee performance in the link is another contribution of the present study. The findings of this study come in line with the results of Abbas and Yaqoob (2009), and Lu and Yang (2010) who found that transactional leadership style affected employee performance positively. This kind of leaders can positively change the performance followers in the long run through creativity and proactivity and raise the followers' awareness (Jung et al., 2003). Insurance companies have to prepare and develop people with transactional leadership abilities who can motivate their followers to perform better. Also, as mentioned earlier, other studies demonstrated the positive effect of employee performance on CS. The result suggests that leaders have a critical role to play in making customer satisfied by formulating organizational values such as quality orientation and customer orientation. Organizational functional values are affected by leaders' motivation (Auh et al., 2014).

The present study examined the mediation role of in-role performance as a dimension of employee performance in the relationship between transactional leadership styles and CS. The result is consistent with previous studies that found a positive impact of transactional leadership styles on in-role performance (Chen et al., 2014; Peterson et al., 2012). A leader is defined as a person who possesses some powerful and dynamic traits that affect the management of an organization and is considered a driving agent for organizational competitiveness (Ali et al., 2014). A leader motivates and influences employees to perform their in-role behaviors or

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prescribed activities as expected of them by offering or withholding rewards. When the employees perform as expected of them because delivering quality service is their job duty, they are likely to make customers satisfied. The study also examined the mediation role of extra-role performance as another mediator. The empirical finding showed that extra-role performance played a mediating role between transactional leadership styles and CS. This result is consistent with previous studies that found a positive effect of transactional leadership styles on extra-role performance (Biswas & Varma, 2011; Lam & O'Higgins, 2012). The result suggests that leaders can influence employees to demonstrate behaviors that are discretionary to make customers satisfied.

5.3.3 Mediating Role of EP in the Relationship between Transformational Leadership Styles and CS

Examining the mediating role of employee between transformational leadership styles on CS was the third objective of this study.. For this purpose, Hypothesis 3 postulated that employee performance mediates the relationship between transformational leadership style and CS. As mentioned in chapter one, the link between transformational leadership style and CS is mixed as one group of studies supported this relationship (Hassan et al., 2014; Mohammadi, 2013; Parzinger & Nath, 2000), and the other found no link (Hassan et al., 2014; Mohammadi, 2013; Parzinger & Nath, 2000). Because of this contradiction employee performance was deployed as a mediator. The result showed that employee performance played a

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mediating role in this relationship. The mediation role of employee performance in the link is another contribution of the present study. The findings of this study come in line with the results of Abbas and Yaqoob (2009), and Lu and Yang (2010) who found that transformational leadership style affected employee performance positively. A transformational leader is defined as a leader who extracts from the followers more than what they think they can do (Basu & Green, 1997).

The result suggests that leaders have a critical role to play in making customer satisfied by formulating organizational values such as keeping customers satisfied. Organizational functional values are affected by leaders' motivation (Auh et al., 2014). Leaders motivate employees by being a role model. Leaders use many ways to achieve the best results and are a source of inspiration to the followers (Carter, 2013; Popper & Lipshitz, 2000).

The present study examined the mediation role of in-role performance as a dimension of employee performance in the relationship between transformational leadership style and CS. The result is consistent with previous studies that found a positive impact of transformational leadership style on in-role performance (Chen et al., 2014; Peterson et al., 2012). A leader motivates and influences employees to perform their in-role behaviors or prescribed activities as expected of them by offering or withholding rewards. When the employees perform as expected of them because delivering quality service is their job duty, they are likely to make customers satisfied.

Furthermore, the study examined the mediation role of extra-role performance as another mediator. The empirical finding showed that extra-role performance played a mediating role between transformational leadership styles and CS. This result is consistent with previous studies that found a positive effect of transactional leadership styles on extra-role performance (Biswas & Varma, 2011; Lam & O'Higgins, 2012). The result suggests that Transformational leader can play this role through its unique behavioral components, inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration. So, the leader becomes a coach and mentor to the followers who will develop skills and techniques that could help them in various ways such as fulfilling the diversified customer's needs.

5.4 Contributions of the Study

The present study offers theoretical and practical contributes as follows.

5.4.1 Theoretical Contribution

First, this study bridges the gap in the literature regarding the indirect relationship between HRM practices and CS. As discussed in Chapters 1 and 2, the findings on the effect of HRM practices on CS (Delaney & Huselid, 1996; Deshpandé et al., 1993; Kumari et al., 2013; Rogg et al., 2001; Youssef et al., 2014) have been inconsistent. The results of this study showed that the relationship between HRM practices CS were indirect, thus contributing to the body of knowledge. In this

regard, this study empirically validated the proposition of Delaney and Huselid (1996) that the relationship between HRM practices and CS is indirect.

Second, this study attempts to narrow the gap in the literature regarding the relationship between leadership styles and CS. As discussed in Chapters 1 and 2, contradicting results were reported in the previous literature about the effect of leadership styles on CS (Chan et al., 2012; Hassan et al., 2014; Mohammadi, 2013; Parzinger & Nath, 2000; Sila & Ebrahimpour, 2005). The result of the present study found that the relationship between leadership styles and CS was indirect. The finding validates the suggestion by Sila and Ebrahimpour (2005), and Chan et al. (2012) that the indirect relationship between leadership styles and CS captures the complexity of the relationship.

The key theoretical contributions of this research are with regards to the mediating effects of employee performance on the relationship between HRM practices and CS, and on the relationship between leadership styles and CS. The mediation of employee performance contributes significantly to the literature as there were no previous studies that examined the mediating role of employee performance in the relationship between HRM practices and CS, nor between leadership styles and CS.

Finally, this study contributes to the related body of knowledge by using internal communication as a dimension of HRM practices and examined its indirect relationship with CS. Since no previous studies had examined this relationship, the

present study filled the gap and found that the relationship between internal communication (as a dimension of HRM practices) and CS was indirect.

5.4.2 Practical Contribution

The findings of this study also have important implications for practitioners and policymakers in the Palestinian insurance sector such as CEOs, general managers, and HR managers. The outcomes of this study provide meaningful insights into how HRM practices, leadership styles, and employee performance can integrate to enhance customer satisfaction. Based on the results, the present study offers some suggestions to companies wishing to develop the level of the satisfaction of their customers:

Firstly, the present study showed that HRM practices could enhance CS. All HRM practices (career planning; job design; recruitment and selection, training and development; compensation; performance appraisal; and internal communication) had a significant positive relationship with EP, and EP affect CS significantly. This implies that the leaders of insurance companies in Palestine have to examine and implemented their HRM practices so that the level of CS could be enhanced. HRM practices are not only important for enhancing developing the performance of insurance employees, but it is also very vital for improving the level of CS.

Secondly, the final results revealed that the direct relationship between leadership styles and CS was not significant. That is, the effect of leadership styles on CS can be tested via other variables (i.e., mediator). Leadership styles still have a critical role in enhancing CS, but indirectly.

Thirdly, the present study found the mediating role of employee performance in the relationship between the IVs (HRM practices and leadership styles) and the DV (customer satisfaction). That is, employee performance can be considered a password for achieving CS. Because employee performance mediated the relationship between HRM practice and CS, insurance leaders in Palestine have to implement HRM practices (i.e., career planning; job design; recruitment and selection; training and development; compensation; performance appraisal; and internal communication) effectively to reinforce the performance of employee performance so that the employees could satisfy the customers' needs and wants. Also, because employee performance was found to play a mediating role between leadership styles and CS, insurance companies in Palestine have to apply transformational and transactional leadership styles so that the employees could perform their job well toward satisfying the customers.

5.5 Limitations of the Study

As is always the case in doing a research work, this study acknowledges some limitations as follows. Firstly, this study was conducted in one industry (insurance

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industry in Palestine), so the findings may not be generalizable to other industries. Secondly, the study was cross-sectional, which means that data was collected only once throughout the study. Finally, the measurement of the present study adopted a mid-point scale that was open to the possibility for the participants to choose such response as an easy way out.

5.6 Recommendations for Future Researches

The present study has opened up some opportunities for future research. Firstly, future works should consider different dimensions of HRM practices such as internal policies, job rotation, and HRIS. Similarly, future research can use various styles of leadership such as task-oriented leadership style, people-oriented leadership style, democratic leadership style and servant leadership style. Secondly, future researchers may want to examine the effect of HRM practices, leadership styles, and employee performance on CS in different industries and sectors of the Palestinian economy such as durable industries (furniture, marbles, etc.), service sectors (banking, telecommunications, tourism, etc.), and the like. In doing so, a longitudinal design should be employed so that changes in the conditions could be discerned. Finally, the present study suggests that future works consider other variables to mediate the relationship between HRM practices, leadership styles, and CS, such as employee engagement, employee loyalty, and employee motivation.

5.7 Chapter Summary

This chapter discussed the findings of this study in relation to past studies and theories. Some conclusions can be derived from the findings: Firstly, career planning, job design, recruitment and selection, training and development, compensation, performance appraisal, and internal communication were found to have a significant relationship with EP. Secondly, transformational and transactional leadership styles have a significant relationship with EP. Thirdly, employee performance mediated the relationship between HRM practices and CS. The mediating effect represents the major contribution of the present study. Fourthly, employee performance mediated the relationship between transactional and transformational leadership styles and CS. This mediating effect represents another contribution of the present study. Fifthly, the findings of the present study revealed that the conceptual framework developed from the relevant literature is in line with the theories and adequately fit the empirical data, which suggests that the outcomes of the research justify the underpinning theory employed.

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Appendix A: Survey Questionnaire

Dear Sir/ Madam,

I am a PhD student at Universiti Utara Malaysia, and this questionnaire is a requirement to get the degree. This research is on Customer Satisfaction of the Palestinian insurance sector. The researcher aims to study the relationships between HRM practices, leadership styles and employee performance; which are the factors that affect the satisfaction of insurance customer in Palestine.

Please note that: this survey contains 5 sections and it will not take more than 25 - 20 minutes to complete. Please answer all questions according to the instruction in each section. Your answers are **completely anonymous** since you are not asked to give your name. Answers will be used only for academic purposes.

After completing the answering, kindly out the answered questionnaire in the envelop and the researcher will come and collect it.

Thanks you very much for your times and efforts and cooperation

Yours sincerely,

Mahmoud Ali Salahat

PhD Student

Section One: HRM Practices

Instruction: Please read the following items about the HRM practices in your company. And according to your view, indicate the degree of your agreement or disagreement with each statement according to the scale below.

1 = Strongly Disagree. 2 = Disagree. 3 = Indifference. 4 = Agree. 5 = Strongly Agree

	Career Planning	1	2	3	4	5
1.	I know my strengths, weaknesses and abilities.					
2.	I have accurate information about my organization's management policies that affect my career.					
3.	My awareness of career interests has helped to clarify my plans.					
4.	I have accurate view of the opportunities and constraints that may occur in the work environment which can affect my career.					
5.	I have plans for my career.					
	Job Design	1	2	2	4	5
1.	Flexible job descriptions that are not linked to one specific task.					
2.	Deliberate design of jobs to make full use of workers' skills and abilities (i.e., use of job enrichment and/or autonomous work					
3.	Work organized around teams working for the majority of staff					
4.	Staff involvement in setting performance targets.					
	Training and Development	1	2	3	4	5
1.	Extensive training and development programs are provided by the firm to improve the employees' skills.					
2.	The training provided by the firm helps the employees to enhance their work performance.					
3.	Training programs offered by the firm help employees to develop a variety of skills and abilities.					

4.	There are formal training programs to teach new hires the skills they need to perform their jobs.					
5.	Opportunities for advancement are available for all employees.					

Recruitment and Selection	**1**	**2**	**3**	**4**	**5**
1.	In the selection of new employees, my company often uses employment tests (e.g., knowledge tests, personality tests, language tests, etc.)					
2.	In the hiring process, potential employees are often provided with a realistic picture of the job and the firm, including the negative aspects					
3.	My company conducts structured and standardized interviews (as opposed to unstructured interviews) for selection of jobs.					

Compensation and Rewards	**1**	**2**	**3**	**4**	**5**
1.	I am satisfied with the financial rewards that I have received.					
2.	The amount of bonuses that I obtain depends on my efforts.					
3.	I am satisfied with the process used to determine my non-financial efforts (awards and benefits).					
4.	The amount of income I receive reflects what I deserve.					
5.	My company constantly reviews and updates the range of benefits to meet the needs of employees.					

Performance Appraisal	**1**	**2**	**3**	**4**	**5**
1.	The organization uses flexible performance standards					
2.	Our managers/supervisors regularly discuss with employees their individual Performance					
3.	Pay rise, promotions, training and development, and other rewards are very closely linked to performance appraisal					
4.	Employees in this organization greatly participate in goal-setting and appraisal					

Internal Communication	**1**	**2**	**3**	**4**	**5**

		1	2	3	4	5
1.	There is a consistency and clarity of messages from top management and from HR.					
2.	Employees provide suggestions for improvement.					
3.	You are satisfied with the speed and effectiveness of responses to employee complaints.					
4.	You are satisfied with percentage of suggestions of employees that were implemented.					
5.	HR departments works as a mediator between employees and management.					

Section Two: Leadership Styles

Instruction: Please read the following items about the leadership styles of your manager. And according to your view, indicate the degree of your agreement or disagreement with each statement according to the scale below.

1 = Strongly Disagree. 2 = Disagree. 3 = Indifference. 4 = Agree. 5 = Strongly Agree

	My Supervisor	**1**	**2**	**3**	**4**	**5**
1.	Instills pride in me.					
2.	Spends time teaching and coaching.					
3.	Considers moral and ethical consequences.					
4.	Views me as having different needs, abilities and aspirations.					
5.	Listens to my concerns.					
6.	Encourages me to perform.					
7.	Increases my motivation.					
8.	Encourages me to think more creatively.					
9.	Sets challenging standards.					
10.	Gets me to rethink never-questioned ideas.					

11.	Makes clear expectations.					
12.	Will take action before problems become chronic.					
13.	Tells us standards to carry out work.					
14.	Works out agreements with me.					
15.	Monitors my performance and keeps track of mistakes.					

Section Three: Employee performance

Instruction: Please read the following items about your performance. And according to your view, indicate the degree of your agreement or disagreement with each statement according to the scale below:

1 = Strongly Disagree. 2 = Disagree. 3 = Indifference. 4 = Agree. 5 = Strongly Agree

	In-role performance	1	2	3	4	5
1	I achieve the objectives of the job.					
2	I meet criteria for performance.					
3	I demonstrate expertise in all job-related tasks.					
4	I fulfill all the requirements of the job and procedures.					
5	I could manage more responsibility than typically assigned.					
6	I appear suitable for a higher level role.					
7	I am competent in all areas of the job, handle tasks with proficiency					
8	I perform well in the overall job by carrying out tasks as					

	expected.					
9	I plan and organizes to achieve objectives of the job and meet deadlines					
	Extra-role performance	**1**	**2**	**3**	**4**	**5**
1	I help other employees with their work when they have been absent.					
2	I exhibit punctuality arriving at work on time in the morning and after lunch breaks.					
3	I volunteer to do things not formally required by the job.					
4	I take undeserved work breaks.					
5	I take initiative to orient new employees to the department even though not part of his/her job description					
6	I exhibit attendance at work beyond the norm, for example, take fewer days off than most individuals or fewer than allowed.					
7	I help others when their work load increases (assists others until they get over the hurdles).					
8	I coast toward the end of the day.					
9	I give advance notice if unable to come to work.					
10	I spend a great deal of time in personal telephone conversations.					
11	I do not take unnecessary time off work.					
12	I assist my supervisor to accomplish his duties.					
13	I make innovative suggestions to improve the overall quality of the department.					
14	I do not take extra breaks.					

| 15 | I willingly attend functions not required by the organization, but helps in its overall image. | | | | | |

Section Four: Customer Satisfaction

Instruction: Please read the following items about the satisfaction of the customers of your company. And according to your view, indicate the degree of your agreement or disagreement with each statement according to the scale below.

1 = Strongly Disagree. 2 = Disagree. 3 = Indifference. 4 = Agree. 5 = Strongly Agree

	Customer Satisfaction	**1**	**2**	**3**	**4**	**5**
1.	Our customers are satisfied with the quality of our services.					
2.	Our customers are satisfied with the features that our services provide.					
3.	Our customers are loyal to our services.					
4.	Our customers refer new customers to purchase our services.					
5.	Our customers feel that we offer services with high value.					
6.	Our customers perceive they receive the value of their money when they purchase our services.					

Section Five: Personal Information

Instruction: Please answer the following questions objectively and honestly.

1. Gender   1- ☐   Male   2- ☐   Female

2. Age _____ .

3. Department _____ .

4. Job Title _____ .

5. Educational Level: 1- ☐ Diploma.   2- ☐   Bachelor's degree
                            3- ☐   Master's degree.   4- ☐   Other, please

   indicate _____ .

6. Income (NIS)   1- ☐ From 1000 – 1999.   2- ☐ From 2000- 2999.
                          3- ☐   From 2000- 2999.   4- ☐ From 3000- 3999.
                          5- ☐   More than 4000.

7. Your experience in this company
   1- ☐ Less than a year.   2- ☐ 2- 5 years.   3- ☐ 5 - 10 years
   4- ☐ 10 - 15 years.   5- ☐ More than 15   years.

8. Name of Company _____ .

9. Your experience in insurance industry
   1- ☐ Less than a year.   2- ☐ 2- 5 years.   3- ☐ 5 - 10 years
   4- ☐ 10 - 15 years.   5- ☐ More than 15   years

Thank You

Appendix B: Translated Copy of the Questionnaire

كَضـضـْلٰ إِظف لخَعٰو/ كَضـٰح لٰ إِلٰت لٰحـْهيت

لْكى اطنبناخـحبنٰ وات ُ ٔ ٔ حكٔاب أحغ ﻊل، بَبطنب دكخـنل فـ ﻋﭬﻜت لوشا لٰبَﻇﻧت، واعـكـَبَّ
نٰ ُم سـجت ﻓٔكخٔ سٰا، بَ يـطنﺑﺑﺎﻋنٰب حد انخ ٔ يـش بَ ٔ ٔ حغٰى فـَح ﻇﻞ لٔكٔسـف انٔﻇﻟﺗ
ولٰبَسَـعت. و ﻪﺝ ٔزٰلٔغٔبﺗف ٔأبﻇذذ ﺍﻬﺍﺀ سٰاعت حل يـغخ سﺿﻞ ﺿﻞ ﺑﺑﺌ فـَقطـعناخ ئف ٔ
فـﻪغ طٔ. بَلـبحﺝﺝﺗن ﻳَﻐَﺬخك فـ ا بﻪﺑت كَِاعئت ٔزا ٔ بﺑت انخَ ﺝ ﻃ ﻐﻨﺞﺝﭼﭘش كَِ و ﺟَ كَطﻞ
لٰ إِظف فـ آﺷﻄت لٰ ﺑِّﻼﺑﺷﺮت وانبَّط لٰﻗْﺑﺪة وكٔنٰك اداﺀ لٰ إٔﻇ فٔ ٔﻇ فٔ وتأﻇٰن ٔز لٰﻜﭘٔايمﻜَـﻪ سٔـﺿﺑ
ﺿﻞ ﺑﺑﺌ.

شَـج ٔكـﻬﻯ ٔ ٔزٰا ٔ بٌ يكٌ ئ خ ﻏ ﻐﻗﺎﻏﺑﻭ، واﻗﻗ ﺝ لٰأَﻧﺶ بﺝﺑتكَـﻪ ٓ ﺨﺮﻭﺍح ئ 20 - 25
دقٔقٔت. شَـج ٔ ا بﻪﺑت كٌِ اعئت فـﻕ ا ٔ ﺑﺪاﺙ لٰ ﺝِﺝ ﺑﺪة فـَ كﻣﻗﻏﻯ. ﻭﻓﻜﻬﻯف بٌ اﻬﺨﻜﻜعخﻜﺨﻏﻏﺨﺨﻭ
ش اع الﺑ دٌ ﻜَـﻓﻗط، وﻭﺨﻙ ذَﻙ ﻩٔلٰ خﻇ ﻃة والشٔـتفﺑَـﺝ ﻋَ يطب بﺌﻐﺑت اع ﻜﻙ.

بٔﭙﺬ ٓ بﺀ ئ ا بﻪﺑتكنَج ٔوضﻏا ٔ بﻎ لٰﻩﻇفﻟٰ ٔ خﻇص وتسﺩﺓَ ٰش خﻇﻟنﺑﺑﺤﺬ.

بٔكﻜﺶﻟﻜﻯ حغ ﻐﻬﺎونكم سﻐب

ئغﻃﺠﺨﺷﺎو
ئح ٔﺩ كَﻩ ٓ ﺠﺙ
جال: 0598240918

ظك انشخ انًثبَيچِن   نَلغى

ا   بداث مَن جَا يجـت كَ إ ا عئٍتنإخِن ب ً ضكَة وٌهبفث

1. انجُظ   رئش -1 ⬜   2- ⬜   أز ٔ

2. نـيٌُش ـــــــــــــــــــ ـ عُت.

3. نذاؤٔٔة: ـــــــــــــــــ .

4. لَ ًغ ًان ظفَ: ــــــــــــــــــــــــــــــ .

5. يغ ﻛﺤﻜﭽﻓ   1- ⬜دب هو   2- ⬜لكبن سٌ ط
   3- ⬜يجغٔش   4- ⬜شٌ نك، حذد ـــــــــــ .

6. لذخم انشٌّ ٔهٌشكم(: 1- ⬜ يِ 2000 - 2999   2- ⬜ يِ 3000 - 3999
   3- ⬜ يِ 4000 - 4999   4- ⬜ يِ 5000 – 5999
   5- ⬜اكش يِ 6000 .

7. عُاث خبشف ٔششئخخك لجنت:
   1- ⬜ قم يِ عُت.   2- ⬜ 2 – 5 عُاث   3- ⬜ 6 – 10 عُاث
   4- ⬜ يِ 11 – 15 عُت.   5- ⬜اكش يِ 15 عُت.

8. انشٌكتناخ ٔحچَم ببَ جهنَ: ــــــــــــــــــــــ

9. خبشحك فـقطبعناخ يِ:
   10. ⬜ قم يِ عُت.   2- ⬜ 2 – 5 عُاث   3- ⬜ 6 – 10 عُاث
   11. ⬜ يِ 11 – 15 عُت.   5- ⬜اكش يِ 15 عُت.

الق غ ى ر از بَ: اَش طت ل بّلدبلاشش ت

ا **بداث:** ي ش لىّاش اءةا ت لُمالية حوي اش ط ا تّلدبّلاتش ش يف ش شو خه، رُ رَ ا بت كّيتببذغب

جّث نظر كبببّ اقمت اكّ ذ اَفّمت قاك اّمياس ادناه.

1 = غُن فيق بش ذة. 2 = غ ن وِفلق. 3 = يّح ذ. 4 = وِفلق. 5 = فيق بش ذة.

5	4	3	2	1	ح خ طظن بّغ ان ظ ق	
					لنبكلش ف نبطل ن ح ضكف لى بنياتي.	1
					ّ دّكّيفتدليقة بإاسّةّتش ت عياسخب راث اّ تبخطش غب سّ اّ ظيفي.	2
					وعييبوّيتاّغبس اّ ظيفي مبعدني ف ض غ خطظّ رَ خ.	3
					ّ دّكّيفتدلبمتبفّتش ص اّكّيقاث اخ ح ذذ د ف بيت كّ رَ اخ يّى ا حوشك غب سّ اّ ظيفي.	4
					لن ا خه خطظّ رَ خ.	5

5	4	3	2	1	ح ظ ئُنبّ مَ	
					نش غب ُذيها او طبف ظفيت شنة غير شجطب ّ ّت اذذة ذذذة.	1
					ش ش غب يتمح ظميم كّ رَ كِ اعط اخفبدة ئُبيت بس اث كُبّ بِد.	2
					ج ُ أداء كّ ف ُتّش ت كّ ِتّفّش ق كّ ّغبُيت اّ ّظي ّ.	3
					اّ ّظفقّ ش شغب يساه ّ في صياغ اّ ذاف ا داء.	4

5	4	3	2	1	لاخ نس ب ولا خ ظّ	
					خّ ش شخ غب ج كّت اَكُمت بش ا ج نّسيد ب لُح طيّش خذغب سّباث اّ ّظيِ ّ.	1
					نُسيب اّ ز حمذ نّش شخ غب يسّكّذ اّ ّظيِ فكّحضّض ادا ئُ.	2
					بّش ا ج نّسيب اخّحطشنتبّ تّش ت ح ّى اّ ّظي رَ اِ ج كّت خ كّّت اّبس ا ث اّمّ اث.	3
					بّبُه برنا جخّسيب ر ع ِ يقد َ ّ ّظيِ َ اّجذد وغب بّ اّتبساث ا ت نجبص كّّ.	4
					ن شص لُم ذ لُحطش ف ُتّش تو عبنت ا بّ ج ّيع اّ ّظيِ ّ.	5

5	4	3	2	1	ا خخار فاخپَ ٘	
					فِ گَيّت اختيار اَ ّ ڤظيَ ٘ اجذد، حخخخ دّشڵشوتخلخڄبساث ح ٘ظيف خ گِنت گّ ٘ عيدٍ ٘ رّابيخلڄبساث اُمذساث ڄخبساث اُشخ ظيت خلڄبساث اُغْنٍ، اخ(.	1
					فِ گَيّت اخظيف، يتڥضويد اَ ّ ڤظيَ ٘ اَ ّ خِيَ ب ظسة الِگيتگ ٘ اَ ّ ڤظيت ّشڵشوتبّ فِ رُه اج انب اُغْيت.	2
					حجش ّشڵشوتِمب ث لُ ّ ظيفبشرى ٘ َ ِ ّ جخجبنس ٘ ّ ٘دذ.	3
5	4	3	2	1	لن ّلِفآتنوخكِپضنّبث	
					انار اعگّ كِلبئذاث اَبّيّت لُ ّ ادظ ّكَيِب ّ كّ ِ فِ زّنّڵشوت.	1
					ليتّ لبّفآث لُ ِ ادظ ّكَيِبخجخ ّنگ ِ ّ ج ِ ّ دّ.	2
					انار اعگّ ٘ اكِپّيّت ٘ اَ ّخخذذتخُ ذنيذ امكافآت غير اّبّيّتّج ٘ ّ دّ.	3
					ِملس اذخ ٘ اَ ّ زّراحِبٍ ِ ّشڵشوتكِىظظِب أخخنمٰ.	4
					ح ّامُشششوتبّخشراڵشّشاجكِتخّ ذنيذ ذ ِ ج گنت امزايا اّمذ بتّ ّ ظليبّ نخيت ادتياجا حّ.	5
5	4	3	2	1	ح قّى ٘ ٘اء	
					كِپبيشٍ ا داء ٘ اخرحخخخذ بّشڵشوتخخ ظفمبِبّ ّشّت.	1
					اّذنيرو ٘ لِّلعبّاء ف ّشڵشوت يناقشٰ ٰ ّغ اَ ّ ظف ادا لُفش بّشرى ٘ ِخظّ.	2
					لِ رّششوخنا، زيادة لِّللُح بّ، اّترقيا ث، ّخسيد ب لُخط يَر، وغِنِنّب ٘ لبّفآثخحّشرجُحظ لهمٍ ببطبرزيقلجخجئجبجحميِيدُ ا داء.	3
					ِ ّظلِ شرشخِبٍ يساه ّبّشرى ّ ويش ف ّضْغ ا ٘ ذاف ّحميِيم.	4
5	4	3	2	1	ا ٘ ظبل لِذاخِو ٘	
					اِبّرنجاخِبق ٘ ّضْح ف ّشِلعبئ ٘ َ ٘اّلندة ِ ٘ ّاداسة.	1
					لِ ّششِخِب، يدّ مَ اَ ّ ظفّ بّخخمذيمالحشرادبث ّخذخغِيٰ.	2
					انار اع كَ ّ غِخِّنت ّڠكِپبّيّت لعخجبجبيتّ ش ّىبَ اَ ّ ظيٰ.	3
					انلس اعگّ ٘ اِرغِت ٘ اخرِيتمغِنزنّب ٘ لحشرادبث اَ ّ ظيٰ.	4

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					5	داسة ٔا ٓتلربشُّلشريت ُذيناۑ ّ ٓ و ٓعيطبۑ ٓ ٓا ٓ ظ۬يۣ ٓٓا داسة.

لاڠﻯناۑ نن: اَبَطﻻقۑدة

ا **بداث:** يۑشلخُلشاءةا   ت ُلٚمالية حوي اۑبط اُقيادة اُخۣ يسخخۑَب سۑئيسلُّكبُلشش،   ۣۣ ُرُا ببتكُۜيب

بـذغ بـۜجث نظركُهبُ اقۡمت اگ ذ اُ اقۡمت قـك اُ ۜمياس ادناه.

1 = ۿٚ فۑۿٚ بشذة. 2 = ۿٚ وۣﻻق. 3 =يۜح ذٚ. 4 = وۣﻻق. 5 = فۑۿٚ بشذة.

5	4	3	2	1	َظۣﻻقۑدة ﻻۑۿص بشﻯۜغك ﻻۑَبۣشۜش	
					سۑئيسّيۑبُلشش ۑۿۜشطفۣ داخ اُڧوخش.	1
					سۑئيسّيۑبُلشش يمۿۜلۡخب فۜحكُۜيم وخۜسيب ۑِش ٕاعۣۑ ٔ.	2
					سۑئيسي اُ ّباشر يرُخف ۣ اخُكۜبس أ ُّجاۑب اُكۣ ۑۣ ۑت.	3
					سۑئيسّيۑبُلشش ۿۜۑگ ۣ ادتياجاحۣ اُّخۿۑت،ۑلشا ح ۣحكُۜطبحۣ.	4
					سۑئيسي اُ ّباشر يصغي اُرۡخب فۜ.	5
					سۑئيسّيۑبُلشش يشج كۣۜرگ اۣ ٔ اُّ ۿۣلۑب.	6
					سۑئيسّيۑبُلششكۣ ّ گـﻻى زيادة اُنبض ُٓ ذّ.	7
					سۑئيسّيۑبُلشش يشج كۣۜرگ اۣ ٔ لُحكيربشۣۑ ٓ أوۜشبلُگلاب.	8
					سۑئيسّيۑبُلشش ۿۣبۑۜشا ۿۣبت.	9
					سۑئيسّيۑبُلششۑف كۣۣ اُ ٔۜقۡبدة ۿُۣۿۑف ۣ ا شياءاُبذيۣيَت.	10
					ۣب يۣۿۣ ٔ ِۣ سۑئيسّيۑبُلشش ﺿخۣبُّ ۣغت ُۣ.	11
					يۣ مَ سۑئيسّيۑبُلششۑبۣبُحۜ ببۜۑۜاءاث ۑبۣۿۑ لۣ أ اۡح ظخّۜ لُربو ۣۚض ۣت.	12
					سۑئيسّيۑبُلشش يخبرنۑيكۣپّبيير اُﺿذنت ۣ ذذ دةۣۿُودت كّۣ ٓ.	13
					سۑيسّيۑبُلششركۣۑۿبۣ ٓ كۣۣ قـﻻكۿف بۜۑّبۜث عۣمۜبۑب.	14

لقغعنفريلاغ: اداء ل ٌ ظفْ ِ

١ **بداث:** يرشلْهٌشاءةا ا   ت ّحُالية حوي ادا ئء، ّ ِ رُ ا   بت كّيجَيببذغ ب حجت نظِربب ٌ اقّمت اكّ ذ ّ افّّمت قّك ا ّميبط ادناه.

١ = غّ فيوّل بّشذة. 2 = غّْن وِفلق. 3 = يح ّذ. 4 = وِفلق. 5 = وِفّل بّشذة

5	4	3	2	1	اءا	
					ادمكا ذاف اّخِ يخطِبَكّ ّ ٍ..	1
					اّبكِجِبيش ا اداء اً اّضرّكُت.	2
					ا اِخّاخبشةا ت فرِحؤيت اًّ بَ اّخِّكِمِبكِ ّ..	3
					أعخفِ ج ّيع خِطِبث اثّاءاثكّ ّ ٍ..	4
					احّطيع اّميبَ ّغؤوليانؤبلش ِ ّ اّخ ظ ظت كِّبدة.	5
					ايبّتَعِببّشغ ً ِ بَراث ِغّ .ق ٍ.ّ	6
					أناِخخضفِ ج ّيعرِجب ثكّ ّ ِ ِكِلِجب ِ ّغ اً ّفَبِبءة.	7
					أِا دكّ ّ ِكّ ِتِبشرى ِءِبع يخِّبِز اًّ بَؤ ّب ْ خِلغ.	8
					لبا اخ طظ ّانظمكّ ّ ِ عِّيحّخنميق ا ّذاف اً ّفيتّتّقّلبِمِبب ّ كّيذ اّبِئيَت.	9
5	4	3	2	1	اءا بفَ	
					أعبكّذ اً ّ فظيِ ّ الآخريَف ِكّيِّ فِ بّبة غيا بُ.	1
					أظِّ ِخض لب كّيذ اّطيا ّكّيِّ فِ ّالج ِّ اًّ ذذدفِّظلبب حِكِذ اعخّرِشات اّغذاء.	2

					لَحط مَعِکِبِ أشياء غير طِلتسعمياف نَظِيخ.	3
					أد ظ کِ احْنرادبث ف پَلّ غير غخنمت.	4
					بِبسف حْجِ اسْشِهد ا ّ فظِي اجذف المغُ کِ اتْشِغُ أ زا يِسِحِضءا اطف ا ظِيفي اخِصب.	5
					ايا اُ دَ ا اخِصبِ قَ ِ اپِنِي،کَ عِيد رّاُبي، اخزاجصاثال کِظِظُطِ ال اُ اُعْ حِب ُ.	6
					أعِبِکِذ الآخِرِ کَزِبِطِضدادکِبء پَ نِيهم.	7
					الِضِ يوم پَ بَ جِ ا ُجذزّاُيِشة.	8
					فِ دبِيخِسلذ رِکِ، الَنِبِبِسُثْلِشِت بِغبِک رُه.	9
					أَلِضِ لُيثِر الِ جفِ اتَيِبّث اُبِغِيتِاشِخ ظِيت.	10
					لَجِبِ ا نَظِظِيِکِ " نِغِساث" الُوبِنت غِيرِضِشِسِيت.	11
					أعِبِکِذ سِئيسيِبِلّش في إنجازِجبِلبِج اُرِاُضَا	12
					تُخِذِغِ جِذِنِکِ نِناشِة اُخِرِکِ نَبَب.	13
					ي يوم پَ زالِبثِساتیِلبِفِيت	14
					لِبِسِنِبِضِنِسا شِطِت اُخِرِحِذِغِ ا ُظِسِکِلِبِتِشِشِت، اُ رُه يِ رُه بِ اُ نِظِيِت.	15

قوغى لاخ يظض بضسئ ٍ

١ **بداث:** يرج ٰلشاءة ا ت ٰحالية ضوىبرصٖبئ ششو خه،ٰ ٰ رُا بت گَيَبذغب ٰجٽ نظرك ببُ اقٰمت اٰگ ذ ٰافٰمت قـاك ٰٰمياس ادناه.

1 = ٰٰى فيٰل بشذة. 2 = ٰٰى وٰلق. 3 = يٰج ٰذ. 4 = وٰلق. 5 = فيٰل بشذة.

5	4	3	2	1	سضبٰسئ ٍ	
					ببٰئ س اضْ ٰگ ٰ نوگٰيت ٰاخذبث ٰٰ ٍ نقد ٰب.	1
					ببٰئ س اضْ ٰگ ٰ ضِاث ٰاخذبث ٰاخؤ يٖت ٰاخٖ نقد ٰب.	2
					صٰٰئب يظش ٰ ٰ ءٰٰ شٰوخٖب.	3
					ببٰئب يمخشذٰ ٰگٰصبٰئ ٰ جذدكٰجٰب ٰ ٰغ ششخٖب ٰٰشاء خٖجٖب.	4
					ببٰئب يٰگٰپشْ بؤْ ششخٖبحم ذ خٖنبث حؤ يٖيتراث لٖيٰٰگٰسبٰٰيت.	5
					ببٰئب كٖپخمذٰ بؤْ لٖيٰت ٰاخذٖت ٰاخٖ يخذ ظٰ ٰٰگٰٰٰبٰفٖئ لٖيٰٰبدفكٖپ ٰ ٰٖب ٰ شٰشٰلٰب.	6

شٰكشاٰ ج نٰٰٰاونٰى
اح ُ ٰٰنٰكيٰبٰ عٰپ ذا

Appendix C: Reliability analysis (Cronbach's Alpha)

Reliability: ALL VARIABLES

Career Planning

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.631	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CP1	7.33333	3.657	.143	.675
CP2	6.86111	2.752	.449	.543
CP3	6.86111	2.066	.615	.428
CP4	7.38889	3.159	.476	.549
CP5	7.11111	3.302	.290	.620

Job Design

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.671	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
JD1	7.2500	4.536	.496	.585
JD2	7.3056	4.790	.403	.636
JD3	6.9444	3.483	.662	.446
JD4	6.5833	4.193	.313	.721

Training and Development

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.892	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
TD1	10.0556	11.368	.847	.842
TD2	10.1111	12.787	.760	.865
TD3	10.1944	11.990	.857	.843
TD4	9.9167	12.250	.625	.896
TD5	9.6111	12.359	.636	.892

Recruitment and Selection

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.800	3

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
RS1	5.0556	3.025	.627	.754
RS2	4.6389	3.209	.646	.726
RS3	4.9722	3.571	.679	.706

Compensation and Reward

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.931	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CR1	13.2222	15.949	.897	.899
CR2	13.2500	16.821	.815	.916
CR3	13.0556	17.368	.828	.914
CR4	13.0833	17.107	.867	.907
CR5	13.1667	18.029	.691	.939

Performance Appraisal

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.864	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
PA1	9.1389	7.552	.726	.825
PA2	9.0833	7.050	.729	.821
PA3	8.6389	6.980	.691	.837
PA4	8.5556	6.883	.717	.826

Internal Communication

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.830	5

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
IC1	11.5833	12.421	.552	.817
IC2	11.3889	11.444	.615	.800
IC3	10.6389	9.837	.786	.746
IC4	10.6944	10.733	.750	.762
IC5	11.0278	11.513	.475	.845

Leadership Styles

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.951	15

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
LS1	33.5556	146.368	.844	.945
LS2	33.1111	145.130	.860	.945
LS3	33.6389	148.923	.778	.947
LS4	33.4167	145.964	.759	.947
LS5	33.4167	145.507	.844	.945
LS6	33.7222	149.521	.774	.947
LS7	33.3611	144.123	.896	.944
LS8	33.4167	146.536	.788	.947
LS9	32.9444	161.883	.272	.958
LS10	33.0833	148.650	.700	.949
LS11	33.7500	151.621	.739	.948
LS12	33.6389	151.094	.804	.947
LS13	33.6111	149.616	.787	.947
LS14	33.5000	148.143	.768	.947
LS15	33.8889	158.844	.414	.954

In Role Performance

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.869	9

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
IRP1	13.7500	16.307	.646	.851
IRP2	13.5278	16.313	.601	.855
IRP3	13.6389	15.323	.712	.844
IRP4	13.6389	16.980	.524	.862
IRP5	13.5556	15.511	.586	.858
IRP6	13.5278	16.542	.516	.863
IRP7	13.5556	16.483	.557	.859
IRP8	13.5278	16.142	.687	.848
IRP9	13.5000	16.029	.623	.853

Extra Role Performance

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.737	15

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
ERP1	30.5556	30.654	.675	.694
ERP2	30.5833	32.536	.451	.715
ERP3	30.5556	30.883	.605	.699
ERP4	29.2778	31.692	.208	.749
ERP5	30.4167	32.536	.419	.717
ERP6	30.0556	30.511	.475	.707
ERP7	30.2500	32.079	.512	.710
ERP8	30.2778	32.778	.350	.722
ERP9	30.5556	35.340	.083	.745
ERP10	28.5833	37.679	-.176	.800
ERP11	30.3611	31.780	.453	.712
ERP12	30.3056	30.047	.628	.693
ERP13	30.4167	33.507	.430	.720
ERP14	30.2778	31.692	.451	.712
ERP15	30.1944	33.133	.240	.734

Customer Satisfaction

Case Processing Summary

		N	%
Cases	Valid	36	100.0
	Excluded[a]	0	.0
	Total	36	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.873	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CS1	11.0278	11.571	.748	.839
CS2	10.9722	11.799	.751	.839
CS3	11.0000	13.714	.534	.874
CS4	10.9167	12.821	.605	.863
CS5	10.9722	11.571	.726	.843
CS6	10.9444	11.883	.691	.849

Appendix D: Independent Samples T-test for Equality of Mean

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	T	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	Lower	Upper
Career Planning	Equal variances assumed	0.475	0.492	0.999	256	0.319	0.086	0.087	-0.084	0.257
	Equal variances not assumed			0.980	211	0.328	0.086	0.088	-0.088	0.261
Job Design	Equal variances assumed	0.058	0.809	0.489	256	0.625	0.049	0.099	-0.147	0.244
	Equal variances not assumed			0.489	228	0.625	0.049	0.099	-0.147	0.244
Training and Development	Equal variances assumed	2.669	0.104	0.897	256	0.370	0.109	0.122	-0.130	0.349
	Equal variances not assumed			0.880	211	0.380	0.109	0.124	-0.136	0.354
Recruitment and Selection	Equal variances assumed	0.258	0.612	1.192	256	0.234	0.131	0.110	-0.085	0.347
	Equal variances not assumed			1.193	229	0.234	0.131	0.110	-0.085	0.347
Compensation	Equal variances assumed	2.940	0.088	-0.731	256	0.465	-0.099	0.135	-0.364	0.167
	Equal variances not assumed			-0.746	243	0.456	-0.099	0.132	-0.359	0.162
Performance Appraisal	Equal variances assumed	2.201	0.139	0.400	256	0.689	0.047	0.116	-0.183	0.276

		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
	Equal variances not assumed			0.395	216	0.693	0.047	0.118	-0.186	0.279
Internal Communication	Equal variances assumed	0.577	0.448	0.676	256	0.500	0.069	0.102	-0.132	0.271
	Equal variances not assumed			0.670	221	0.504	0.069	0.103	-0.134	0.273
Transformational Leadership	Equal variances assumed	1.044	0.308	0.937	256	0.350	0.100	0.106	-0.110	0.309
	Equal variances not assumed			0.925	217	0.356	0.100	0.108	-0.113	0.312
Transactional Leadership	Equal variances assumed	0.458	0.499	1.296	256	0.196	0.136	0.105	-0.071	0.342
	Equal variances not assumed			1.297	229	0.196	0.136	0.105	-0.070	0.342
In-role Performance	Equal variances assumed	1.896	0.170	-0.545	256	0.587	-0.051	0.094	-0.237	0.134
	Equal variances not assumed			-0.536	214	0.593	-0.051	0.096	-0.240	0.137
Extra-role performance	Equal variances assumed	0.280	0.597	0.324	256	0.746	0.024	0.074	-0.121	0.169
	Equal variances not assumed			0.321	218	0.749	0.024	0.075	-0.123	0.171
Customer Satisfaction	Equal variances assumed	0.485	0.487	-0.118	256	0.906	-0.012	0.098	-0.205	0.182
	Equal variances not assumed			-0.116	214	0.908	-0.012	0.100	-0.209	0.186

The results of the independent samples t-test for equality of means indicated that the standard deviation and group mean for early respondents and late respondents are apparently not different.
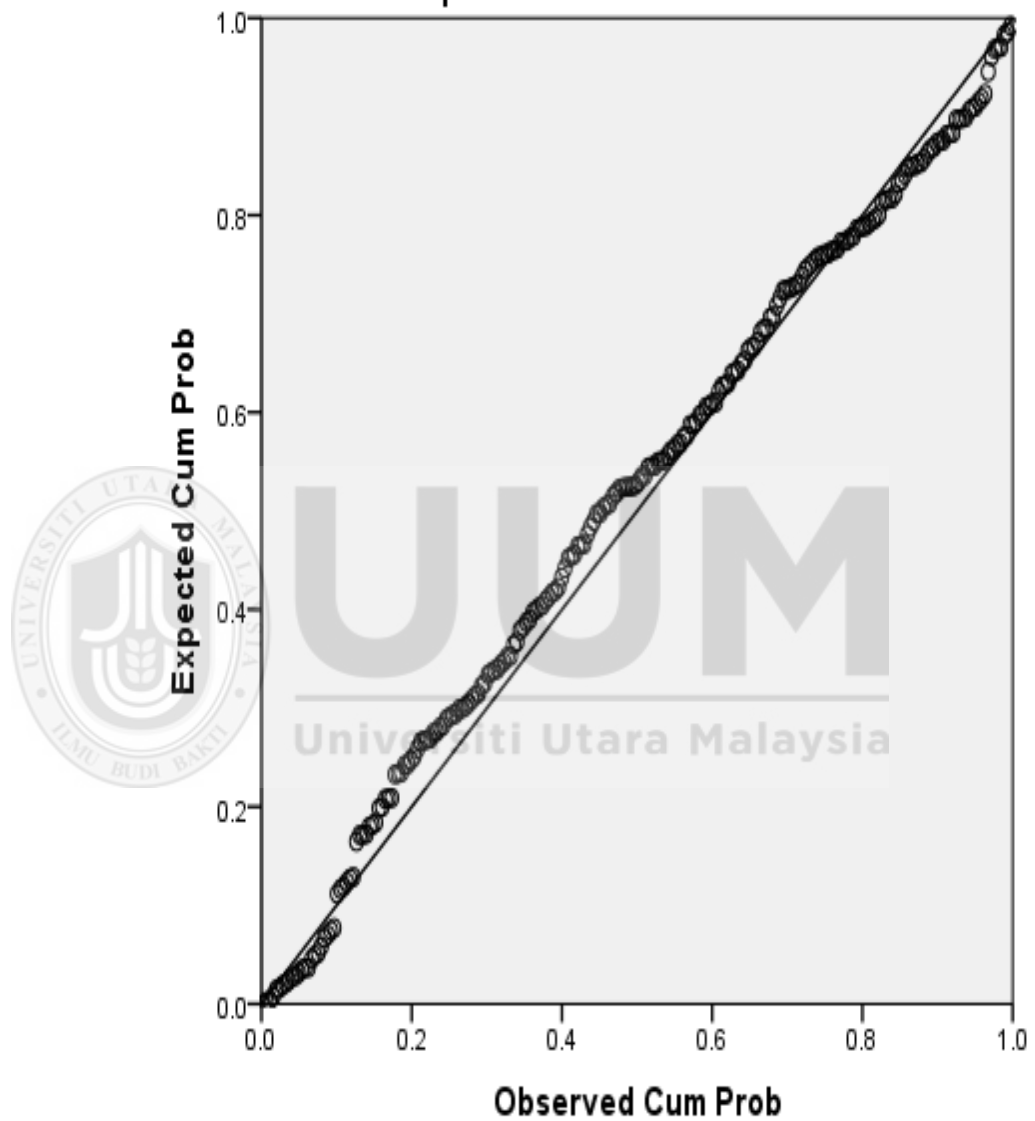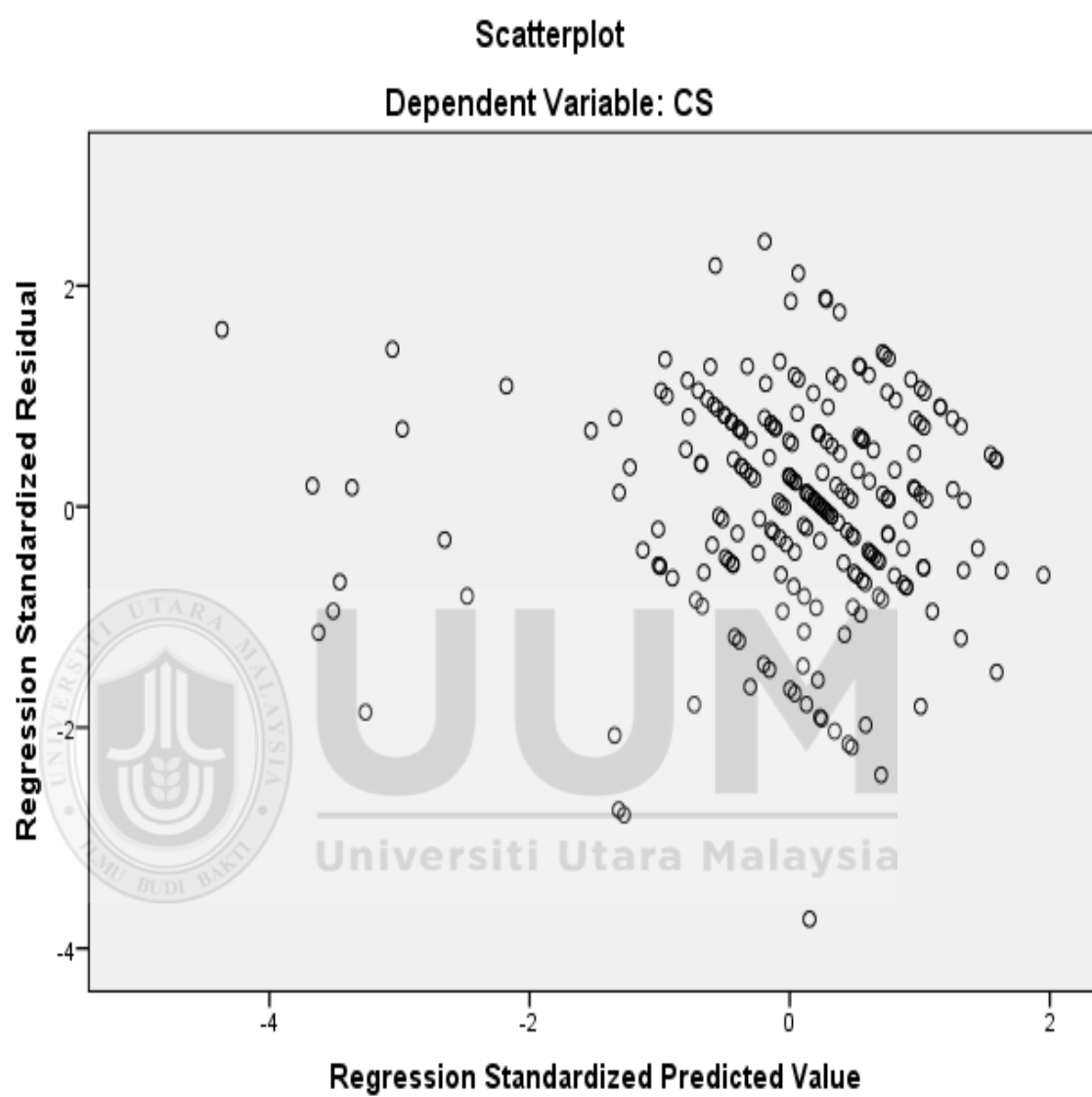
Appendix E: Normality and Linearity
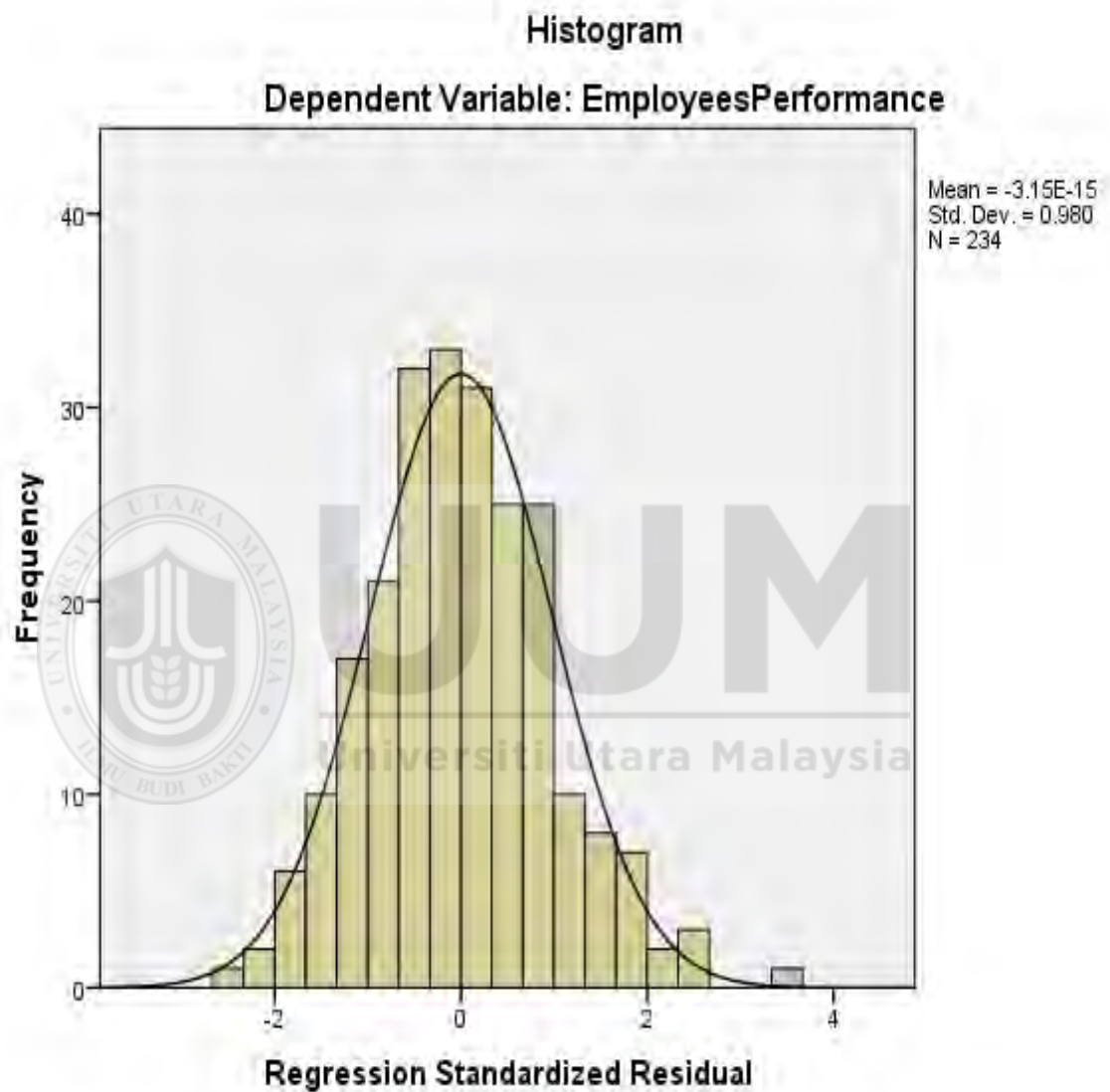
Customer Satisfaction

Histogram

Dependent Variable: CS

Mean = -4.00E-15
Std. Dev. = 0.976
N = 234

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: CS

287
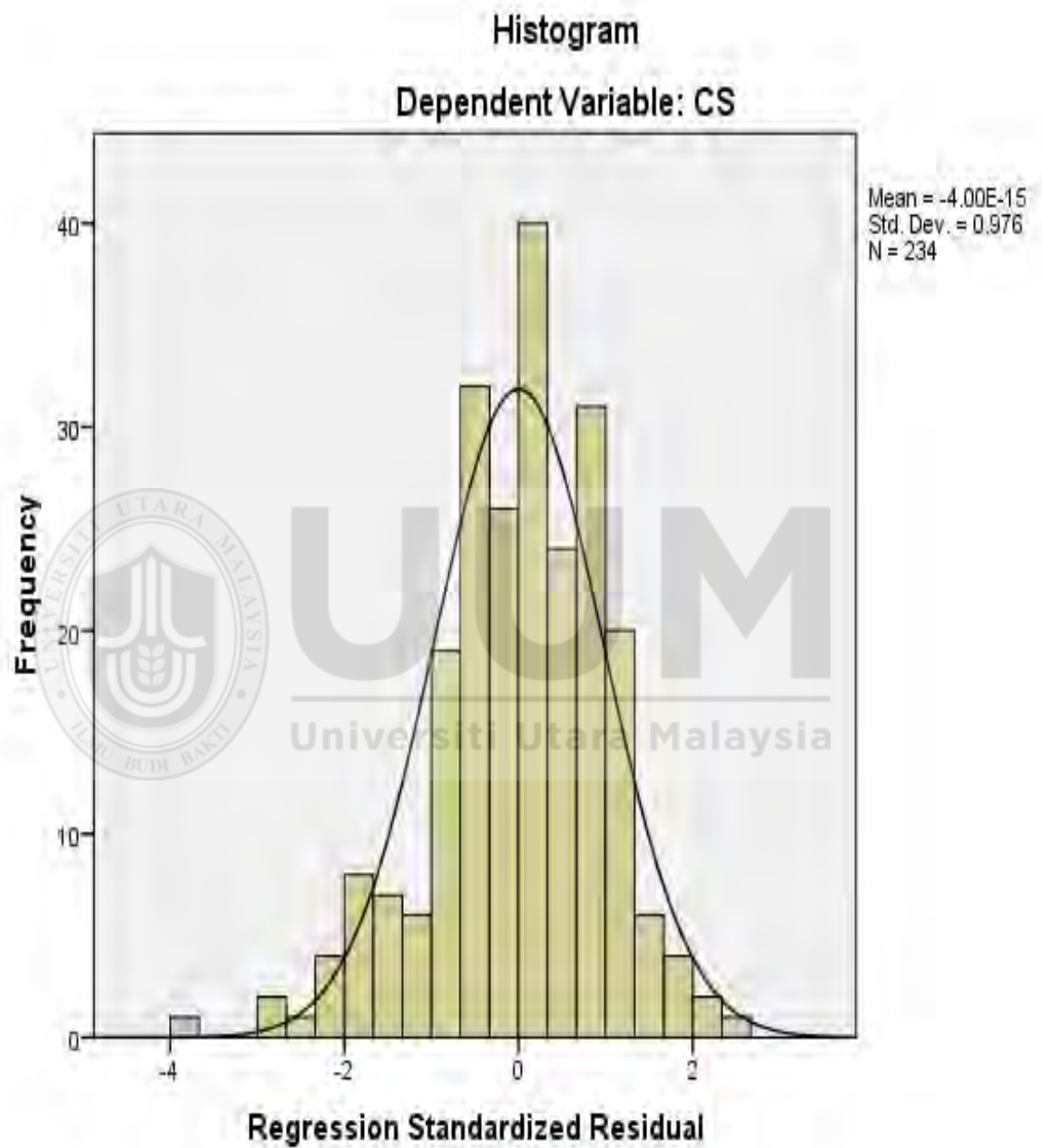
Scatterplot
Dependent Variable: CS

Employees Performance

Histogram

Dependent Variable: EmployeesPerformance

Mean = -3.15E-15
Std. Dev. = 0.980
N = 234

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: EmployeesPerformance

Scatterplot

Dependent Variable: EmployeesPerformance