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**RELATIONSHIP BETWEEN ASPECTS OF HUMAN RESOURCE  
MANAGEMENT PRACTICES AND ORGANIZATIONAL  
PERFORMANCE: MEDIATING ROLE OF ETHICAL CLIMATE**



**MALAM SALIHU SABIU**

**(900159)**

**UUM**  

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**Universiti Utara Malaysia**

**DOCTOR OF PHILOSOPHY  
UNIVERSITI UTARA MALAYSIA  
JULY, 2017**

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MANAGEMENT PRACTICES AND ORGANIZATIONAL PERFORMANCE:  
MEDIATING ROLE OF ETHICAL CLIMATE**

**By**



**MALAM SALIHU SABIU  
(900159)**

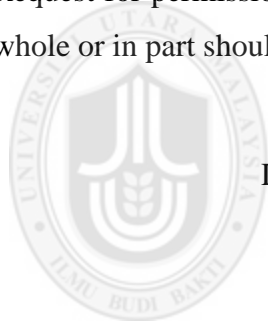
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**Thesis Submitted to School of Business Management,  
Universiti Utara Malaysia, in Fulfillment of the Requirement for the  
Degree of Doctor of Philosophy**

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## ABSTRACT

The study investigated the mediating role of ethical climate (EC) on the relationship between five (5) dimensions of HRM practices; recruitment and selection (RS), training and development (TD), compensation practice (COMP), performance appraisal (PA), promotion opportunity (PRO), and organizational performance (OP) in the Nigerian public educational sector administration (PESA). The resource-based view (RBV) and the organizational culture theory (OCT) were used to underpin the study framework. The study was a cross sectional survey, employing the stratified sampling technique using 181 usable questionnaires from the directors of administration who represented the Nigerian PESA. The data analysis was conducted using the Partial Least Square Structural Equation Modeling (PLS-SEM 3.2.6). The study result supports 13 of the 16 hypotheses tested. The findings support 4 out of the 5 direct relationship hypotheses revealing empirical evidence on the significant relationships between RS, TD, PA, PRO and OP. The hypotheses between RS, TD, PA, PRO and the mediating variable EC are also statistically supported, but there is no evidence to support empirically the significant relationships between COMP and OP as well as COMP and EC. On the mediation relationships, the EC, as a hierarchical component model (HCM), mediates the relationships between RS, TD, PA, PRO and OP, but not the relationships between COMP and OP. This study contributes immensely to the current literature on how EC mediates HRM practices and OP relationships particularly in the African context where there are scant similar studies. The study also contributes to the literature on how to test the reflective-formative type of hierarchical component model, which is a very uncommon practice in the available literature. The findings suggest that the management of PESA can improve the HRM system through the proper implementation of effective HRM practices that will nurture EC and lead to OP. Finally, the study's limitations, conclusion and suggestion for future research direction were discussed.

**Keywords:** organizational performance, HRM practices, ethical climate, PLS, hierarchical component model

## ABSTRAK

Kajian ini mengkaji peranan iklim etika (EC) sebagai pengantara dalam hubungan antara lima (5) dimensi amalan pengurusan sumber manusia (PSM) iaitu perekrutan dan pemilihan (RS), latihan dan pembangunan (TD), amalan pampasan (COMP), penilaian prestasi (PA), dan peluang kenaikan pangkat (PRO) dengan prestasi organisasi (OP) dalam pentadbiran sektor pendidikan awam (PESA) di Nigeria. Tinjauan berasaskan sumber dan teori budaya organisasi digunakan untuk menyokong kerangka kajian ini. Kajian ini mengaplikasikan teknik tinjauan keratan rentas, iaitu dengan menggunakan teknik persampelan berstrata daripada sejumlah 181 borang soal selidik yang dikumpul daripada pengarah pentadbiran yang mewakili PESA di Nigeria. Analisis data dijalankan dengan menggunakan *Partial Least Square Structural Equation Modeling* (PLS-SEM 3.2.6). Hasil kajian ini menyokong 13 daripada 16 hipotesis yang diuji. Selain itu, hasil kajian ini juga menyokong 4 daripada 5 hipotesis hubungan langsung yang mendedahkan bukti empirikal tentang hubungan yang signifikan antara RS, TD, PA, PRO dan OP. Hipotesis antara RS, TD, PA, PRO dengan pemboleh ubah pengantara EC juga disokong secara statistik. Namun, tiada bukti yang ditemui untuk menyokong secara empirikal hubungan antara COMP dengan OP serta COMP dengan EC. Dalam hubungan pengantara, EC sebagai model komponen berhierarki (HCM) didapati menjadi pengantara dalam hubungan antara RS, TD, PA, PRO dan OP, tetapi tidak pada hubungan antara COMP dan OP. Kajian ini turut memberi sumbangan yang besar kepada literatur semasa tentang bagaimana EC menjadi pengantara kepada amalan PSM dan OP, terutamanya dalam konteks Afrika yang mana terdapat sedikit sahaja kajian yang sama. Kajian ini juga menyumbang kepada literatur tentang bagaimana untuk menguji model komponen hierarki jenis reflektif-formatif yang merupakan suatu yang jarang dilakukan dalam literatur yang sedia ada. Hasil kajian mencadangkan agar pengurusan PESA boleh meningkatkan sistem PSM melalui pelaksanaan amalan PSM yang berkesan secara tepat yang akan memupuk EC dan membawa kepada OP. Akhir sekali, batasan kajian, rumusan dan cadangan untuk kajian pada masa hadapan turut dibincangkan.

**Kata Kunci:** prestasi organisasi, amalan PSM, iklim etika, PLS, Model Komponen Hierarki

## ACKNOWLEDGEMENTS

I wish to first and foremost thanks to Almighty Allah (SWT) for sparing my life, blessing me and permitting me to undertake this PhD. journey. May the peace and blessing of Allah be upon our beloved prophet Muhammad (PBUH).

I wish to sincerely express my acknowledgement to many important personalities whom I am indebted to for being influential to this PhD. programme. My special appreciations goes to my constructive and hardworking supervisors: Dr. Tang Swee Mei, and Dr. Mohd Hasanur Raihan Joarder for teaching me the art of research and scholarly writing. Dr. Tang Swee Mei, I would like to express that she is a great teacher, mother and model of scholarship and excellence. I remain indebted to them. My acknowledgement and appreciation also goes to my panel team during proposal defense Dr. Zurina Adnan and Dr. Choo Ling Suan for their professional observations, comments and contribution that improved this work. Again, this thesis cannot be completed without acknowledging the panel of the viva session ranging from the chairperson Assoc. Prof. Dr. Faizuniah Pangil, External examiner; Assoc. Prof. Dr. Nik Mutasim Nik Ab. Rahman, Internal Examiner; Dr. Zurina Adnan and the secretary Mdm Zaharah Abdul Rahman for their wonderful and professional work.

I will also strongly express gratitude to my lovely family and relatives, my friends for the encouragement and prayers throughout this rigorous journey. Special thanks goes to my beloved wife, Sadiya Ibrahim and my children Muhammad Salim Sabiu and Suhailat Sabiu I really appreciate your patience and understanding. To my parents Alhaji Salihu Aliyu, Late mother Malama Hassana Abubakar and my step mum Malama Hafsat Salihu. May Allah (SWT) bless and have mercy on all of you. Finally, I would also like to thank the management of Umaru Ali Shinkafi Polytechnic Sokoto, for all the financial support throughout this PhD. journey.

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## LIST OF ABBREVIATIONS

AMO	Ability Motivation Opportunity
AVE	Average Variance Extracted
ASUP	Academics Staff of Polytechnics
BV	Benevolence
CFRN	Constitutions of the Federal Republic of Nigeria
CR	Composite Reliability
COMP	Compensation Practice
DV	Dependent Variable
EC	Ethical Climate
EG	Egoism
F2	Effect Size
HD	Hierarchical Distance
HDI	Human Development Index
HND	Higher National Diploma
HPWP	High Performance Work Practices
HPWS	High Performance Work System
HRM	Human Resource Management
HR	Human Resource
ICPC	Independent Corrupt Practices and other Related Offences
IVs	Independent Variables
LL	Lower Level
LU	Level Upper
MV	Mediation Variable
NBS	National Bureau of Statistics
NCE	National Certificate of Education
NECO	National Examination Council



NIDOA	Nigerian in Diaspora Organization
NUT	National Union of Teachers
OCT	Organizational Culture Theory
OP	Organizational Performance
PA	Performance Appraisal
PLS	Partial Least Squares
PRIN	Principled
PRO	Promotion Opportunity
PROUT	Progressive Utilization Theory
Q2	Construct cross validated Redundancy
RS	Recruitment and Selection
R2	R-squared values
RBV	Resource based View
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
SEM	Structural Equation Modeling
SmartPLS	Smart PLS Statistical Package
SPSS	Statistical Package for the Social Science
SPSS	Statistical Package for Social Science
TD	Training and Development
UNDP	United Nation Development Programme
UK	United Kingdom
USA	United State of America
US	United State
UUM	Universiti Utara Malaysia
VAF	Variance Accounted For
VIF	Variance Inflation Factor

WAEC

West African Examination Council

WASSCE

West African Senior School Certificate Examination



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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

Over the years, the importance of organizational performance (OP) for efficient management is increasing in any given organization. The rapid changes in economic environment is being taken over by such phenomena as the globalization and deregulation of markets, changing customer and investor demand, and the ever-increasing product-market competition has become the norm for most organizations (Al-Dhaafri, Al-Swidi, & Yusoff, 2016).

Organizations require evaluation of their internal environment for opportunities and challenges in order to remain competitive and sustain their growth (Al-Swidi & Al-Hosam, 2012). Chen (2005) argued that organizations are looking for ways to improve their performance and attain competitive advantage over competitors. Nevertheless, if this performance can be improved, how and what approaches should be used towards that, is still the issue that needs to be investigated further.

Several studies were conducted with an aim to discover factors that can influence performance of organization. Studies from different discipline like human resource management, strategic management, marketing, operation management, information system as well as international business have investigated different number of variables

includes; leadership styles, intellectual capital, human resource practices, total quality management, information technology and innovation, organizational capabilities among others may improve the OP (Al-Ansari, Xu, & Pervan, 2014; Camison & Villar-Lopez, 2014; Farouk, Elanain, Obeidat, & Al-Nahyan, 2015; Gharakhani & Mousakhani, 2012; Lo & Fu, 2016; Ngah, Tai, & Bontis, 2016; Wang, Cao, & Ye, 2016).

To enhance OP, human resource management needs to be considered important factor (Wood, 1999). Human resources management (HRM) as an essential function in organizations which includes every one (Bhattacharya, Gibson, & Doty, 2005; Delery & Doty, 1996), HRM as a machinery is used as a term to signify part of organizations activities that concern with development and management of individuals through the practices (Wall & Wood, 2005). According to Wood (1999) HRM practices as the organizational functional practices that lead to OP and success. These practices work inter dependently and supplement one another in a way to be able to ensure both individual and OP. In other words, HRM practices can be referred to activities organizations engaged at utilizing the pool of HR and ensuring the resources are used towards the fulfillment of organizational objectives (Schuler & Jackson, 1987). Human resource management relates to employee's knowledge and abilities that permit for changes in action and economic growth and development as well performance improvement in organization (Huselid, 1995).

Again, Bontis, Dragonetti, Jacobsen, and Roos (1999) stated that human resource management represents human factor in the organization setting with valuable intangible resources such as skills, intelligence, and professionalism that gives the organization its distinctive personality. This make employees stock of knowledge rooted in the organization's collective capability to figure the best solutions (Bontis & Fitz-enz, 2002).

Based on Barney (1991) Resource-based View (RBV) of an organization, clarifies that the added value of human resource management can contribute to an organizational success as well as performance improvement. It sees human resource management as resources and value that are essentials to organizations in which employees will produce advantageous returns. OP is resulted from the organizations ability to make significant contribution (Ankli,1992). In attaining OP, management in organizations has to acknowledge the human resource management different from all other resources and make it reliable in terms of creating the required value (Khavul, Bruton, & Wood, 2009; Caliskan, 2010).

OP can be measured as objective and subjective. Subjective measures of performance regarded as information gathered from the managers or from the key other informants regarding their overall OP like effectiveness, profitability, innovation efforts, efficiency and other attributes (Björkman, Budhwar, Smale, & Sumelius, 2008; Fey, Björkman, & Pavlovskaya, 2000). Subjective measures have been a popular method for assessing OP among researchers particularly in the field of management (Camps & Luna-Arocas, 2012; Ndofor & Priem, 2011). Singh, Darwish, and Potočnik (2016) argued that subjective measures are more reliable and suitable alternative to measure OP.

In achieving the organizational goals and objectives, regular activities needs to be strategize interms of monitoring the progress toward the goals achieved, and continue making adjustment to achieved more goals efficiently and effectively (Burtonshaw-Gunn & Salameh, 2009). Similarly, OP refers to whether the organization does well in releasing the authoritative and operational capacities pursuant to the mission and whether the place of work really creates the activities and yields as per the mission or the institutional order (Kim, 2005). It is also regarded as organisational success through better productivity as well as growth (Singh *etal*, 2016). In addition, OP can be seen as ability to undertake an activity with effeciency at the minimum cost possible. It also involve effectiveness whether the objectives set for the organisation are being achieved (Ali, Ali, & Raza, 2011).

For over twenty years, improving performance has been the major issue of public administration research, management and policy (Al-Dhaafri *et al.*, 2016). Globally, governments are searching ways to improve their performance in terms of program outcomes, citizen participation, use of public resources, strengthen integrity, citizens satisfaction, transparency, preventing corruption, and enhancing accountability (Armstrong, 2005).

Public sector can be defined as an institutions of governance and administration created for the purposes of provision of goods and services to the society or public with efficiently and effectively manner (Inyang & Akaegbu, 2014). Furthermore, in contemporary governance, the public sector is regarded as central processing units of machinery of government (Adegoroye, 2006). The role played by public sector in

political, economic, and provision of social welfare, goods and service are much important (Ali *et al.*, 2011).

Similarly, public sector intends to achieve quality, customer satisfaction, and good performance. In this regards, performance and service delivery are major concern in the public sectors (Ko, Hur, & Smith-Walter, 2013). The aim of performance evaluation in the public sector is to make performance, objectives, and resources clear; to integrate budget cycle and policy; to integrate financial and nonfinancial information; and to improve accessibility, quality, and the content of information on the management information (de Waal, 2010). In addition to that, studies in the public sector showed that organizations that implement performance management were likely to provide better services to clients, achieve their objectives, and improve their efficiency and effectiveness (Andrews & Entwistle, 2010; De Waal, 2010; De Waal & Kerklaan, 2010; Speklé & Verbeeten, 2014). Equally important, performance in the public sector is certainly essential. Many public-sector organizations emphasized on performance in order to make sure the transparency of public decisions as well as proper utilization of public resources (Speklé & Verbeeten, 2014). However, Inyang and Akaegbu (2014) stated that Nigerian public sector organization are facing challenges of low performance more specifically in public educational sector administration (PESA) and it has attracted concern from the public.

Lack of performance in Nigeria public sector is very critical, more particularly in education sector, the economy rely on provision of quality educational services and other services to the entire society which serve as the most significant services required from



system. Even though, Nigerian public service are not performing in the provision of these essential services and other more services that can satisfied individual citizens (Okonjo-Iweala & Osafo-Kwaako, 2007). In this regards, there is a lot of complaints from the public in respect of the declining of performance, quality and standard of the most significant sector of the economy which is educational sector (Okonjo-Iweala & Osafo-Kwaako, 2007). Similarly, complaints of non-performance of PESA in Nigeria had been raised by several authorities, governmental organizations, non-governmental organizations, international organizations, politicians, students and the public. These complaints includes inability of the PESA to perform and yield result do to issues of bribery and corruption, mis-management and under-utilization of resources, abuse of office and indiscipline (Aminu, 2015; Buhari, 2015; Ejike, 2015; Nasiru, 2015; Olugbamila & Sehindemi, 2015; Oluwarotimi, 2015; UNDP, 2013).

In general, it is observed that the state of the economy of developing countries and their slow level of development could be relatively attributed to the shortages and non-functional educational system (Hamidi, Ghorbandordinejad, Rezaee, & Jafari, 2011). Equally, Adewuyi, and Okemakinde (2013) and Antoninis (2014) pointed out that, uneducated society is characterize with under development, hence, literacy and education can thus be said to affect the sequence of development in any given society.

Education in its general sense is essential and basic to human and global societal development which in turn makes its recipient self-sustaining and self-reliant. The degree of development of any societies has been linked to the point of the level of education of its public. In this respect, the establishment of PESA globally with task of promoting the

life of the mind stock and transmit generalized knowledge, culture, sophisticated enterprise, and ethical origin of conduct, can never be play with, if there should be sustainability and national development. For the education system to achieve this huge mandate, several basic resources such as human and material resources are yardsticks for sustainable development in PESA (Obielumani, 2009).

In addition Glewwe, Maïga, and Zheng (2014) and National Policy of Education (2004) asserted that education is an instrument per excellence that does not only arm its beneficiary to be resourceful, but also serves as controls for boosting national development. Through education, illiteracy is eradicated, skills for output and leadership assimilated, and the main to the future of efficiency and comfort ability acquire. In the other words, education brings growth and development.

The former United Nation Secretary General Mr. Kofi Anan on his word about education said “Education is the most effective defense of any country” (WorldBank., 2013). Furthermore, education have continuously been the most essential elements in every country on the grounds that they produce the leaders who help to run such universes and that education provide high-level human asset required for driving such economies and guaranteeing quick societal change (Okebukola, 2008).

In the present world, education sector is broadly recognized to be the leading mechanism for promoting country economic growth (Aluede, Idogho, & Imonikhe, 2012; Tilak, 2005). As for African countries, education is crucial if the continent has any hope to wipe out of poverty (Bloom, Canning, & Chan, 2006; Bloom, Canning, Chan, & Luca, 2014) and for Nigeria in particular, education becomes unavoidable for the country to stay alive

and regain her lost glory being the Africa's most populace and the third richest Africans country in terms of economy (Glewwe *et al.*, 2014; World Bank, 2010). But unfortunately, the performance of PESA in Nigeria is below expectation, because of the neglecting by the previous government (Gberevbie, 2010).

However, the current President of Nigeria Muhammadu Buhari in his Inaugural speech on 29<sup>th</sup> May, 2015 mentioned that PESA as one of his government priority, the president emphasized that Nigeria is facing challenges, such as inefficiency, low productivity and pervasive corruption in public sector, low performance in PESA are the immediate concerns (Eta, 2015; Kubeka, 2015). Similarly, the Nigerian Vice President Yemi Osinbanjo emphasized that public sector in Nigeria is surrounded by issues of corruption, low performance and ethical issues more especially in educational system (Agba, 2015).

According to United Nation Development Programme UNDP (2013) in their report indicates that the quality of education in Nigeria is not satisfactory because, the statistics shows that only 47.2% of Nigerian satisfied with the quality of education. The linkage between the performance of PESA and the performance of educational system in Nigeria is, performance of PESA determine the performance of public schools as well as public satisfaction in educational services. System failure is a manifestation of the PESA failure (Adamolekun, 2013; CFRN, 1999). Table 1.1 clearly shows that the educational performance in Nigeria is quite poor and needs improvement. Additionally, human development index (HDI) position of UNDP (2013) indicated that Nigeria educational position in world ranking is 153 out 186 countries in the world, see Table 1.1 and 1.2 for more details.

Table 1.1

*Responses of Nigerian citizens on satisfaction with the Quality of education*

S/N	Countries	Satisfaction with Education Quality
1	USA	93.80%
2	Costa Rica	77.30%
3	UK	87.50%
4	France	89.30%
5	Japan	91.20%
6	Malaysia	76.90%
7	Tunisia	67.20%
8	Morocco	59.10%
9	Libya	76.90%
10	Egypt	66.20%
11	Gabon	68.30%
12	Cape Verde	58.60%
13	Botswana	63.40%
14	Ghana	55.80%
15	Algeria	71.30%
16	Namibia	60.80%
17	Kenya	51.90%
18	Angola	50.80%
19	S/Africa	69.30%
<b>20</b>	<b>Nigeria</b>	<b>47.20%</b>

Source: Human Development Report of UNDP (2013)

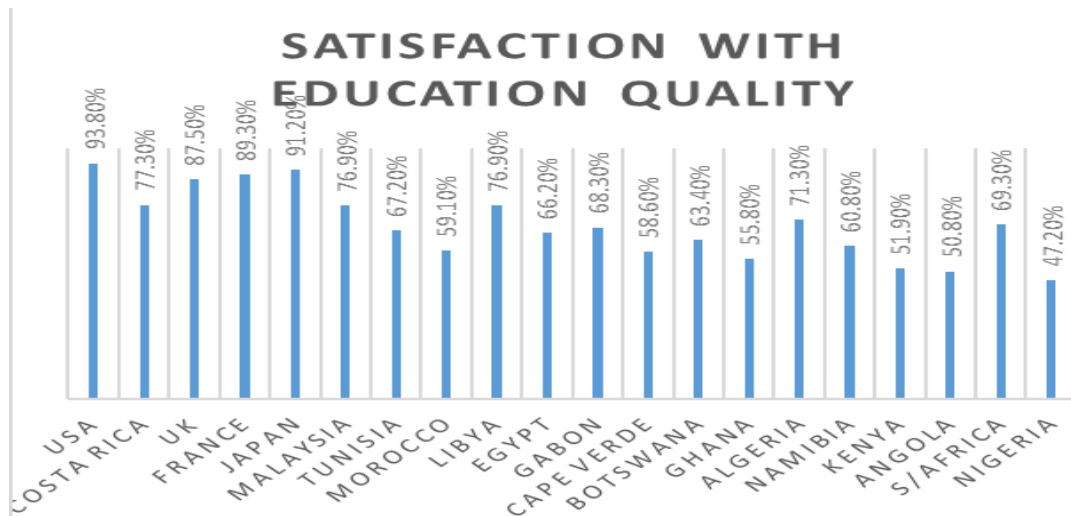


Figure 1.1 Note: Satisfaction with public educational sector performance

Table 1.2  
*Human Development Index*

S/N	Countries	Positions
1	USA	3
2	Costa Rica	62
3	UK	26
4	France	20
5	Japan	10
6	Malaysia	64
7	Tunisia	94
8	Morocco	130
9	Libya	64
10	Egypt	112
11	Gabon	106
12	Cape Verde	132
13	Botswana	119
14	Ghana	135
15	Algeria	93
16	Namibia	128
17	Kenya	145
18	Angola	148
19	S/Africa	121
<b>20</b>	<b>Nigeria</b>	<b>153</b>

Source: Human Development Report of UNDP (2013)

Similarly, recent report by Human Development document of UNDP (2015) shows, satisfaction with the quality of educational services provided by the PESA was low compared to other African counterparts like Rwanda, Ethiopia, South Africa, Namibia, Kenya, Zimbabwe and Botswana with 84%, 75%, 73%, 71%, 68%, 64% and 56% respectively, while the situation in Nigerian PESA remain unfavorable with only 51% public educational quality satisfaction which directly reflects PESA performance (Refer to Table 1.3). All this low performance of PESA is as result of poor attitude toward work, evils of corruption, indiscipline, abuse of office, kickback, absenteeism and

mismanagement of resources (Abdulraheem, 2015). Even though, there is little improvement, but still something need to be done to address this issue.

Table 1.3  
*Responses of Nigerian citizens on satisfaction with the Quality of education*

S/N	Countries	Satisfaction with Education Quality
1	Rwanda	84%
2	Ethiopia	75%
3	South Africa	73%
4	Namibia	71%
5	Kenya	68%
6	Zimbabwe	64%
7	Botswana	56%
<b>8</b>	<b>Nigeria</b>	<b>51%</b>

Source: Human Development Report of UNDP (2015)

Again, the immediate past senate president of Nigeria, David Mark, called for the review of nations education system in order to meet the needs of long awaited target and improve performance in the sector which has a long history of failure (Ugwuanyi, 2015). Similarly, The Independent Corrupt Practices and other Related Offences (ICPC) chairman of Nigeria, Epko Nta, stated that Nigerian public education system faulty, poor performance that leads to inefficient service delivery became a challenge in PESA, the ICPC chairman Mr. Nta emphasize that development can only be driven through functional education system, and lack of ethical behavior (indiscipline, bribery and corruption, abuse of office, absenteeism) within the PESA is among the factors lead to low performance (Ejike, 2015).

Moreover, the vice chancellor of Crescent University Nigeria, professor Gbajabiamila, called on President Muhammad Buhari to declare a state of emergency in the PESA to

improve performance. He added that the sector has been neglected for too long; saying the only solution to this problem (that is lack of performance) is to declare state of emergency, because the country cannot continue the sector with the same approach that created the problem. He continues by saying the neglected sector has suffered for over fifty years (Adeboye, 2015). Recently, at just concluded annual general convention of the Nigerian in Diaspora Organization (NIDOA) in Atlanta Georgia, USA urged president Buhari to improve Nigerian PESA, as the sector performance remain very unfortunate, due to lack of given priority in recruiting and training the right and competent employees in the sector (Oluwarotimi, 2015).

Furthermore, Niger State Governor of Nigeria, Abubakar Sani Bello said inability of successive administration in the state and country at large to properly address challenges in the PESA was responsible for the poor performance of employees; examination failure is a manifestation of educational system failure (Ajobe, 2015). Similarly, the Registrar /Chief Executive Officer of NECO, Professor Abdulrashid Garba, said recruitment and selection of suitable employees, training and development of staffs as well as the proper performance evaluation of employees were critical to addressing the problem of poor performance of PESA in Nigeria (Ajobe, 2015; Aroge & Hassan, 2011).

Similarly, Kaduna and Sokoto state government bow to declare state of emergency in PESA in their respective states to do to mal-administration in the sector which result to lack of quality of education, non-performance of the sector, as the sector surrounded with incompetent staffs, inadequate training of personnel and proper performance evaluation is no longer in time (Aminu, 2015; Nasiru, 2015).

However, recently West African Examination Council (WAEC), Head National office chief executive, Mr. Charles Eguridu stated that, more than half of the candidates who sat for the May/June, 2015 (WAEC) cannot proceed to higher institution, because 61.32% failed English and Math's as the (2) core subjects are compulsory for admission into tertiary institutions, and all the set back is behind the poor performance of PESA in Nigeria (Olugbamila & Sehindemi, 2015).

Education is the bedrock of development. But unfortunately, education in Nigeria is bisected with myriads of problems. These include corruption and other unethical behaviors within the PESA in the educational system generally (Anakwe, 2002; Odia & Omofonmwan, 2007). Unethical behavior in the PESA regarded as any action that does not conform with the standards of conduct established by the organization. It usually occurs in the relationships between employees and organization, in the way some employees go about their personal business or how they use organization resources inappropriately. Such unethical behavior goes to the level of even break the law in some situations and hinder organization from progressing as well as performance. This includes, mis-management of resources, abuse of office, bribery and corruption, absenteeism, late coming among others (Ejike, 2015; Odia & Omofonmwan, 2007).

The performance of PESA in education system in Nigeria is always declining. This situation of contentious fall in the quality of education in the country cut across public educational system. This proposition is affirmed by results recently released by the two most popular examination bodies in Nigeria, National Examination Council (NECO) and West African Senior School Certificate Examination (WASSCE) in 2015. The



examination conducted by WASSCE body from 2012 to 2014 results shows that there is declining of performance by the candidates in the public schools (details on the performance provided in Table 1.4).

Table 1.4  
*Trend of the performance of educational system in public school of Nigeria*

S/N	Year	No. of Candidates who sat for SSCE	Percentage Passed English & Mathematics
1	2004	1,051,246	18.26 %
2	2005	1,091,763	18.68 %
3	2006	1,184,223	9.32 %
4	2007	1,275,837	7.69 %
5	2008	1,369,171	9.29 %
6	2009	1,373,009	22.99 %
7	2010	1,351,557	24.94 %
8	2011	1,540,250	38.93 %
9	2012	1,672,224	38.81 %
10	2013	1,543,683	36.57 %
11	2014	1,692,435	31.28 %

Source: NECO & WAEC, 2015

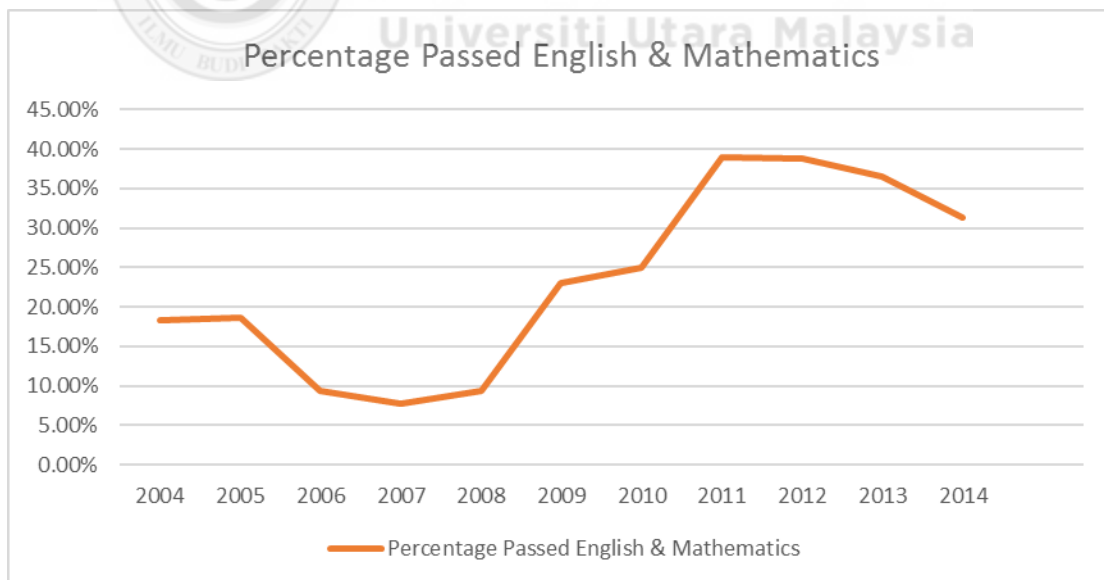


Figure 1.2 Note: Level of performance in NECO and WAEC in Nigerian public school

Based on the practical issues regarding organizational performance of PESA, this study attempted to address this issue through investigating the power of five (5) aspects of HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) on organizational performance with the mediation of ethical climate within the context of Nigerian public educational sector administration. These five (5) HRM practices consider appropriate and suitable for public sector performance specifically PESA. In addition, using these HRM practices in this study is an important approach for motivating organisational members towards a promising behaviors (Hiltrop, 1996). Therefore, the need to test empirically these factors using relevant theories became important.

## **1.2 Problem Statement**

Despite the importance of PESA as machinery for formulating and implementing educational system policies and programme in Nigeria, still the performance of this sector is low. However, Fajana, Owoyemi, Elegbede and Gbajumo-Sheriff (2011) stated that human resource practices needs to be given attention in Nigerian PESA, to address the issue of poor performance, encourage internal manpower to discharge all necessary tasks and overcome the unfortunate HRM underutilization. In related manner, Obioma (2015) and Onah (2012), emphasized that HRM system is an important aspect in Nigerian PESA which required more attention in the system to improve performance.

Literature highlighted that resources contribute higher in creating value for the organization in shaping the efficient performance (Chen, 2012; Hao & Song, 2016; Jardon & Gonzalez-loureiro, 2013). However, focusing only on the control of resources

does not mean that organization will attain performance. As the resources do not offer performance without the capability of the organization to transform those resources base on the anticipated outcome (Andersén, 2011; Huang, Wu, & Rahman, 2012). Organizations do not vary on the basis of their resources but vary on the basis of their ability to properly utilize such resources (Andersén, 2011; Hunt, 2011; Richey, Musgrove, Gillison, & Gabler, 2014).

Resource based view of an organization suggests that the allocation and effective utilization of resources is the key to transform short run competitive advantage of the organization into the sustainable performance improvement (Barney, 1991; Huang *et al.*, 2012). The vital role in utilizing employee abilities, skills, knowledge and capabilities as means to gain superior performance remains a fundamental objective of HRM practices (App, Merk, & Büttgen, 2012). HRM practices intended to improve employees abilities and effort, eventually leading to improve OP (Datta, Guthrie, & Wright, 2005; Wall & Wood, 2005; Way, 2002), when employees view HRM practices as reliable, reasonable, determined and supportive they reciprocate with greater commitment to application of their responsibilities and in return improve OP (Lu, Chen, Huang, & Chien, 2015). Similarly, the HRM practices have been reported to stimulate the positive behavior and attitude from employees in order to realize organizational goals as well as success (Chuang & Liao, 2010). In a nut shell, effective utilization of HRM practices has been found to improve OP (Camps & Luna-Arocas, 2012; Ko & Smith-Walter, 2013).

As an essential asset of any organizations, human resource can contribute towards its success, growth and performance improvement (Danish & Usman, 2010). Also, human

resources can be regarded as vital ingredient for organizational achievement when properly managed (Gostautaite, 2014). In related development, Appelbaum, Bailey, Berg, Kalleberg, and Cornell (2000) argued that the source of organization and ways of achieving OP does not often come from the corporate strategy, products and services or technology alone, rather from the organizations ability to attract and manage its human resource efficiently and effectively. In line with this, successful organizations have human resource who can give their best, energy and time to discharge their assigned responsibilities. Human resource also go extra formal work responsibilities to strategize their efforts to have significant contribution towards achieving organizational goals and objectives.

Literature revealed that several factors have been studied to influence OP in the past either at the individual/job related level or organizational factors. All these factors can also be regarded as external or internal factors and considered to influence performance in organization. External factors such as access to finance (Aminu & Shariff, 2015; Kabir, Yeng, & Hazlinda, 2016), government policy (Bagshaw, 2014) and the internal factors includes; organizational culture (Al-Bahussin & El-garaihy, 2013; Gregory, Harris, Armenakis, & Shook, 2009; Ogbonna *et al.*, 2010; Shahzad, 2012; Zheng, Yang, & McLean, 2010), leadership style (Alsughayir, 2014; Garcia-Morales, Jimenez-Barrionuevo, & Gutierrez-Gutierrez, 2012; Haakonsson, Burton, Obel, & Lauridsen, 2008; Wang, Chich-Jen, & Mei-Ling, 2010; Wang *et al.*, 2011), quality management practices (Appiah-Fening, Pesakovic, & Amaria, 2008; Fening, 2012; Phan, Abdallah, & Matsui, 2011), organizational learning (Barba-Aragón, Jiménez-Jiménez, & Sanz-Valle, 2014; Garcia-Morales *et al.*, 2012; Jiménez-Jiménez & Sanz-Valle, 2011).

However, the most recent research shows that internal factors are getting more attention by the researchers, RBV stress that internal factors bring the vital role on the contribution to OP (Manroop, Singh, & Ezzedeen, 2014). RBV highlighted that an organization can compete in the market on the basis of their capabilities and resources (Barney, 1991; Wernerfelt, 1984). These resources can be tangible and intangibles resources which work towards above average performance (Caves, 1980). The resources include; human resource system, ethical climate (Manroop *et al.*, 2014; Wernerfelt, 1984), the theory emphasized that organisational resources are key determinants of its performance. HRM practices may considered to be an important source of sustained OP (Barney, 1991; Barney & Wright, 1997; Kazlauskaitė & Buciuniene, 2008; Pfeffer, 1994). In addition, sustainable OP can be realized by the organisation from its only resources that are valuable, inimitable, rareness as well as substitutable (Barney, 1991).

Similarly, studies on RBV posited that (1) if an organization has and exploits resources and abilities that are both valuable and rare, it will achieve competitive advantage and leads to OP, (2) if these resources and capacities are likewise both inimitable and non-substitutable, the organization will manage this advantage and (3) the accomplishment of such advantage will empower the organization to enhance its short and long term performance (Amit & Schoemaker, 1993; Barney, 1991; Barney & Wright, 1997; Henderson & Cockburn, 1994; Eisenhardt & Martin, 2000; Powell, 2001; Teece *et al.*, 1997).

According to Wright *et al.* (2001), RBV encourage for why HRM practices lead to OP. Despite the fact that other issues, for example, the labor market, culture and competition

within organization were said to have impact on the utilization of HRM practices (Brewster, 2004), internal resources rather than the external circumstances are key components and essentials to organizational achievement (Friedmann, Holtbrügge, & Puck, 2008).

While all these studies (Al-Bahussin & El-garaihy, 2013; Alsughayir, 2014; Aluko, 2003; Aminu & Shariff, 2015; Bagshaw, 2014; Garcia-Morales *et al.*, 2012; Gregory *et al.*, 2009; Haakonsson *et al.*, 2008; Hartog & Verburg, 2004; Homburg & Pflesser, 2000; Kabir *et al.*, 2016; Ogbonna *et al.*, 2010; Ogbonna & Harris, 2000; Scott *et al.*, 2003; Shahzad, 2012; Wang *et al.*, 2010; Wang *et al.*, 2011; Zheng *et al.*, 2010) are important and help us to understand the factors that influence OP, however, studies investigate the direct relationship between these factors (commitment, personality, HRM practices) without exploring the mechanisms through which factors studied influence OP (the fundamental reason why and how) the relationship existed. Therefore, based on the theoretical understanding of RBV theory, human resource systems can indirectly influence OP through the development of resources that are in organization's history like culture, ethical climate (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992). Additionally the RBV theory stress that, resources can create other resources within the organization (HRM practices as internal resources can create ethics) and improve OP. Ethical climate (EC) may be considered an important mechanism that can explain how and why HRM practices can influence OP. Meanwhile, the black box is not clearly explained in the literature between HRM practices and OP (Boselie, Dietz, & Boon, 2005; David E. Guest, 2011; Ko *et al.*, 2013).

However, several researchers have suggested for more additional studies on the relationship between HRM practices and OP by using mediator to explore the fundamental reason of the existing relationship which is yet to be clearly understand (Arulrajah, 2015; Darwish, 2013; Katou & Chand, 2007; Ko *et al.*, 2013; Paul & Anantharaman, 2003; Prieto & Pérez-Santana, 2012; Quartey & Attiogbe, 2013; Theriou, & Chatzoglou, 2007). As the previous studies on HRM practices and OP are not clearly explained the fundamental reason on why and how HRM practices relate to OP. For instance, these studies (Abdullahi *et al.*, 2009; Akhtar *et al.*, 2014; Karami *et al.*, Menan, 2012) all reported the relationship between HRM practices and OP, without explaining why and how the relationship occurred. Additionally, the study of HRM practices and OP is inconclusive in the literature, there are needs for more studies (Bourne, Pavlov, Franco-Santos, Lucianetti, & Mura, 2013; Farouk *et al.*, 2015).

In other words, there has been a growing concern about the occurrence of unethical behaviors within the Nigerian PESA. It generates and has exposed several numbers of abuses, scandals, mismanagement, inefficient service delivery, and corruption. Similarly, changing the unethical behavior of members in organization through the help of EC may have important impact on OP and entire system (Arulrajah, 2015). Moreover, poor condition of service in the public sector, which did not foster good performance, resulted in a weak work ethics and poor service delivery by many government sectors more particularly PESA, often characterized by absolute corrupt behavior on the part of many public servants (Anazodo & Okoye, 2012; Briggs, 2007; Ekpe, Daniel, & Ekpe, 2013; Marshall & Murtala, 2015; Okonjo-Iweala & Osafo-Kwaako, 2007).

Studies on the relationship between HRM practices, EC and OP are very scanty in the literature, Although, the relationship have established by RBV but literature is still lacking on the area to validate the theoretical perspective.

Similarly, RBV theory postulates that success is persistent by the organization's resources controls and the exceptionality of these resources (HRM practices and EC) relative to other organizations (Amit & Schoemaker, 1993). To the level that these organization-specific resources are valuable, rare, non-substitutable, and imitable, they can be all source of competitive advantage and leads to OP (Amit & Schoemaker, 1993; Barney, 1991; Reed & DeFillippi, 1990). On this view, the basis of encouraging ethics in organizations rests on the belief that ethical culture yield impacts that result to OP (Buckley *et al.*, 2001). In this regards, EC can be considered as an intangible resource, and is more likely to be a basis for competitive advantage that leads to OP then physical resources. On the other hand, Bowen and Ostroff (2004), posited that HRM practices can discharge an important role in influencing EC, which, in return, affects employee behaviors and attitudes and then performance. According to Manroop *et al.* (2014) RBV highlighted that HRM practices can create and sustain competitive advantage and leads to OP through resources like ethics. In line with this, now HRM practices can be tools to shape EC in Nigerian PESA and improve OP.

Relevant literature revealed that EC has significant impact on OP (Hijal-Moghrabi, Sabharwal, & Berman, 2015; Manroop *et al.*, 2014). EC influence both decision making as well as performance in organization (Martin & Cullen, 2006). Similarly, EC is basically a subset of the variety of work climates and allude to the standardized



authoritative practices and techniques that characterize what is considered right or wrong within the organization (Parboteeah & Kapp, 2008). The study of Cullen, Parboteeah, and Victor (2003) revealed that EC found positively related to organizational commitment that leads to OP. Similarly, EC reported to have positive effects on organizational success (Simha & Cullen, 2012). An EC influences the degree to which the organization encounters genuine ethical issues. With a specific end goal to enhance the ethical reactions of organizational members (Arulrajah, 2015).

The prior studies conclude that changing the unethical conduct through EC may have a critical impact on OP and its reputation. Organizational ethics are thought to be one of the most imperative elements that influence organizational success as well as survival (Bartels, Harrick, Martell, & Strickland, 1998; Buller & McEvoy, 1999).

Similarly, some previous studies have found that EC as strong predictor of organisational outcomes and individual behavior (Arulrajah, 2015; Choi, Moon, & Ko, 2013; Hijal-Moghrabi *et al.*, 2015; Karatepe, 2013; Laratta, 2011; Ma'amor, Ho, Munir, & Hashim, 2012; Manroop *et al.*, 2014). Again, the study of Arulrajah (2015) and Zehir, Müceldili, Altındağ, Şehitoğlu and Zehir (2014) called for more empirical research on EC in relation to OP which is scanty in the literature.

Moreover, EC has been used as mediator by previous researchers in different studies using other independent variables and dependent variables (Cheng & Wang, 2014; Elçi, Sener, & Alpan, 2013; Mayer, Kuenzi, & Greenbaum, 2010; Zehir *et al.*, 2014), result of the studies conducted explained positive mediating effect. While ethics has been considered as valuable organizational resources, little attention has been given to

understanding the importance of ethics generally in the academic literature, and EC in particular. Based on the comprehensive literature reviewed, to the best knowledge of the researcher all the previous studies have not consider EC as mediating variable on the relationship between HRM practices and OP despite the needs and suggestions of previous studies. Therefore, this study attempted to fill the gap in the HRM literature by investigating the impact of several HRM practices on OP with the mediation of ethical climate (EC).

Furthermore, previous studies on OP are mostly conducted in the private sector in which their concern are either on return on equity (ROE), return on investment (ROI) and return on assets (ROA) (Beh & Loo, 2013; Bowen, Rostami, & Steel, 2010; Buller & McEvoy, 2012; Carmeli, Schaubroeck, & Tishler, 2011; Chow, Teo, & Chew, 2013; Katou & Chand, 2007; Khan, 2010; Li, 2003; Lu, Chen, Huang, & Chien, 2015; Prieto & Pilar Pérez Santana, 2012; Santos-Vijande, López-Sánchez, & Trespalacios, 2012; Singh, 2003; Subramony, 2009; Truss, 2001), with only few in public sector (Bercu & Grigoruță, 2012; Gould-Williams, 2003).

Additionally, this study will consider measuring OP based on efficiency, effectiveness, and fairness, by Brewer and Selden (2000), and Hijal-Moghrabi *et al.* (2015), as all the measures developed purposely for OP in public sector organisation and empirically tested in Western context. Measuring OP, public sector organization, PESA in particular based on efficiency, effectiveness, and fairness will be more appropriate and suitable as the PESA in Nigeria consider as service oriented organization, performance of this sector is measure not based on asset, investment, equity, goods, profit rather than considering the

efficiency, the effectiveness and the level of fairness which determined how the sector perform. The measures also captured all the element as per as public sector performance in Nigeria is concern. Again, public sector in Nigeria differ from Western and Asian context in terms of government policy, functions, public service rules and regulations, code of ethics, race, religion, tribes, context and system of government it self, above all coutry constitution (Adamolekun, 2013; CFRN, 1999).

Moreover, previous studies on performance are dominant in European nations (Prieto & Pérez-Santana, 2012; Snape & Redman, 2010; Theriou & Chatzoglou, 2014), Asia (Abdullah, Ahsan, & Alam, 2009; Beh & Loo, 2013; Bowen *et al.*, 2010; Karami *et al.*, 2015; Trehan, & Setia, 2014) America, (Khawaja, Azhar, & Arshad, 2014; Ko *et al.*, 2013; Subramony, 2009), there by neglecting sub-saharan African countries particularly Nigeria.

However, considering HRM practices as comprehensive (e.g., inclusion five HRM practices) are more significant on performance (Boxall & MacKy, 2009; Gould-Williams & Mohamed, 2010; Lepak, Liao, Chung, & Harden, 2006; Mutua, Karanja, & Namusonge, 2013; Subramony, 2009). The effectiveness of any practices usually depends on the relationship with one another (Macduffie, 1995). The present study employed five (5) HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) as independent variables based on the study context as there is no best system as argued by Beer, Spector, Lawrence, Mills, and Walton (1984) and Boselie *et al.* (2005), again it is the practices considered to influence EC in organisation and leads to performance, equally,

using HRM practices in this study is an important approach for motivating organisational members towards a promising behaviors (Hiltrop, 1996). These HRM practices (RS, TD, COMP, PA and PRO) considered more suitable and appropriate set of HRM practices that can be used by public sectors organizations and can contribute to public sectors administrative performance as recommended by Amin *et al.* (2014) and Sudin (2004).

Additionally, on methodological aspect, prior studies on OP used first generation statistical techniques like, Manova, Anova, factor analysis, chi-square, analysis of variance, regression, and multiple regression analysis (Chand, 2010; Chaston, 1993; Katou & Chand, 2007). This study used Partial Least Square Structural Equation Modeling Smart (PLS-SEM) 3.2.6v which is a multivariate second generation analysis tools that is designed for all kind of model (reflective or formative construct). It will also help in examining or evaluating the relationship between and among the latent variables with mediation or moderation (Hair, Hult, Ringle, & Sarstedt, 2014; Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). Using PLS-SEM in this study considered more appropriate as the model regarded complex, having mediator and formative reflective construct which required rigorous assessment (repeated indicators, two stage approach, treating latent variable scores) as part of PLS-SEM advantage. This also considered as methodological contributions as recommended by Hair *et al.* 2014.

### **1.3 Research Questions**

Research Questions stated base on the problem statement addressed.

1. Do HRM practices (recruitment and selection, training and development compensation practice, performance appraisal, promotion opportunity) influence OP?
2. Do HRM practices (recruitment and selection, training and development compensation practice, performance appraisal, promotion opportunity) influence EC?
3. Does ethical climate influence OP?
4. Does EC mediate the relationship between HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and OP?

### **1.4 Research Objectives**

This study aimed to examine the relationship between HRM practices and OP with EC as mediator. Therefore, the objectives of this study were generated from the research questions addressed.

1. To examine the relationship between HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and OP.

2. To examine the relationship between HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and EC.
3. To examine the relationship between ethical climate and OP.
4. To examine the mediating effect of EC on the relationship between HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and OP.

### **1.5 Scope of the study**

The study mainly focus on public educational sector administration in Nigeria. Public educational sector is the backborn of any country economy and the most sensitive sector of every economy in the world usually used to determined the development of such country (UNDP, 2013; World Bank, 2010). The findings obtained may be generalized to another sample across different PESA in Nigeria. Only five (5) HRM practices (RS, TD, COMP, PA and PRO) were examined. Other HRM practices, such as Job security, HR planning, Safety and health and employee relation may also play a role in shaping OP were not considered in this study.

From the methodological perspective, the study is based on quantitative method and was a cross sectional study through questionnaire design, directors of administration as respondent, unit of analysis is organisational level across the PESA in seven (7) North-western Nigeria, because they have the same ethics, rules and condition of service. The seven (7) states are considered important to the Nigerian economy educationally,

politically, and economically with 41% of the total Nigerian population (Adamolekun, 2013; CFRN, 1999). Similarly, five (5) HRM practices (recruitment and selection, training and development, performance appraisal, compensation practice, promotion opportunity) were investigated along with EC as mediating variable and OP as dependent variable in PESA, Nigeria.

## **1.6 Significance of the Study**

The significance of the study were both in theoretical and practical contribution.

### **1.6.1 Theoretical Contribution**

The study will immensely contribute to the growing number of literature, more specifically on human resource management literature, organizational behavior and another related discipline. Again, previous studies on HRM practices and performance give much more emphasis on private and manufacturing organisations (Abdullah *et al.*, 2009; Akhtar, Ding, & Ge, 2008; Alsughayir, 2014; Ayanda, 2011; Beh & Loo, 2013; Fotopoulos & Psomas, 2010; Karami *et al.*, 2015; Long, Kowang, Muthuveloo, Ping, 2013; Mitchell, Obeidat, & Bray, 2013; Zakaria, 2013). While this study focused on public sector organisations specifically PESA as recommended by Paauwe (2009), Paauwe and Boselie (2005) and Prowse and Prowse (2010). In which public sector organizations remain the highest recruitment of labour, its contain more employees than the private sector (Sanusi & Martadha, 2012; Yousaf, Zafar, & Abi Ellahi, 2014).

Theoretically, the study provides empirical evidence on the mediating effect of EC on the relationship between five (5) HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and organisational performance in PESA which is yet to be explore in the literature. Previous studies (Gelada & Ivery, 2003; Manroop *et al.* 2014) focus on ethical based HRM, conceptual approach and no specific aspects of HRM practices used. While the discussion of five (5) aspects HRM practices that can influence EC and leads to OP is the focus the present study in order to address the ethical issues and improve performance in PESA. These practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) are consider more suitable and appropriate in influencing EC in public sector (PESA). The present study also is empirically tested and conducted in most neglected Area (PESA) and context (Africa) Nigeria in particular.

Based on the theory of Resource Based View (RBV) and support by organisational culture theory (OCT) linking the relationship between the independents, mediating and dependent variable is another contribution to the existing body of knowledge. Similarly, the study offered understanding on how RBV and OCT explained the mediating role of EC on the relationship between HRM practices and OP. In addition, the empirical evidence were also explored in understanding the predictive power of five (5) HRM practices comprehensively on performance more specifically on public educational sector administration and indeed contribute to the existing body of knowledge.



### **1.6.2 Practical Contribution**

On the practical contribution, this study will be important to the public educational sector organisation and other related agencies, by assisting the system in providing some guides on how to improve public educational sector performance from the current situation and move towards getting effective and efficient service delivery, compete with other developed nations. This report will of interest to readers from all sectors due to the role play by public sector with respect to economic growth and the increasing interdependencies among the public and private sectors. It also includes a specific solution to one of the major public sector challenges. The findings of this research will serve as clear guides and mechanism for policy makers, human resource management expertise and other related bodies. Therefore, the study will offered a good empirical explanation on how combination of five (5) HRM practices as an organisational antecedents of organsational performance can address the poor performance of the PESA through ethical climate.

### **1.7 Definition of key terms**

***Organizational performance (OP):*** This study defines organisational performance as organization's ability to yield valued productivity in form of service delivery with efficiency, effectiveness and fairness (Brewer & Selden, 2000; Hijal-Moghrabi *et al.*, 2015)

***Human Resource Management Practices (HRM Practices):*** This study defines human resource management practices as the organizational functional practices that lead to

organizational performance. These practices work individually and complement one another in a way to be able to ensure organizational performance (Wood, 1999).

***Recruitment and Selection:*** In this study recruitment and selection refers to the process used by organization to produce the best match between workers and jobs and the organization (Ahmad, Schroeder, & Sinha, 2003; Delaney & Huselid, 1996; Ivancevich, 2010; Pfeffer, 1998; Terpstra & Rozell, 1993).

***Training and Development:*** This study defines training and development as the opportunity given to employees to participate in training and development program which aims improve their effectiveness (Arthur, 1994; Macduffie, 1995; Pfeffer, 1998).

***Compensation Practice:*** Compensation practice in this study refers to a performance-based reward schemes that reward power competitive and based on the performance achieved by work teams or organizations (Arthur, 1994; Delaney & Huselid, 1996; Delery & Doty, 1996; Pfeffer, 1998).

***Performance Appraisal:*** Performance appraisal in this study refers to the formal performance assessment process that is controlled by organizations to identify and provide feedback to workers on their work performance (Delery & Doty, 1996; Huselid, 1995; Snell & Dean, 1992; Youndt, Snell, Dean & Lepak, 1996).

***Promotion Opportunity:*** Promotion opportunity in this study refers to mechanisms provided by the organization to help employees achieve their career goals (Delaney & Huselid, 1996; Delery & Doty, 1996).

***Ethical Climate:*** This study defines ethical climate as a set of organisational ethical standard that shape the behaviour and activities of employees within the organisation (Bulutlar & Öz, 2009; Martin & Cullen, 2006; Shafer, 2013; Victor & Cullen, 1987; 1988).

***Public Educational Sector Administration:*** A sector of national government responsible for oversight and administration of a specific function related to educational system (Adewuyi & Okemakinde, 2013).

## **1.8 Organization of Thesis**

This thesis comprises five chapters. The first chapter includes introduction and background of the study which explains the general overview of the entire study, the chapter also includes statement of the research problem, research questions, research objectives, scope of the study, significance of the study which comprises theoretical and practical significance, definition of some key terms and the organization of the thesis.

Chapter two discussed reviewed related literature on the study variables, by presenting arguments of past studies in the area and synthesizing those arguments to be able to position the present study in the body of knowledge, underpinning theories, research framework, and hypotheses development.

Chapter three also discussed research methodology of this study, the chapter offers discussion on how the entire research activities were undertake under the headings of research design, population and sampling techniques, operational definition and

measurement of variables, data collection procedure, instrumentation and data analysis techniques.

Chapter four discussed the analysis and findings. Using Statistical Package for Social Science (SPSS) for data screening and other preliminary analysis and SmartPLS-SEM v3.2.6 software for evaluation measurement and structural models (i.e., indicators loading, composite reliability, convergent validity and discriminant validity for all the reflective constructs, and collinearity test and significance of formative construct, repeated indicator approach algorithms and two stage-approach algorithms all for formative construct) and hypotheses testing for both the direct and indirect relationship, assessment of  $R$ -square, ( $R^2$ ) effect size, ( $f^2$ ) and predictive relevance ( $Q^2$ ). SmartPLS-SEM also used in conducting the mediating analysis in this study.

Chapter five discusses the findings and conclusion of this study that was presented in chapter four. Chapter also presented the contributions of this study from different perspectives of theoretical, methodological and practical contributions. And finally, limitations of the study were discussed and upon those limitations, the study made suggestions for further studies.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Chapter two of this study is going to be a critical review of related literature. More specifically the chapter discussed the concept of performance, human resources management practices and EC. Similarly, critical discussion on the relationship between the independent variables and dependent variables through reviewing empirical studies on performance and HRM practices. The possible mediating effect of EC also critically discussed.

#### 2.2 Concept of Performance

First and foremost, for one to understand the concept of performance in organization one has to understand the word performance. There is no one single general meaning of performance (Andersén, 2010). Consequently, performance as a concept has been explained in different ways. According to Jarad, Yusof, and Shafiei (2010), performance is explained differently by different people. Performance based on process perspective can be defined as process involves the transformation from inputs to outputs in order to achieve a specific set of objectives. However, from economic point of view, give emphasis on the only effectiveness and efficiency of the organization in the management of cost and outcome.

Specifically for public sector, performance is judged in terms of infrastructural growth put in place such as transportation, agriculture, electricity supply, and development in educational sector (Gberevbie, 2010). Laitinen (2009), argued that performance as the ability of an object to produce results in a way of consistent with set system, in relation to a target. Performance measurement can help public organizations to establish organizational efficiency (Bakiev, 2013).

### **2.3 Concept of Organizational Performance**

OP is vital for any organization that needs to remain in operation, and is one of the dependent construct that is often used in organizational literature (Rogers & Wright, 1998; Tsai, 2001). According to Wade and Recardo (2001), performance of the organization is the organization's ability to achieve goals and objectives.

Similarly, Swanson (2001) defined OP as a systems ability to yield valued productivity in the form of goods and services. While some scholars sees OP as regular activities to achieve organizational goals and objectives, monitoring the progress toward the goals achieved, and continue making adjustment to achieved more goals efficiently and effectively (Burtonshaw-Gunn & Salameh, 2009). OP also comprises the efficiency of an activity, the ability to undertake an activity at the minimum cost possible. It also involves effectiveness whether the objectives set for the activity are being achieved (Ali *et al.*, 2011). Scholars like Sink, Tuttle, and Shin (1989), Koellinger (2008) and Carmona and Sieh (2005) put their argument on OP as a system multifaceted connection between six different performance criteria: effectiveness, efficiency, quality, innovation, profitability and productivity. OP enhanced by aligning the performance management and human

resource management practices (Den Hartog, Boselie, & Paauwe, 2004). In other words OP can also be critically explained as a function of the organization ability to possess, develop, and use physical and goals with an acceptable outlay of a resource while ensuring sustainability over the long term, and good OP always means the work done efficiently and effectively and remains much relevant to the stake holders (Ali, 2011; Moullin, 2007). Antony and Bhattacharyya (2010), argued that OP is all about process in which organizational success is measured with regards to the value it creates and deliver to internal as well as external clients.

In today's competition and fast changing business environment, it is generally concerned that OP measurement is very important to assess the level of success of organizational strategy direction (Franco-Santos *et al.*, 2007). So, without giving emphasis in measuring the current situation of any given organization, it is very difficult to improve its business unit. Even though, the wide research work that has been done in the literature concerning OP, there is no agreement among those researchers and academics writers on the definition of OP and how it can be defined (Ford & Schellenberg, 1982; Huang, 2014; Johannessen, Olaisen, & Olsen, 1999).

However, OP is generally used as dependent variable in organizational literature today, and yet, at the same time, it remains one of the most indefinite and important construct that faced so much attraction by different scholars (Combs, Crook, & Shook, 2005). That is why academics researchers as well as practitioners give much attention to discover the determinants of the OP and what are the machineries that through which some variables can influence, positively or negatively, the OP (Jing & Avery, 2011).

It has been an argument and critics on how to measure OP (Brewer & Selden, 2000; Hijal-Moghrabi *et al.*, 2015; Schriesheim, Castro, Zhou, & DeChurch, 2006). However, previous studies measure OP in different ways considering the fact that, some organizations are profit oriented type, while others are service oriented. Studies considered measuring OP on the former give emphasis on measuring financial and non-financial, return on assets (ROA), return on investment (ROI) and return on equity (ROE) (Bowen *et al.*, 2010; Delery & Doty, 1996; Jiménez-Jiménez & Sanz-Valle, 2011; Khademfar & Amiri, 2013; Santos-Vijande, López-Sánchez, & Trespacios, 2012b; Teeratansirikool *et al.*, 2013; Wang, Tsui, & Xin, 2011; Woods, 2012).

However, most of the previous studies on performance in Nigerian context concentrated on individual level (Abdullah, Bilau, & Enegbuma, 2011; Gberevbie, 2010; Tabiu & Nura, 2013; Tabiu, Pangil, & Othman, 2016a, 2016b), few studies in OP are on private and manufacturing industries (Aluko, 2003; Obiwuru, Okwu, Akpa, & Nwankwere, 2011; Oghojafor, Kuye, & Sulaimon, 2011), with little in public sector, specifically educational sector (Aroge & Hassan, 2011). Despite the fact that public sector organization play a vital role in any economy in the world particularly educational sector (WorldBank, 2013). The present study chooses to study OP in Nigerian PESA.

## **2.4 Performance in Public Sector**

Public sector organizations became the most essential part of any country's government who are responsible for discharging government work, policy implementation and working for the welfare of society. The concern of good administration and management in public organizations can be explained not only by the fact that they have to work for



the welfare of others, but also, public sector is a major employer in any country in the world (Yousaf *et al.*, 2014). Interest in effectiveness and efficiency of the public sector organization is rapidly increasing (Rainey, 2009).

The main aim of performance evaluation in the public sector is to make performance, objectives, and resources clear; to integrate budget cycle and policy; to integrate financial and nonfinancial information; and to improve accessibility, quality, and the content of information on the management information (André, 2010; de Waal, 2010). In addition to that, studies in the public sector showed that organizations that implement performance management were likely to provide better services to clients, achieve their objectives, and improve their efficiency and effectiveness (de Waal & Kerklaan, 2010). The performance of public and private sectors is clearly different according to their objectives, goals, and essential business. Public sector expects to achieve quality, public satisfaction in service delivery and good performance.

Further, the main target of any public sector organization is to provide satisfaction for the needs of society within accessible budget (Dewhurst, Martínez-Lorente, & Dale, 1999; Fryer, Antony, & Ogden, 2009; Vanhala & Stavrou, 2013). Public sector organizations have different aims and objectives that are very much intangible in nature compared to private sector (Serrano Cinca, Mar Molinero, & Bossi Queiroz, 2003). The improvement of public sector performance became the mainstream of public administration research, management and policy during the last twenty years (Mcbride, 2008). Governments improve its performance through use of public resources, program outcomes, clients

satisfaction citizen participation, strengthen integrity, transparency, accountability, fight and prevents corruption (Seleim, Ashour, & Bontis, 2007).

Furthermore, Ashour (2004), also pointed out that, measure, reform are very important and vital to enhance public sector performance, protect public performance, and to strengthen the government's role in provision basic and essentials services and development. In relation to that, measuring performance in the public sector is fundamental part of the management process to assess whether planned objectives met the requirement or not, and if there is still major problems then, to think and how to solve it and make improvement in the future (Kanji & Moura E Sá, 2007).

Also, public organizations presently, consider the use of performance measure as an essential effort towards service quality and to make provision for money value (Gorla, Somers, & Wong, 2010; Morgan, & Murgatroyd, 1994; Omar, Scheepers, & Stockdale, 2011). According to Eskildsen, Kristensen, and Juhl (2004) in their study private versus public sector excellence, result confirmed that, public and private organizations are not equally achieving same results. So for that, studies that had been done in private sector organizations cannot be used and generalized for the public sector organizations.

Similarly, performance in the public sector is certainly essential. Performance management has been introduced in many public-sector organizations to make sure transparency of public decisions and the utilization of public funds and to improve performance. In practice, the idea of performance faces numerous difficulties in the public sector, identifying suitable performance indicators, implementation of a performance management system (Mihaiu, 2014). Similarly, evaluating public sector

performance has of late turned into an unavoidably essential point. At a time, the pressure increase over public expenses, which emerge from demographic patterns and globalization, enhancing efficiency, effectiveness and performance ought to be a need for any governmental plan. Serious introduction to enhance performance in public sector target to minimize the taxation rate, expand public trust in the administration and expanding the general productivity (Mihaiu, 2014).

In addition, most of the studies in public sector performance address the issue of characterizing and measuring it by external partners. Describing performance in the public sector is however a troublesome duty that gets from the difficult part of the public sector. One approach to describe performance in the public sector requires the presence of a relationship between targets, means and results, so performance is the effect of the simultaneous effort of productivity, capability and of a legitimate planning (Lyons, Duxbury, & Higgins, 2006; McAdam & Christine, 2005; Mihaiu, 2014; Pang, Lee, & Delone, 2014). Performance in the public sector reveals the outcomes of an activity in a particular field or total results from a few or all action fields of an open body, being measured either in total terms or in connection to the outcomes accomplished in the past periods (Handler *et al.*, 2004).

Furthermore, Brewer and Selden (1998) investigated the impact of job commitment, job satisfaction on OP in American context, US merit system protection board data were used in the analysis, findings show that job commitment and job satisfaction are positively associated to OP. Similarly, another study conducted by Brewer and Selden (2000) in the same context, investigated the relationship between organisational culture, human capital,

public service motivation, agency support, task motivation, leadership, individual performance structure of work and OP, using the data from 1996 survey in USA largest federal agencies. They reported positive significant association between all the factors and OP.

While other studies measured OP as service oriented organizations emphasizes on measuring quality of outputs, quantity of outputs, efficiency, outcomes, equity, values for money, and customer satisfaction dimension (Boyne & Gould-Williams, 2003; Brewer, 2005; Choi, & Rainey, 2010; Pitts, 2009). On the other hand, some scholars give emphasis on measuring, productivity/efficiency, effectiveness, fairness (Boyne & Walker, 2002; Brewer & Selden, 2000). The studies conducted with the measures recorded good internal consistency of the items, some recorded .81,.83 while some recorded .70. However, previous studies measured OP in public sector considered it as uni-dimensional (Boyne, 2003; Boyne & Walker, 2002; Boyne & Gould-Williams, 2003; Brewer, 2005; Brewer & Selden, 1998, 2000; Choi, & Rainey, 2010; Hijal-Moghrabi *et al.*, 2015). Moreover, measures used by the aforementioned studies were in American and European context respectively. The present study considered measuring OP based on Brewer and Selden (2000), Hijal-Moghrabi *et al.*, (2015) as the items adapted are measuring performance in public sector as uni-dimension as it is tested in the previous studies. Therefore, this study defined organizational performance in Nigerian PESA as the organization's ability to yield valued productivity in form of service delivery with efficiency, effectiveness and fairness. Measuring OP, PESA in particular based on efficiency, effectiveness, and fairness will be more appropriate and suitable as the PESA in Nigeria consider as service oriented organization, performance of this sector is

measure not based on asset, investment, equity, goods, profit rather than considering the efficiency, the effectiveness and the level of fairness which determined the way public sector performance is measured considering the nature of its operation and objectives as service oriented organization. The measures also captured all the element as per as public sector performance in Nigeria is concern (Adamolekun, 2013; CFRN, 1999).

## **2.5 Antecedent of Organizational Performance**

Several empirical studies that supported relationship on performance in organization have been reviewed to have much understanding on the dependent variable. The internal factors that lead and have the relationship with performance some are individual while others are organizational includes: organizational culture (Al-Bahussin & El-garaihy, 2013; Aluko, 2003; Gregory, Harris, Armenakis, & Shook, 2009; Hartog & Verburg, 2004; Homburg & Pflesser, 2000; Ogbonna *et al.*, 2010; Scott, Mannion, Marshall, & Davies, 2003; Shahzad, 2012; Zheng, Yang, & McLean, 2010), leadership style (Alsughayir, 2014; Garcia-Morales, Jimenez-Barrionuevo, & Gutierrez-Gutierrez, 2012; Haakonsson, Burton, Obel, & Lauridsen, 2008; Emmanuel Ogbonna & Harris, 2000; Wang, Chich-Jen, & Mei-Ling, 2010; Wang *et al.*, 2011), quality management practices (Appiah-Fening, Pesakovic, & Amaria, 2008; Fening, 2012; Phan, Abdallah, & Matsui, 2011), organizational learning (Barba-Aragón, Jiménez-Jiménez, & Sanz-Valle, 2014; Garcia-Morales *et al.*, 2012; Jiménez-Jiménez & Sanz-Valle, 2011; López, Peón, & Ordás, 2005; Tippins & Sohi, 2003), market orientation (Connor, 2007; Mahmoud, Abdulai, Alipour, Hossein, Alizadeh, 2010; Mahmoud, 2011; Mahmoud & Baba, 2012; Pinho, Rodrigues, & Dibb, 2014; Rodrigues & Pinho, 2010; Rodrigues, Pinho, &

Martins, 2013), organizational politics (Chen & Fang, 2008; Halford, 2003; Ramírez Solís & Monroy, 2015; Randall, Cropanzano, Bormann, & Birjulin, 1999), organizational support (Hau-siu, Lo, Sha, & Hong, 2006; Joiner, 2007), organizational commitment (Pinho *et al.*, 2014; Rashid, Sambasivan, & Johari, 2003; Rosete, 2006), environment (Chandrasekar, 2011; Cosh, Fu, & Hughes, 2012).

On the other hand, individual factors, personality (Barrick, Mount, & Judge, 2001; Soane, Butler, & Stanton, 2015), interpersonal trust (Bakiev, 2013; Paul & Mcdaniel, 2004), human capital (Lin, Huang, Du, & Lin, 2012; Seleim *et al.*, 2007; Skaggs & Youndt, 2004), attitudes (Gregory *et al.*, 2009; Ko & Smith-Walter, 2013; Ko *et al.*, 2013), commitment (Ali, Rehman, & Ali, 2010; Pinho *et al.*, 2014; Rodrigues & Pinho, 2010), job satisfaction (Rodrigues & Pinho, 2010; Rose, Kumar, & Pak, 2011), organisational citizenship behavior (Cohen, 2012; Nielsen, Hrivnak, & Shaw, 2009; Snape & Redman, 2010), engagement (Alfes, Truss, Soane, Rees, & Gatenby, 2013; Bakker & Bal, 2010; Barrick, Thurgood, Smith, & Courtright, 2015; Bresó, Schaufeli, & Salanova, 2011; Markos & Sridevi, 2010; Shantz, Alfes, Truss, & Soane, 2013; West & Dawson, 2012).

Similarly, literature indicated that all studies reviewed influence OP, even though, all factors are considered important (internal and external), but, HRM practices have considered having more significant impact on OP looking at the nature of how internal resources dominate contribution toward organizational success (Joarder, Sharif, & Ahmmed, 2011). In the work of Tabiu and Nura (2013), emphasize HRM practices as vital internal resources ease organizational success. Similarly, some previous scholars like of Edgar and Geare (2005), Delaney and Huselid (1996) Browning (2006), Hashim

(2010), Becker and Huselid (1998) and Lepak, Liao, Chung, and Harden (2006) argued that HRM practices of today can be described as boundless and strategic, connecting all managerial personnel, esteeming employees as critical resources of organizations and exceptionally proactive in its assignments. Moreover, in the present day HRM practices talk about those duties and responsibilities performed in organizations despite size or objective, to effectively oversee human resources (Guo, Brown, Ashcraft, Yoshioka, & Dong, 2011; Shahnawaz & Juyal, 2006; Tiwari & Saxena, 2012; Vanhala & Stavrou, 2013).

Furthermore, effective utilization of HRM practices in organizations is a vital source of competitive advantage and literature has shown that there are positive relationships between HRM practices and OP (Chew & Sharma, 2005; Khandekar & Sharma, 2005; Li, Ragu-Nathan, Ragu-Nathan, & Subba-Rao, 2006; Pablos & Lytras, 2008; Purcell & Hutchinson, 2007; Wright, McMahan, & McWilliams, 1994). All these previous studies only reported there is positive relationship HRM practices and OP without telling us why and how such relationship exist. Therefore, the fundamental reasons of why and how relationship between HRM practices and OP need to be investigated, that is why mediating variable was introduced to explain the original relationship. Above all, RBV theory highlighted that HRM practices as the important internal resources that lead to competitive advantage and result to OP if properly utilized (Barney & Wright, 1997; Saleem, & Khurshid, 2014).

RBV highlighted that, complex resource based view is grounded under four essential assumptions of any organizational internal resource (Hart, 1995). In the First place,

Resource must add significant value for instance, in HRM context employees can add value by making some strategies plans, discharging day to day and contributing in enhancing organizational decisions. Secondly, resource must have considered to be unique, for HRM concepts, even though each employee has exceptional set of skills and knowledge, while across organizational structure employees are not equally important. So, uniqueness of resource differs from one system to another. Thirdly, resource must be imperfectly imitable, in such a way that HRM system can imperfectly imitable. Finally, among competing organization, resource shall not be substituted with another resource, only to add a challenge for organizations competing in same services. Therefore, in linking the theory with organizational practices, it can be recommended that organizations apply various HRM practices by looking at their unique resources, environments and these add up to their organization's value, however, whether that added value results in sustainable competitive advantage depends on the proper utilization of such factors (Hart, 1995; Saleem & Khurshid, 2014). HRM practices considered important factors for motivating organisational members towards a promising behaviors (Hiltrop, 1996).

However, a limited of empirical studies were conducted on public sector performance. One study by Pitts (2009) in American context, using U.S federal employees and OP in agencies, the study considered diversity management as variable influencing OP, 90 percent of the agencies are managing diversities, the result explained positive significant relationship between diversity management, job satisfaction and OP. Again, the study of Choi and Rainey (2010) in the same U.S government agencies, two factors used to determine OP (diversity and diversity management) data from central personnel and 2004



human capital survey used, findings shown that racial diversity is negatively related to OP, when it is moderated with diversity management practices, result explain positive relationship with OP.

Similarly, Brewer (2005), conducted study on OP in America using twenty two federal agencies, the study develop measures of government agencies performance and tested it, two thousand merit principle data used, the study employed survey method, considered front line supervisors, management matters as the factors influencing OP, finding revealed that all the factors are positively related to OP. This study is consistent with Pitts (2009).

Moreover, one study conducted by Kim (2005) in Asian context, Korea public sector using four factors that influence OP in a direct relationship model, factors include; public service motivation, OCB, effective commitment and job satisfaction with 1,739 employees as respondents in government agencies, statistical method used is hierarchical regression and the result revealed all variables are positive significant related to performance.

In another development, Salge and Vera (2009) conducted study in European context in England public hospital, they used innovativeness as the factor influencing OP, with 173 sample using explotary factor and regression analysis, findings explained innovativeness influence OP positively in public hospital. Again, another study by Walker, Damanpour, and Devece (2010) conducted in England local government using management innovativeness to OP with the mediating effect of performance management,the result

shows positively significant relation between management innovativeness and OP through performance management.

In summary, the previous literature has used many factors as antecedents of OP including internal and external factors. The literature also examined the relationship between such factors, some studies used other mechanism to explain the link between diversity management, job satisfaction, supervisor and management matters, public service motivation, effective commitment, innovativeness performance management on OP (see Brewer, 2005; Choi, & Rainey, 2010; Kim, 2005; Pitts, 2009; Salge & Vera, 2009). Majority of the prior studies revealed that there is significant relationship between the stated factors and OP more particularly in public sector, however, majority of these studies were conducted in America, Asian and European context and none of this studies considered PESA considering its public-sector organization and its importance in every country economic growth. Though, public sector in Nigeria differ from Western and Asian context in terms of functions, government policy, public service rules and regulations, code of ethics, race, religion, size, tribes, context and country constitution (Adamolekun, 2013; CFRN, 1999). Despite all the previous studies, literature is still lacking in PESA in sub-Saharan African countries more particularly Nigeria. The next section discussed on the concept and theoretical perspective of HRM practices.

## **2.6 Human Resource Management practices**

Human resources management (HRM) as an essential function in organizations which includes every one (Bhattacharya *et al.*, 2005; Delery & Doty, 1996), HRM as a machinery is used as a term to signify part of organizations activities that are concern

with development and management of individuals through the practices (Wall & Wood, 2005). According to Jackson and Schuler (2002) Wood (1999), and Haslinda (2009) HRM is an umbrella word that comprises (1) HR practices such as training and development, recruitment and selection, performance appraisal, compensation, promotion, (2) formal HR policies which direct and moderately restrain the development of specific practices and, (3) overstressing HR philosophies with specific values of organization policies and practices.

According to Wood (1999) HRM practices as the organizational functional practices that lead to OP and success. These practices work independently and supplement one another in a way to be able to ensure both individual and OP. In other words, HRM practices are activities organization's engage at utilizing the pool of HR and ensuring the resources are used towards the fulfillment of organizational objectives (Schuler & Jackson, 1987).

HRM practices involves HR planning, recruitment and selection, compensation, training and development, performance appraisal, among others if effectively utilized can be source of competitive advantage and enhance OP (Boxall, 2003; Huselid, 1995; Paauwe & Boselie, 2005) RBV argued that HRM practices may be the potential source of competitive advantage and improve performance (Barney, 1991; Wright & McMahan, 1992). Furthermore, HRM practices considered activities within the organization, there is no particular agreement on which or what group of practice or bundles of practices will be considered as qualified part of HRM practice (Beer *et al.*, 1984; Boselie *et al.*, 2005). For instance, Boselie *et al.* (2005), carried out 104 empirical investigation on the

relationship between HRM practices and performance and identified almost 26 number of HRM practices were used in different studies between 1994 and 2004.

Literature indicated that, bundles of HRM practices considered differently across studies (Boselie *et al.*, 2005; Wood & Wall, 2007). This result to various conceptualization of the bundles of HRM practices. Human resource management bundles consisting of multiple complementary practices that are typically considered superior to individual best practices in influencing OP (Subramony, 2009). The content of HRM bundles comprises Empowerment-Enhancing Bundles, Motivation-Enhancing Bundles and Skill-Enhancing Bundles (Subramony, 2009). Empowerment practices are aimed at delegating decision-making authority and responsibility down the hierarchy through the use of self-managing or autonomous teams (Mathieu, Gilson, & Ruddy, 2006) and facilitating employee participation and voice using upward feedback mechanisms (Wood & Wall, 2007). Although empowerment practices also can be viewed as influencing job-related performance outcomes by enhancing the self-efficacy levels of individual employees (Conger & Kanungo, 1988), some have theorized that they affect firm-level outcomes by increasing employees' collective levels of potency (i.e., the belief that they can be successful together as a team), task meaningfulness, autonomy, and task significance or impact (Kirkman & Rosen, 1999).

In the other hand, Motivation-enhancing bundles help direct employees' efforts toward the accomplishment of work objectives and provide them with the inducements necessary to engage in high levels of performance (Kinnie, Hutchinson, Purcell, & Swart, 2006). Similarly, Skill-enhancing bundles are combinations of HRM practices primarily related to staffing and training that focus on increasing the collective knowledge, ability, and

skill levels (collective human capital) of the workforce (Tosi, Klein, & Kozlowski, 2002). For instance, high involvement HRM practices (Guthrie, 2001; Lepak *et al.*, 2006), high investment HRM practices (Lepak, Taylor, Tekleab, Jennifer, & Cohen, 2007), high commitment HRM practices (Arthur, 1994; Chiang, Shih, & Hsu, 2014), high performance work practices (HPWP) (Becker & Huselid, 1998; Chiang *et al.*, 2014; Karatepe, 2013a; Rabl, Jayasinghe, Gerhart, & Kühlmann, 2014; Stirpe, Bonache, & Revilla, 2014; Way, 2002).

HPWS comprises recruitment and selection, training and development of employees, compensation, job design, job security, performance appraisal among others (Guthrie, Spell, & Nyamori, 2002). However, some studies considered HPWS as uni-dimensional (Chiang *et al.*, 2014; Jiang & Liu, 2015; Karatepe, 2013a; Stirpe *et al.*, 2014), others considered multi-dimensional (Iles, Mabey, & Robertson, 1990; Subramony, 2009). In general, all the concepts of HRM are considered important in improving OP. This study considered five HRM practices that also be the component of HPWS and are specifically have direct impact on OP (Jiang & Liu, 2015). This study linked five (5) HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal and promotion opportunity) to added value on OP through mediation of EC. These HRM practices (RS, TD, COMP, PA and PRO) are considered appropriate practices that can contribute to public sectors administrative performance. The HRM practices (RS, TD, COMP, PA and PRO) can also regarded as suitable set of internal factors that can be used by public educational sectors organizations, considering public sector as service oriented organization as argued by previous researchers (Amin *et al.*, 2014; Sudin 2004).

### **2.6.1 Recruitment and Selection**

As an important human resource management practices, recruitment is a process of sourcing and acquiring the right candidates to an organization. Essentially, the process involves seeking and attracting qualified candidates using various feasible recruitment strategies (Tong, 2009). Recruitment involves those activities and practices carried out by the organization with the primary objectives of identifying and attracting potential personnel (Breugh, 2008; Breugh & Starke, 2000; Dhamija, 2012). Recruitment is an integral part of the human resource and involves the process of identifying and attracting or encouraging potential applicants with needed skills to fill vacant positions in an organization (Peretomode & Peretomode, 2001). While selection is a method utilizes to reduced and make choice of most suitable candidate among the competing ones whose have relevant credentials (Snell & Bohlander, 2010).

Recruitment and selection are considered as essential human resource management practice that facilitates the procurement of applicants into the organization. It is indeed an essential practice that muddles together the organization with present vacancies with individual candidates for a possible future relationship. In this study recruitment and selection refers to the process used by organization to produce the best match between workers and jobs and the organization (Ivancevich, 2010; Pfeffer, 1998). Therefore, the potential employee habitually required through a rigorous evaluation procedure.

## **2.6.2 Training and Development**

Training and development practice is an essential element of human resource management (Vlachos, 2008). Training can simply refer to some activities which equip personnel with needed skills to perform better in their current jobs (Li, Qian, Liao, & Chu, 2008). In competitive era, technologies and modernizations are needed to manage with these pressures, while personnel are required to acquire new knowledge and skills for carrying out their task and jobs with quality.

Additionally, training and development is the vital area of HRM, it is the fastest growing part of personnel activities. It is more understandable given the growing difficulty of the work atmosphere, the rapid change in organizations and improvement in technology. Training and development helps to make sure that organizational associates possess the knowledge and skills they needed to perform their works effectively, discharge new responsibilities, and familiarize to changing conditions (Bature, Friday, & Mustapha, 2013; Obi-Anike & Ekwe, 2014; Salome & Rotimi, 2013).

This study defines training and development as the opportunity given to employees to participate in training and development program which aims improve their effectiveness (Pfeffer, 1998). It includes formal and informal training provided by the organization to help improve skills, knowledge and capabilities of workers.

### 2.6.3 Compensation Practice

According to Huselid (1995), the compensation system is known as employee merit and it is commonly linked with organizational outcomes. Compensation can simply refer to all economic payments and all commodities used in its place of monetary incentive employees (Islam & Siengthai, 2010). According to expectancy theory of Vroom (1964), rewards can be understood as a form of direct and indirect compensation packages, have potential to influence employee work motivation.

Additionally, Wan (2008) stated that compensation would be considered based on performance, not on the basis of position or length of service in the organization. Again, compensation practice differs considerably across organizations and to some extent, across jobs. Several researchers argued that compensation would be a package involving non-financial and financial, direct and indirect compensation (Namasivayam, Miao, & Zhao, 2007; Sturman, 2001).

Precisely, it was argued that a type of compensation package includes: base pay, bonuses, profit sharing, commissions, merit pay, overtime pay, travel and meals, stock options, housing allowance, and other benefits includes, insurance, dental, medical, vacation, retirement, leaves, tax freedom (Ghazanfar, Chuanmin, Khan, & Bashir, 2011). Compensation also involves non-monetary benefits like pension or retirement plans, social security, insurance, health care plans, family and medical leave (Odunlade, 2012). Also, Compensation bundle such as vacations and sabbatical, severance pay, holidays, and employees' compensation are lawfully mandated to be benefited by the workers. Hence, compensation practice in this study refers to a performance-based reward schemes



that reward power competitive and based on the performance achieved by work teams or organizations such as higher base salaries, plans, and sharing acquisition (Pfeffer, 1998).

#### **2.6.4 Performance Appraisal**

According to Islam and Siengthai (2010), performance appraisal has attracted a countless deal of attention. For instance, Levin (1986) identified some importance of performance appraisal such as employee merit appraisal, assessment of employee training needs, determining of employee salary, response and suggestion of employee past performance and employee development for the organizational success. Suhaimi (2011) and Gravina and Siers (2011), asserted that how well personnel are discharging their jobs, is due to how well a suitable human resource management related decision is took. However, performance appraisal is seeing as continuous process not just a year exercise. It is the official system of time to time evaluation and assessment of an employee or group's job performance and make sure feedback is provided when due (Islam & Siengthai, 2010).

According to Joarder and Ashraf (2012), performance appraisal is a key to provide incentive to the talented personnel to be satisfied with the organization. Stone (2002) stated that in competitive environment, organizations need to retain an continue improving performance to stay alive. Additionally, in a rapid changing environment, fitted budget, downscaling and pressure for better personnel accountability outcome are more emphasis on performance appraisal in relation to organizational target and objectives.

Several studies suggested that performance related rewards objective are those who run into the performance requirements (Cho, Woods, Shawn Jang, & Erdem, 2006; Katou & Chand, 2007; Stone, 2002). Performance appraisal also provides information that dealt with training needs, employee salary, promotion, and compensation package, as well as personnel development, transfer and workers feedback (Huber, 1983; Toppo & Prusty, 2012). Therefore, Performance Appraisal in this study refers to the formal performance assessment process that is controlled by organizations to identify and provide feedback to workers on their work performance (Delery & Doty, 1996).

### **2.6.5 Promotion Opportunity**

Promotion opportunity system affects nearly all aspects of organizational circle, mostly evident from studies of HRM (Katou & Budhwar, 2010; Phelan & Lin, 2001; Poole & Warner, 1998). Promotion opportunity simply been defined as the degree of professional upward flexibility within the organization. In the other hand, it is the kind of official appreciation or acknowledging of one's performance from the top (Tan, 2008). According to social exchange theory Blau (1964) personnel that are promoted feel and considered valued by the organization is likely to pay back the organization through their commitment and involvement. Given the significance of promotion opportunity in an organizations, it is amazing that only few studies have make an effort to study the role of different environmental, job factors and organizational on the effectiveness of promotion opportunity systems (Allen, 1997; Ferris, 1992).

An important discussion on the promotion opportunity systems can be found in the organizational literature. According to Baker, Jensen, and Murphy (1988) a promotion

system fills two vital determinations. To start with, it chooses more capable people for positions of more noteworthy obligation (the occupation task or coordinating capacity of the promotion system) and, furthermore, it motivates workers at one level to endeavor harder to achieve the following one. The common promotion practice systems include; Absolute and relative merit based systems, seniority-based systems, up- or out- systems and Random promotion systems (Phelan & Lin, 2001). In the other hand, if personnel perceive the impartial promotion practices within the organization, employees satisfaction level will increases which will go the other way increases their performance (Joarder & Sharif, 2012). Therefore, promotion opportunity in this study refers to mechanisms provided by the organization to help employees achieve their career goals (Delery & Doty, 1996).

## **2.7 Human Resource Management practices and Organizational performance**

Various empirical studies have supported the relationship between HRM practices and OP, five (5) HRM practices studied by Huselid (1995) that are recruitment and selection, compensation, training and development, employee involvement, and performance appraisal. The result found positive significant relationship between HRM practices and organizational performance. Akhtar, Azeem, and Mustafa Mir (2014) on their study impact of HRM practices and perceived OP used seven (7) practices that are staffing, training, compensation, performance appraisal, grievances procedure, empowerment and promotion, the result shows all significant positive relationship with OP except promotion.

Similarly, Abdullah *et al.* (2009) conducted study on HRM practices and OP with the composition of six (6) practices, (training and development, teamwork, HR planning, performance appraisal, employee security, and compensation) result indicated that there are significant positive relation between the four practices and OP except compensation and employee security. Also, to emphasize the relationship between the HRM practices and OP, Ko *et al.* (2013) took HRM practices and OP with considered HRM practices as one variable and from the result of that study, HRM practices positively correlated with significant influence on OP. Another study by Menon (2012) on HRM practices and OP used (4) practices (Job descriptions, teamwork, training and rewards), findings explained all the practices are positively significant to OP.

Moreover, Karami *et al.* (2015) recently conducted the research on the influence of HR practices on business strategy and firm performance; the case of banking industry in Iran with six (6) HRM practices, training and development, teamwork, compensation/incentives, HR planning, performance appraisal and employment security fortunately all the practices are significant only the job security did not show any sign of significant on the relationship.

Another study on HRM best practices and firm performance, a universal perspective approach by Tzafrir (2006) using seven (7) practices, (performance appraisal, internal communication, career development/planning, training and development, recruitment and selection, compensation, and job design, however, five practices found positively related to firm performance while compensation and job design reported insignificant. Similarly, Guest, Michie, Conway, and Sheehan (2003) carried out study on HRM practices and

firm performance in European context specifically in United Kingdom (UK) using 366 sample, result revealed that HRM practices were non-significant to firm performance. Again, study conducted by Delaney and Huselid (1996) investigating the impact of HRM practices on OP, findings shows HRM practices are significantly related to OP, more specifically compensation and training found with higher impact. So also, the study of Moideenkutty *et al.* (2011) look different where they used high involvement HRM practices as one, to influence OP in Oman, the statistical analysis result indicated that, high involvement HRM practices has positive relationship with subjective and objective measure of OP.

Additionally, Chow *et al.* (2013) carried out study on HRM and firm performance, involvement used as the practice on the OP relationship, and it is found positive significant related to OP. Again, another study conducted by Joseph and Dai (2009) using 13 HRM bundles to test the link with the firm performance with 320 enterprises used as sample, the factor analysis result indicated that all the HRM bundles are significantly related to firm performance. One study conducted by prominent scholars Delaney and Huselid (1996) in American context using seven HRM practices includes, training, compensation, selection, grievance procedure, decision making, staffing and internal labor market, a quantitative approach study using 590 national organisation including profit and non-profit type, regression analysis result shows five (5) practices are positive significantly related to OP while staffing and internal labor market found insignificant.

Similarly, the studies of Akhtar *et al.* (2008) on the strategic HRM practices and their impact on company and performance in Chinese enterprises used six (6) practices,

(training, participation, performance appraisal, career opportunities, job descriptions, and employment security) findings show that four (4) practices related to both financial and service performance while job security and job descriptions contribute exclusively. In addition, the studies of HRM practices and OP in Indian hotel industry by Katou and Chand (2007) using six (6) practices includes, recruitment and selection, manpower planning, Job design, training and development, quality circle and pay system which all the variables shows significant positive relation with the performance.

Furthermore, study conducted by Arshad, Azhar, and Khawaja (2014) on HRM practices and OP in Pakistan organization using (5) practices, recruitment, selection, training and development, reward, recognition and work system and all the practices are significant to the performance. Moreover, study of Subramony (2009) on the relationship between HRM bundles and firm performance, the study investigate the relationship between (3) bundles, empowerment, motivation and skills enhancing practices, A meta-analysis of 239 effect sizes derived from 65 studies reveals that HRM practices bundles have significantly larger magnitudes of effects than their individual constituent practices, are positively related to business outcomes, and display effect sizes that are comparable to or larger than those of high-performance work systems.

Additionally, Beh and Loo (2013) on their empirical study on HRM best practices and firm performance, population of the study was comprised of executives, non-executives, managers, and top management from seven major insurance firms at headquarters in the Klang Valley, Malaysia, result of the study found that internal communication, performance appraisal, career planning, strategic human resource management alignment

in the organization, are HRM best practices. So also, Trehan and Setia (2014) conducted a research on HRM practices and OP an Indian perspective with a qualitative method using (3) HR bundles, training that is skill enhancement, performance based reward and team development result explained that all HR practices were found related to performance.

Equally important, the study conducted by Osman, Ho, and Galang (2011) investigating HRM practices and firm performance relationship in Malaysia using (7) HRM practices (human resource planning, staffing, job design, training and development, performance appraisal, compensation and health and safety) the regression analysis result revealed all the practices are significant to OP except training and development and human resource planning which show insignificant. Again, Vlachos (2008) conducted study with (6) HRM practices (compensation policy, job security, information sharing, decentralization, selective hiring and training and development) the univariate analysis and hierarchical regression result indicated that only job security is not significant to all the dimensions of the performance.

Furthermore, in the study of Mutua *et al.* (2013) the studies seen by the researcher related to African context on OP HRM relationship, the study conducted in Kenya, try to test the link between HRM practices on performance of financial cooperatives used HRM practices which classified into (4) groups, (recruitment and selection, rewards management practices, involves performance based pay, recognition, training practices, and performance management practices) result revealed that the practices are positively significant to financial performance of an organization. Again, another study by Ayanda

(2011) in Nigerian manufacturing sector using 21 sample recruitment and selection, management devolvement, training and development, innovative, performance appraisal, equity, compensation, career planning and employee participation as the HRM practices considered in the study, results show that HRM practices was moderately practiced by the organization as they were found moderately related to OP.

Furthermore, Triguero-Sánchez, Peña-Vinces, and Sánchez-Apellániz (2013), conducted a study on HRM practices and OP moderating role of hierarchical distance (HD) using 102 sample of small and medium enterprises employed PLS SEM for the data analysis, result found HD is a cultural dimension which moderates the relationship between HRM practices and OP.

Again, one study by Triguero Sánchez, Peña Vinces, and Sánchez-Apellániz (2016), in European context specifically in Spanish firms with 102 sample using nine (9) HRM practices (selection, training, evaluation, flexible remuneration, job design, communication, job stability, quality and job quality) to OP, moderated by employee diversity which also has four (4) dimensions (education, specialization, length of tenure and service) statistical result revealed that all the practices are positively significant, while three (3) dimensions of employee diversity were also found supported only length of tenure found with no moderating effect.

Moreover, Sani (2012) investigated the relationship between HRM practices (training, career planning, HRM alignment, and job definition) and OP in Insurance company in Nigeria using 18 sample, findings explained HRM practices significantly related to OP with the interaction of organizational climate. Again, the study conducted by Prieto and



Santana (2012), testing the role of HRM practices on firm performance of 198 companies in Spain, considered high involvement HRM practices mediated by social climate, ambidextrous learning to firm performance, and the high involvement HRM practices is also considered into three dimensions, ability enhancing HR practices, motivation enhancing HR practices and opportunity enhancing practices, the study revealed different from others considered the dimensions of the HR practices, and the result shows all the HR practices dimension are significantly positive related to firm performance.

Similarly, another study carried out by Wright, Gardner, and Moynihan (2003) in European context specifically in UK business firms using 50 sample investigated the link between seven HRM practices (training, staffing, promotion, compensation, performance appraisal, grievances procedures and empowerment) on OP through HR outcomes (commitment, employee productivity), result revealed that there is indirect impact of HRM practices on OP with promotion and performance appraisal has the negative correlation. Furthermore, the study of Theriou and Chatzoglou (2014) on the impact of best HRM practices on OP through organisational capabilities, the empirical investigation conducted in 212 manufacturing organisation in Greece, used sample of 138 in questionnaires mode, the study of Theriou and Chatzoglou considered OP into financial and non-financial performance and also used HRM practices as one single construct, result shows HRM practices were found significant positive related to OP through organisational capabilities.

Again, study conducted by Snape and Redman (2010), a study of HRM practices, organisational citizenship behavior and performance in North-Eastern England

using HRM practices with dimensions, includes, development, reward, selection, internal labor market, the result shows positive relationship with the OP. Moreover, study carried out by Al-Raggad (2014) in Asian context specifically in Jordan companies on HRM practices and OP with 161 response rate using quantitative approach, findings revealed HRM practices associated with OP. Similarly, a study of Ali (2015) in European context specifically in Australian private sector performance, investigated the relationship between HRM practices, gender policies and OP through management gender diversity using 213 sample, findings indicate that HRM practices significantly related to performance through management gender diversity.

Another research were conducted by Vanhala and Stavrou (2013) on human resource management practices and HRM performance link in public and private sector organizations in three western societal clusters, base on findings HRM practices are more advanced in private companies than in public sector organization, the analysis result revealed that human resources management practices are link in both in private and public organizations.

Recently, study carried out by Yen, Wang, and Kao (2016) in Asian context with five Chinese firms, investigating the impact of high performance work practices (HPW practices) and OP, result revealed that some dimensions of HPW practices are positively related to OP this includes; training and education, performance appraisal, rewards, teamwork and morality. Again, Ribeiro and Gomes (2016) conducted the investigation on the link between HRM practices and OP in European context specifically in Portugal private multinational company, a qualitative approach used with 257 sample in an

interview approach, the result described, proper utilization of HRM practices generate organizational effectiveness.

In the same way, Chahal, Jyoti, and Rani (2016) conducted a study in Asian context North India in particular, investigating the impact of perceived high-performance human resource practices (training, performance management, performance-based compensation, performance appraisal, empowerment and competency development) on business performance using Structural equation modelling techniques for the analysis, findings indicate that HPWP positively related to business performance with mediating role of organizational learning. Similarly, Obeidat, Mitchell, and Bray (2016) carried out research in Asian context specifically in Jordanian organization operating in both manufacturing and financial sectors investigate the influence of HPWP on OP using data from 118 firms and human resource directors as respondents to evaluate the adoption and impact of each practices on OP, result found that HPWP significantly related to OP, and the study confirm support for ability, motivation and opportunity (AMO) that HR practices capable of improving employees performance and in return enhance OP.

In related argument, Asmawi and Chew (2016) examine the effect of high performance work practices (HPWP) on innovation in Malaysian public organization using conceptual approach based on the previous studies, the analysis shown that an organization that effectively utilize HPWP will gain high productivity and achieve success. Additionally, DeGeest, Follmer, and Lanivich (2016) conducted research to explore the link whether, HPWP enable new venture growth and productivity as well as performance in Netherland

with a sample of 677 firms tracked for 6 years. It was found that HPW practices are positively related to firm growth and productivity as well as performance.

In related study, Ahmed (2016) in Asian context specifically in Saudi Arabia using 250 sample employees working in telecommunications organization, SPSS software were used for the analysis. The study investigates the influence of HRM practices on cooperate entrepreneurship with the mediation of organizational commitment, result revealed that HRM practices associated to cooperate entrepreneurship as well as organizational outcomes. Similarly, Farouk, Elanain, Obeidat, and Al-Nahyan (2015) in a study carried out at Middle east Asia, specifically in United Arab Emirates (UAE) the study argued that organizational innovation fully mediated HRM-OP relationship. Moreover, the study considered HRM practices as mediating variable on the link between innovation strategy and organizational effectiveness which is not similar with previous studies.

Again, Fu, Flood, Bosak, Morris and O'Regan (2015) investigate the impact of high performance work system on organizational innovation in professional service firms, study carried out at European context specifically in Irish using 195 managers to represent 120 firms SPSS techniques were employed in the analysis applying hierarchical regression, result revealed that HPWS positively influence organizational innovation with the mediating effect of employees innovative work behavior. In related development, Mufti, Parvaiz, Wahab, and Durrani (2015) investigate the link between human resource competencies and OP in Banking sectors Pakistan using middle and entry level managers as respondents with 985 sample, analysis conducted through SPSS, results reported that human resource competencies positively correlated to OP.

However, there are few studies that considered HRM practices and OP in the context of public sector. A study conducted by Gould-Williams (2003) in European context specifically in United Kingdom local government employees used HRM practices as bundles to influence trust and OP, 191 sample of workers employed in SPSS techniques, result revealed that HRM practices associated with OP, the study emphasized that the higher level of HRM practices in an organisation result to performance. Again, Guest (2002) conducted a study in UK public sector, employed HRM practices to determine OP, job design, information provision, direct participation, training and development, recruitment and selection are considered the practices with higher correlation to OP.

Furthermore, Harel and Tzafrir (2001) conducted study in Asian context, specifically in Israel, a comparative study which combined public and private sectors used 102 sample, study utilized (6) HRM practices (training, recruitment and selection, participation, compensation, internal labor market, HR decision) result revealed that all the practices found significantly related to OP. Similarly, Boyne, Jenkins, and Poole (1999) investigated the relationship between the HRM practices and OP in comparison of public and private sectors in UK the practices are, reward, performance appraisal, training and development, and job security to predict OP, statistical result indicate all the four HRM practices are significantly related to OP in both private and public sectors.

Similarly, Harris (2002) investigated the impact of HRM responsibilities in UK public sector, the study is based on the perceptions of HR specialist, trade union representatives, senior managers, middle managers, the conclusion of the discussion explained that HRM are increasingly regulated working environment. Equally, one study

by Aroge and Hassan (2011) in African context particularly in Nigeria public sector, the study investigated the relationship between HRM practice and skilled of workers in public sector a conceptual approach, training and development considered the practice in the study with much important on increasing workers skilled in public sector organisation.

Furthermore, Brown *et al.* (2004) carried out a conceptual study on HRM in public sector in European context specifically in UK, the study emphasizes that HRM practices have significant impact on public sector activities. Again, Sudin (2004) carried out study in Asian context specifically in Malaysia, recruitment and selection, training and development, performance appraisal, compensation and HR planning used in predicting OP, the study recommended that all the five (5) HRM practices are important and have impact on OP. Similarly, the work of Darwish (2013) in England used four (4) HRM practices (recruitment and selection, compensation, training and development, and performance appraisal) on OP, the study emphasized how relevant these practices are on OP.

Again, Abzari *et al.* (2011) conducted study on the impact of HRM practices and organisational culture on organisational effectiveness of public and private sector in Asian context specifically in Iran using 339 sample, result indicated that HRM practices and organisational culture are significantly related to organisational effectiveness. Moreover, Bercu and Grigoruță (2012) carried out study in European context specifically in Romania investigated the role of HRM practices in public sector organisations, they considered five (5) HRM practices training, recruitment and selection, compensation,

decentralization and communication, using data from National Agency of Civil Servant (NACS), they reported that all HRM practices have impact on performance of public sector organisation.

Furthermore, Azmi (2010) carried out a quantitative study of five (5) HRM practices (performance management, organisation development, recruitment and selection, rewards, career development) on public sector performance in Malaysia, with 140 sample result show performance management, organisation development, career development have higher correlation on OP while, recruitment and selection, rewards related to OP moderately. Similarly, Giauque, Anderfuhren-Biget, and Varone (2013) investigated the relationship between HRM practices (job security, fairness, participation, job enrichment, career development, professional development, individual appraisal, performance related pay) and OP through public service motivation (PSM) with interaction of organisational commitment in Swiss public sector using 3,131 sample, result explained that HRM practices did not influence PSM, however, PSM is significantly related to OP also, HRM practices are positively related to OP with job security and fairness show higher correlation.

Again, Amin, Ismail, Rasid, and Selemani (2014) carried out study in Asian context specifically in Malaysian Public Universities investigated the relationship between seven (7) HRM practices (recruitment, compensation, training, performance appraisal, career planning, job definition employee participation) and OP with 300 sample. Their findings revealed performance appraisal and career planning have the highest correlation of 0.704 while training and job definition has the lowest correlation of 0.434 respectively.

Further, Ogbonnaya and Valizade (2016) tested the influence of high-performance work practices on OP as well as employee outcomes, the investigation took place in European context specifically British health sector using secondary data, results indicate positive link between HPWP and employee outcomes (employee engagement and job satisfaction). Both employee engagement and job satisfaction mediated a negative association between HPWP and employee absenteeism, however, the significant link between HPWP and patient satisfaction was mediated by job satisfaction only.

However, all the aforementioned studies explained empirical relationship between HRM practices and OP and majority of the findings shows positive significantly related while some few results revealed insignificant, but still there is needs to explore why and how this relationship exist.

In summary, majority of the above literature reviewed concentrated in private, banking and manufacturing sectors (Chahal *et al.*, 2016; DeGeest *et al.*, 2016; Fu *et al.*, 2015; Mufti *et al.*, 2015; Obeidat *et al.*, 2016; Ribeiro & Gomes, 2016; Yen *et al.*, 2016) with little in public sector (Ogbonnaya & Valizade, 2016), however, majority of these studies were conducted in America Asia, European context there by neglecting sub-Saharan African countries particularly Nigeria. Again, most of the studies used first generation analysis techniques for instance, SPSS while there are second generation soft wares like Smart Partial Least Structural equation modelling (PLS SEM) used for running either normal or complex model, reflective or formative model and address any short fall of first generation techniques.



Generally, the above mention studies have considered the recommendation made by previous scholars in respect of more investigation should be carry out on the relationship between HRM practices and OP using combination of practices rather than individual practice, and also all the studies have provide us with much more empirical evidences on HRM practices are positively related to OP.

Again, HRM practices in combination are more significant on performance (Boxall & MacKy, 2009; Gould-Williams & Mohamed, 2010; Lepak *et al.*, 2006; Mutua *et al.*, 2013; Subramony, 2009). The effectiveness of any practices usually depends on the relationship with one another (Macduffie, 1995). This study intended to use HRM practices as independents variables (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) EC as mediator and OP as dependent variable. Previous studies (Abdullahi *et al.*, 2009; Akhtar *et al.*, 2014; Karami *et al.*, Menan, 2012) only reported there is positive relationship HRM practices and OP without telling us why and how such relationship exist. Therefore, the fundamental reasons of why and how relationship between HRM practices and OP need to be investigated, that is why mediating variable was introduce to explain the original relationship. EC as mediator in this study may be suitable to explain the link between HRM Practices and OP as argued by Manroop *et al* (2014).

### **2.7.1 Recruitment and Selection**

Recruitment and selection as a human resource management practice are viewed as a skill-enhancing management practice (Subramony, 2009). Attracting suitable or potential candidates that have the required knowledge, skills and abilities is so far a method

usually utilized in promoting the vision of skills acquisition and development in contemporary organizations (Subramony, 2009). Additionally, selecting suitable personnel based on their knowledge skills and ability is a clear indication to suitable as well as potential candidates that the firm cares and valued its workforce (Takeuchi, Chen, & Lepak, 2009). In order to sustain the high level of competitive advantage, organisation requires talented and skilled employees to attain OP (Li, Liao, & Chu, 2006). The study of Mustapha *et al.* (2013) in Nigerian context explained the importance of recruitment and selection of employees as HRM practices based on merit leads to OP, that effective recruitment and selection is a key to organizational success and well planned, organized recruitment and selection enhance more performance.

Similarly, many empirical studies revealed that recruitment and selection leads to performance. The study conducted by Mutua *et al.* (2013) in African context specifically in Kenyan firms, using recruitment and selection to determine firm performance, a qualitative study, result revealed that recruitment and selection positively significant to firm performance. While another study by Islam and Siengthai (2010) in industrial zone in Asian context, Bangladesh companies using quantitative method with 53 sample and 216 respondents, the factor analysis and regression result revealed that recruitment and selection found positive significant related to firm performance.

Again, study by Demo, Neiva, Nunes, and Rozzett (2012) in South America context, a mixed method approach quantitative and qualitative result using factor analysis with 632 sample, managers as the respondent in Brazilian company, findings show positive relationship with the performance. Moreover, another study in Malaysian context in

Asia, conducted by Beh and Loo (2013) using (7) major insurance firms, the population comprises, top management, management, executive and non executive with 312 sample, the result of the study found recruitment and selection significantly related to performance. Again, one study conducted by Saifalislam, Osman, and AlQudah (2014) in Jordan public university, quantitative method, the regression analysis revealed that recruitment and selection significantly related to OP.

Additionally, Qureshi, Ayisha, Mohammad, Rauf, and Syed (2010) carried out study on HRM practices and firm performance in Pakistan banking sector, recruitment and selection system considered as one of the practice using 38 sample in quantitative data analysis, result indicate that recruitment and selection positively associated to firm performance. In the same vein, Gamage (2014) investigate the influence of recruitment and selection on business performance of manufacturing sectors in Japan, with 144 sample using SPSS techniques. It was found that recruitment positively related to business performance while HR outcome also mediate the link between recruitment and selection and performance.

Furthermore, another study conducted by Saleem and Khurshid (2014) in their empirical investigation on the relationship between recruitment and selection to individual performance in three banks located in Pakistan, result revealed that recruitment and selection positively related to individual performance which in turn can enhance OP.

However, other studies revealed contrary to the above findings, for instance, the study conducted by Tan and Nasurdin (2011) Asian context in Malaysia using large manufacturing sectors, with 171 sample. The regression result shows recruitment is low

and insignificant related to organisational innovation and performance. In general, majority of the above discuss studies established the relationship between recruitment and selection and OP, this shows that organizations that effectively and effeciently conduct recruitment and select the best employees out of many inreturn will improve the performance of that organization positively. On the other hand, the few studies e.g, Tan and Nasurdin (2011) in Asian context Malaysia which revealed insignificant and low correlation of recruitment and selection on OP will not contradict the majority findings.

In summary, most of the previous studies conducted between recruitment and selection and OP are concentrated in private, manufacuring and banking sector organisations with only few in public sector. Similarly, majority of the studies were found in Asian, European and American context with very little in Africa. Many of these studies conducted failed to utilize the power of second generation analysis techniques for instance, PLS-SEM in testing the relationship among the variables and predict model concurrently with either moderation or mediation. Again, the relationship between recruitment and selection and OP is inconclusive in the literature as there are mixed reporting. Therefore, based on the reviewed evidences, this study employed recruitment and selection as the practice in predicting OP using PLS-SEM analysis techniques to be conducted in African context particularly Nigerian PESA.

### **2.7.2 Training and Development**

Tai (2006) argued that training and development plays a vital role for increasing ability, work adaptability, flexibility, motivating employees and maintaining necessary competence. Development is much wider than training and it's usually longer than

expected. It is more concern with the enhancement of an employee's personal portfolio of knowledge, skills and ability (Truss, Mankin, & Kelliher, 2012). The promising construct influences employee efficiency and leads to OP (Islam & Siengthai, 2010).

Training and development is considered as one of the most extensive human resource management practices (Boselie *et al.*, 2005). The overall focus of training and development in an organization is improving the organizational, team, groups and individual effectiveness and efficiency (Kraiger & Ford, 2007). Improved employees capabilities and knowledge, skills of the talented labor force proved to be a main source of competitive advantage in the world market (Sahinidis & Bouris, 2008). To develop the desired knowledge, ability and skills of the personnel to conduct their duties well they need to have adequate and effective training and development programs. Some of the previous academic researchers regarded training and development as human resource management practices that improve the potential of personnel knowledge, skills and abilities (Combs, Liu, Hall, & Ketchen, 2006; Subramony, 2009). Similarly, training and development is an essential element, must of the country used it to develop the skilled and intellectual of its personnel to attain performance (Jauhar, Ghani, Joarder, Subhan, & Islam, 2015). Likewise, Some previous studies regarded HRM practices as ability enhancing practices in their model (Jiang, *et al.*, 2012; Jiang, Lepak, Jia, & Baer, 2012).

Previous studies on training and development and performance found positive significant result, for instance, the study conducted by Abdullah *et al.* (2009). Asian context research in Malaysia using private firms, 153 respondents were used in the analysis, the regression result explained training and development as one the highest predictor of performance.

Similarly, one study from Bangladesh industries in DEPZ area with 53 sample 216 respondents, conducted by Islam and Siengthai (2010) the result of the study revealed that training and development is significantly related to performance.

Moreover, study conducted by Akhtar *et al.* (2014) Asian context study in higher education institution in Pakistan, 50 sample used in collecting data, the result shows significantly related between the training and development and firm performance. Based on the empirical evidences, the statistical result revealed that training and development is the determinant of OP. Additionally, one study were conducted by Úbeda-García, Marco-Lajara, Sabater-Sempere, and Garcia-Lillo (2013) using one practice that is training to OP in spanish hotel industry with 110 sample hotels, the result explained training is positively related to OP.

Again, Qureshi *et al.* (2010) carried out study on HRM practices and firm performance in Pakistan banking sector, training considered as one of the practice using 38 sample in quantitative data analysis, result indicate that training positively associated to firm performance. Furthermore, another study conducted by Saleem and Khurshid (2014) in their empirical investigation on the relationship between training and development to individual performance in three banks located in Pakistan, result revealed that recruitment and selection positively related to individual performance which in turn can enhance OP.

However, some previous studies have shown that there are indirect and insignificant relationships between training and OP. The study of Osman *et al.* (2011) in Malaysia, the regression analysis result revealed that training and development is not significant to firm performance and the study recommended for moderation. Again, the study conducted by

Vlachos (2008) in European context Greece using private organizations as the study population, the regression analysis result show that training has indirect relationship with the performance. Moreover, the study conducted by Aragón *et al.* (2014) in European context using a sample of Spanish firms, the result revealed that training has indirect effect on performance, its became significant through the organizational learning. Based on the above critical review, most of the studies (Abdullah *et al.*, 2009; Islam & Siengthai, 2010) it was found that training and development is strong predictor of OP if properly utilize, despite the contrary findings of some studies like, Osman *et al.* (2011) and Aragón *et al.* (2014) who reported indirect relationship of training on OP, still the major of the studies reported positive significant relationship. This shows that literature still not conclusive and there is need to investigates further.

To summarize, most of the previous studies on training and development and OP are concentrated in manufacturing, private and banking sector with few in public sector. Similarly, majority of the studies were found in Asian, European and American context there by neglecting sub-saharan African countries particularly Nigeria. Some of these studies conducted failed to utilize the power of second generation analysis techniques like, PLS-SEM in testing the relationship among the variables with mediator or moderator concurrently. Equally, literature revealed that the relationship between training and development and OP is inconclusive as there are inconsistencies findings. Hence, based on all the evidences in the literature, this study considered training and development as an important variable in predicting performance of Nigerian PESA using PLS-SEM analysis techniques.

### 2.7.3 Compensation Practice

Thang (2004) Argued that compensation and reward can be influential tools for attaining efforts from the personnel to fulfill the organizational objectives. In Malaysian context compensation is an important practice that increase job satisfaction (Jauhar *et al.*, 2015) and in return job satisfaction leads to OP (Joarder & Sharif, 2012; Rodrigues & Pinho, 2010; Yousef, 2000). The main target of all these, the entire compensation bundle is that organizations frequently consider them to enhance the performance of workers as well as organizational effectiveness. Compensation practice vary significantly across employing organizations and to some degree, across jobs. The compensation practice brings out job satisfaction, from the side of employees, the will fill motivate, low absenteeism, low turnover, do to reward in exchange of their services (Quartey & Attiogbe, 2013).

Many empirical studies were conducted between compensation and OP and found link and positive significant relationship. The study conducted by Beh and Loo (2013) in Asian context Malaysian insurance firms with 312 sample comprises, the top management, executive, non-executive and managers. The quantitative result revealed that compensation practice significantly relates to performance. Similarly, another study conducted by Ko *et al.* (2013) in USA using 2011 federal employees in survey study, the quantitative analysis finding shows that compensation is positively related to performance.

Again, one study conducted Amin *et al.* (2014) in Asian context, public university in Malaysia were used, 300 sample of both academicians and administrative staffs. The regression analysis revealed that compensation is positively significant to performance.



Moreover, one study conducted by Akhtar *et al.* (2014) in Pakistan in higher education with 50 sample of questionnaire, the regression analysis shows that compensation is positive significant to performance.

Furthermore, Prieto and Pérez-Santana (2014) carried out study in Spanish firms using bundles of HRM practices to determine innovative work behavior, the practices are staffing, training, performance appraisal, job design, compensation, participation all classified as ability enhancing HR practice, motivation enhancing practices and opportunity enhancing practices through management support and coworkers support, a sample of 198 used in quantitative method, result revealed that ability and opportunity enhancing practices are positively related to innovative work behaviors through management and coworkers support.

However, the study conducted by Abdullah *et al.* (2009) contradict the result from the above studies, the Asian context study in Malaysia private companies, in which 153 sample were used, the managers utilize as respondents, the regression result indicated that compensation has no significant relation with the performance. Similarly, the study of Newton (2015) on U.S non-profit organization. The result of the study revealed insignificant of compensation to performance. The possible and the simple explanation for mixed finding was that, while the studies that revealed positive significant relationships used regression and correlation techniques of analysis which are all first generation statistical tools for analysis, the study that explained no relationship used SEM which is a second generation statistical techniques. Based on the reported literature,

studies on compensation practice and OP remain open for further investigation in all context.

In summary, majority of the earlier studies conducted between compensation practice and OP are concentrated in private and manufacturing sector with few in public sector. Also, most of the studies were found in Asian, American and European continent there by neglecting Africa countries particularly Nigeria. Again, many of the studies conducted failed to utilize the power of second generation analysis techniques for example, PLS-SEM in testing the relationship among the variables and predict model concurrently. In addition, literature revealed that there are inconsistencies in some findings, yet a large number of the above reviewed studies demonstrated positive relationship between the compensation practice and OP. Based on the evidences in the literature, this study considered compensation practice as imperative variable in predicting performance using PLS-SEM analysis techniques to be conducted in African context, Nigerian PESA in particular.

#### **2.7.4 Performance Appraisal**

Performance appraisal practice is showing much relevance to organizational success as the goals of an organization is becoming specific through quantification and enumeration, also organizational goal is always set through performance appraisal and it has been revealed that performance appraisal is done well a lot in the public service in spite of its subjectivity. Performance appraisal enables organizations to amend with a view to improve on its services for the enhancement of its persistence and growth. Also, it

supports management to establish whether their organizations are successful, declining or stagnant (Boyne *et al.*, 2003).

Several empirical studies revealed that performance appraisal leads to performance, for instance the study conducted by Islam and Siengthai (2010) in Dhaka Export processing zone firm Bangladesh using 53 sample of Enterprises with 216 respondents, a quantitative regression analysis, findings revealed that performance appraisal is positively related to performance. Similarly, the study conducted by Osman *et al.* (2011) using Performance appraisal and firm performance in Malaysia with 800 different industry sectors, a survey research, the regression result shows that there is significant positive relationship between the performance appraisal and performance. Moreover, one study conducted by Beh and Loo (2013) in Malaysia with 312 sample, the study in Insurance firms result shows that performance appraisal positively significant to OP.

Furthermore, Prieto and Pérez-Santana (2014) carried out study in Spanish firms using bundles of HRM practices to determine innovative work behavior, the practices are staffing, training, performance appraisal, job design, compensation, participation all classified as ability enhancing HR practice, motivation enhancing practices and opportunity enhancing practices through management support and coworkers support, a sample of 198 used in quantitative method, result revealed that ability and opportunity enhancing practices are positively related to innovative work behaviors through management and coworkers support. However, another study carried out by Wright *et al.* (2003) in UK business firms, result revealed that performance appraisal has the low

correlation on OP. Based on the extensive review, findings on performance appraisal and OP established that, appropriate performance evaluation of employees improve OP.

In summary, most of the previous studies conducted between performance appraisal and OP are concentrated in manufacturing, private, and insurance firms, with only few in public sector. Also, majority of the studies were found in Asian, European and American context with very little in Africa, many of the studies conducted failed to use second generation analysis techniques in quantitative investigation; for instance, PLS-SEM in testing the relationship among the variables as well as testing the power of mediation and predict model concurrently. Again, literature indicate that relationship between performance appraisal and OP is inconclusive in the literature as there are mixed reporting. Hence, based on all the theoretical and empirical evidences in the literature, this study considered performance appraisal as an important factor in predicting performance using PLS-SEM analysis techniques to be conducted in African context particularly Nigerian PESA.

### **2.7.5 Promotion Opportunity**

An imperative discussion on the promotion opportunity systems have been found in the literature for both theoretical and empirical perspective. Several empirical studies link promotion opportunity and OP, the study conducted by Katou and Budhwar (2010) HRM practices and OP in Greece manufacturing sectors, the result revealed that promotion opportunity is one of the strong determinant of performance. Again, the study of Bonavia and Marin-Garcia (2011) in European context Spain, 76 establishment used as sample in ceramic tiles, the regression result shows that promotion is positively related to OP.

Moreover, Phelan and Lin (2001) conducted study in American context, with promotion opportunity and OP, the result revealed that promotion found positively significant to OP.

However, some studies used promotion opportunity to predict performance, but found contrary result. The study of Akhtar *et al.* (2014) in Asian context Pakistan, the result shows that promotion opportunity was not found significant to commitment and performance outcome. Similarly, the study of Fey, Morgulis-Yakushev, Park, and Björkman (2009) in Western context were the promotion used as one the determinant of performance, but the result explained contrary it shows indirect relationship with the performance. Again, another study carried out by Wright *et al.* (2003) in European context specifically in UK business firms using 50 sample, result revealed that promotion opportunity found insignificant to OP. The argument in the literature is how promotion opportunity improve OP as tested and reported by some previous studies like, Katou and Budhwar (2010) and Bonavia and Marin-Garcia (2011) this is clearly shows employee career opportunity motivate them to improve their performance and in return increase organization superior performance.

To summarize, prior studies conducted on the link between promotion opportunity and OP are mostly concentrated in business firms, private and manufacturing sector with few in public sector. Similarly, majority of these studies were found in Asian, European and American context there by neglecting sub-saharan African countries particularly Nigeria. Equally, majority of these studies failed to utilize the power of second generation analysis techniques like, PLS-SEM in testing the relationship among the variables with moderator or mediator concurrently. Again, literature discovered that the link between promotion

opportunity and OP is inconclusive as there are inconsistencies findings. Despite the inconclusive result in the literature between the two variables, promotion opportunity and OP, still the relationship is more significant. In general, this study considered the deficiencies of the previous studies and address it, by using mediating variable to explore the relationship between the promotion practice and OP on why and how the link exists. Based on the evidences in the literature, this study considered promotion opportunity as imperative variable in predicting performance of Nigerian PESA using PLS-SEM analysis techniques

## **2.8 The Needs for Mediator**

Literature revealed that several factors have been studied in the past either at the individual/job related level or organizational factors. However, all these factors can also be regarded as external or internal factors and considered to influence performance in organization. External factors (Alsughayir, 2014; Jiménez-Jiménez & Sanz-Valle, 2011; Vigoda-Gadot & Kapun, 2005) and the internal factors (Karami, Sahebalzamani, & Sarabi, 2015; Moideenkutty, Al-Lamki, & Murthy, 2011; Theriou & Chatzoglou, 2014) but the internal factors considered more important in achieving OP which is HRM practices highlighted by Resource Based View (RBV) (Manroop *et al.*, 2014). RBV highlighted that an organization can compete in the market on the basis of their capabilities and resources (Barney, 1991; Wernerfelt, 1984). These resources can be tangible and intangibles resources which work towards above average performance (Caves, 1980) the resource includes; human resource system, ethical climate (Manroop *et al.*, 2014; Wernerfelt, 1984).The theory emphasized that organisational resources are key

determinants of its performance and competitive advantage. HRM practices may be an important source of sustained competitive advantage (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). In addition, sustainable competitive advantage can be realized by the organisation from its only resources that are valuable, inimitable, rareness as well as substitutable (Barney, 1991).

Similarly, literature established that resources including HRM practices have positively significant relationship with performance. However, some researchers (Andersen, 2011; Huang, Wu, & Rahman, 2012) argued that resources alone do not offer competitive advantage. Competitive advantage comes from the proper utilization of such available resources (Hunt, 2003). Studies have revealed that relationship between resources and OP is complex in nature (Ray, Barney, & Muhanna, 2004; Sheehan & Foss, 2007).

In other words, all the studies reviewed are important and help us to understand the factors influencing OP, however, studies were unable to explain the mechanisms through which how those factors studied influence OP. Therefore, based on the theoretical understanding of RBV theory human resource systems can indirectly influence OP through the development of resources that are in organization's history like culture, ethical climates (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992). Ethical climate (EC) may be considered an important mechanism that can explain how and why HRM practices can influence OP. Meanwhile, the black box is not clearly explained in the literature between HRM practices and OP (Boselie, Dietz, & Boon, 2005; Guest, 2011; Ko *et al.*, 2013).

However, several researchers have suggested for more additional studies on the relationship between HRM practices and OP by using mediator (Arulrajah, 2015; Darwish, 2013; Katou & Chand, 2007; Ko *et al.*, 2013; Paul & Anantharaman, 2003; Prieto & Pérez-Santana, 2012; Quartey & Attiogbe, 2013; Theriou, & Chatzoglou, 2007). As the previous studies on HRM practices and OP are not clearly explained the fundamental reason on why and how HRM practices relate to OP. Additionally, the study of HRM practices and OP is inconclusive in the literature, there are needs for more studies (Bourne *et al.*, 2013; Farouk *et al.*, 2015).

In other words, some previous studies have found that EC as strong predictor of organisational, individual behavior and outcomes (Arulrajah, 2015; Choi, Moon, & Ko, 2013; Hijal-Moghrabi *et al.*, 2015; Karatepe, 2013; Laratta, 2011; Ma'amor, Ho, Munir, & Hashim, 2012; Manroop *et al.*, 2014). Again, the study of Arulrajah (2015) and Zehir, Müceldili, Altındağ, Şehitoğlu and Zehir (2014) called for more empirical research on EC related to OP which is scanty in the literature.

Moreover, EC has been used as mediator by previous researchers in different studies using other independent variables and dependent variables (Cheng & Wang, 2014; Elçi, Sener, & Alpan, 2013; Mayer, Kuenzi, & Greenbaum, 2010; Zehir *et al.*, 2014), result of the studies conducted explained positive mediating effect. Additionally, based on the literature reviewed, this study attempted to fill the gap in the HRM literature by investigating the impact of several HRM practices on OP with the mediation of ethical climate (EC). Previous studies (Abdullahi *et al.*, 2009; Akhtar *et al.*, 2014; Karami *et al.*, Menan, 2012) only reported there is positive relationship HRM practices and OP without



telling us why and how such relationship exist. Therefore, the fundamental reasons of why and how relationship between HRM practices and OP need to be investigated, that is why mediating variable was introduced to explain the original relationship.

Eventhough, organizational resources can create value for organisation, the value-creating resources include ethics (Litz, 1996). While ethics has been considered as a valuable organizational resource, little attention has been given to understanding the value of ethics generally in the academic literature, and EC in particular. Indeed, RBV highlighted that HR systems can indirectly leads to competitive advantage in return improve OP through the development of resources that are in organizations history EC and cultures (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992).

Additionally, majority of the reviewed literature concentrated in private, banking and manufacturing sectors (Chahal *et al.*, 2016; DeGeest *et al.*, 2016; Fu *et al.*, 2015; Mufti *et al.*, 2015; Obeidat *et al.*, 2016; Ribeiro & Gomes, 2016; Yen *et al.*, 2016) some of the previous studies on OP are mostly conducted in the private sector which is on either return on equity (ROE), return on investment (ROI) and return on assets (ROA) (Beh & Loo, 2013; Bowen, Rostami, & Steel, 2010; Buller & McEvoy, 2012; Carmeli, Schaubroeck, & Tishler, 2011; Chow, Teo, & Chew, 2013; Katou & Chand, 2007; Khan, 2010; Li, 2003; Lu, Chen, Huang, & Chien, 2015; Prieto & Pilar Pérez Santana, 2012; Santos-Vijande, López-Sánchez, & Trespalacios, 2012; Singh, 2003; Subramony, 2009; Truss, 2001), with little in public sector (Bercu & Grigoruță, 2012; Gould-Williams, 2003; Ogbonnaya & Valizade, 2016),

Additionally, this study will consider measuring OP based on efficiency effectiveness, and fairness, by Brewer and Selden (2000), and Hijal-Moghrabi *et al.*, (2015), as all the measures developed purposely for OP in public sector organisation and empirically tested in Western context. Moreover, previous studies on performance are dominant in Western nations (Prieto & Pérez-Santana, 2012; Snape & Redman, 2010; Theriou & Chatzoglou, 2014) Asia, (Abdullah, Ahsan, & Alam, 2009; Beh & Loo, 2013; Bowen *et al.*, 2010; Karami *et al.*, 2015; Trehan, & Setia, 2014) America, (Khawaja, Azhar, & Arshad, 2014; Ko *et al.*, 2013; Subramony, 2009), there by neglecting sub-saharan African countries particularly Nigeria.

On the methodological part, previous studies on OP used first generation statistical techniques like, Manova, Anova, factor analysis, chi-square, analysis of variance, regression, and multiple regression analysis (Chand, 2010; Chaston, 1993; Katou & Chand, 2007). This study used Partial Least Square Structural Equation Modeling Smart (PLS-SEM) 3.2.6v which is a multivariate second generation analysis tools that is designed for all kind of model (complex or simple model) with reflective or formative indicators. It will also help in evaluating the relationship between the latent variables with mediation or moderation (Hair, Hult, Ringle, & Sarstedt, 2014; Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014).

However, considering HRM practices as comprehensive (e.g., inclusion five HRM practices) are more significant on performance (Boxall & MacKy, 2009; Gould-Williams & Mohamed, 2010; Lepak, Liao, Chung, & Harden, 2006; Mutua, Karanja, & Namusonge, 2013; Subramony, 2009). The effectiveness of any practices usually

depends on the relationship with one another (Macduffie, 1995). The present study employed five (5) aspects of HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) as independent variables based on the study context as there is no best system as argued by Beer, Spector, Lawrence, Mills, and Walton (1984) and Boselie *et al.*, (2005) again it is the practices considered to influence EC in organisation and leads to performance, equally, using HRM practices in this study is an important approach for motivating organisational members towards a promising behaviors (Hiltrop, 1996). This study also considered OP as dependent variable.

### **2.8.1 Ethical Climate**

EC has been defined earlier by Victor and Cullen (1987), as the shared perceptions of what ethically correct behavior is and how ethical issues should be handled. According to Schluter, Winch, Holzhauser, and Henderson (2008), EC represents the organization's policies, procedures and practices on ethical issues, and it influences employees attitudes as well as behavior. Olson (1998), argued that EC as individuals "perception of how work environment handled ethical issues within the system".

In addition, Aprilliani, Anggaraini, and Anwar (2014) pointed out that EC is about how an organization reacts to ethical issues regarding to determine right or wrong of what organizational members believe and shapes their ethical decision making and conduct. In the other hand, EC seen as view of common organizational policies and practices that have ethical content (Victor & Cullen, 1988). Also, EC influence both decision making as well as performances in an organization (Martin & Cullen, 2006). Similarly, EC are

basically a subset of the variety of work climates and allude to the standardized authoritative practices and techniques that characterize what is considered right or wrong within the organization (Parboteeah & Kapp, 2008).

The literature indicated that three (3) dimensions constituted the construct of (EC) (1) egoism, (2) principled (3) benevolence (Martin & Cullen, 2006; Victor, & Cullen, 1987; Victor & Cullen, 1988). Egoism is an instrumental EC in which their organizational entity having norms and anticipations that encourage ethical decision-making from an egoistic point of view, and also believes that decisions are usually made that protect organization's interests or provide personal gain (Wimbush & Shepard, 1994). While the second components principled is all about roots of the caring construct are surrounded in benevolence theory or, in terms of, utilitarianism, moral philosophy. Similarly, studies evaluating an employee's desired work climate most regularly indicate indulgence for caring climate (Cullen *et al.*, 2003; Koh & Boo, 2001). Additionally, caring climate is improved when the organization consider administering performance management program (Mossholder, Richardson, & Settoon, 2011).

Furthermore, benevolence component involves independence, rule, law and code. Independence climate indicated that individuals believe they must act on extremely held, personal moral principles to make ethical decisions (Martin & Cullen, 2006). In organizational view, decisions with moral concerns should emphasize particular moral beliefs with negligible respect for external and outside influence on ethical difficulties (Schwepker, 2005). Similarly, law and code component is based on the view that the

organization do supports principled decision-making based on external codes like law, professional codes of conduct and the Bible (Peterson, 2002).

Lastly, rules component is within the EC which involves organization's rules and procedures occur in the rules climate. Organizations decision are alleged to be guided by a solid, general set of native rules or ethics like codes of conduct (Appelbaum, Deguire, & Lay, 2005).

On the other hand, there has been a growing concern about the occurrence of unethical behaviors within the public-sector organization. It's generated and has exposed several numbers of abuses, scandals, mismanagement, poor service delivery, and corruption. Similarly, changing the unethical behavior of members in an organizational through the help of EC may have important impact on OP and entire system (Arulrajah, 2015). An EC influences the degree to which the organization encounters genuine ethical issues. With a specific end goal to enhance the ethical reactions of organizational members, consideration ought to be centered around changing the EC through recruitment and selection (Baker, & Cooper, 2000; Shen *et al.*, 2009), training and development (Roberson, Kulik, & Pepper, 2003), performance appraisal (Brown *et al.*, 2005; Winstanley & Hartog, 2002), compensation and reward system (James, 2000; Rowan, 2000) and employee relations (Erdlen, 1979).

Similarly, Ethics nowadays perceived as one of the vital elements of an organization's ability to attract and maintain talents employees and human resource professionals play a dynamic role in instituting EC and culture into the organizational systems regarding of ethics-related decision-making processes, whistle-blowing mechanisms, audits, and

disciplinary procedures (Foote & Ruona, 2008). These studies conclude that changing the unethical conduct through EC may have a critical impact on OP and its reputation. Organizational ethics are thought to be one of the most imperative elements that influence organizational success as well as survival (Bartels *et al.*, 1998; Buller & McEvoy, 1999).

Moreover, ethics at the operational level are executed at the work environment, including fundamentally instructing representatives, personality based systems administration gatherings, focusing on correspondences to distinctive partiality bunch individuals, adaptable livelihood and backing for producing work-life equalization. On the other hand, HR practices which do not successfully reflect working environment ethics and equity, will build up a poor impression or view of the entire procedure (Richard & Kirby, 1999). Again, Martin and Cullen (2006) considered EC as related to established normative system of an organization. According to Parboteeah *et al.* (2013), pointed out that from the HRM point of view, EC speak to a commanding window to comprehend the ethical introduction in an organization. Considering the presence of EC in this manner, can be all that much supportive as an evidence for forming HRM practices to encourage an ethical environment for organizational success. In the previous decades, there has been an increasing interest in ethical conduct and integrity in organization to achieve the target (Bohte & Meier, 2000). An EC can be seen as an essential machinery for high performance (Menzel, 2005).

In general, the entire components (egoism, benevolence, and principled) explained the construct EC which is originated from Victor and Cullen (1987, 1988). However, some

previous studies measured the construct as multi-dimension (Choi, Moon, & Ko, 2013; Martin & Cullen, 2006). This study used the construct as uni-dimension as considered previously in the literature (Arulrajah, 2015; Cullen *et al.*, 2003; Cullen, Victor, & Bronson, 1993; Zehir *et al.*, 2014) however, considering all the dimensions and treated the construct as reflective and formative model and indeed the construct were measured as uni-dimension by Victor and Cullen (1987, 1988) who was the originator of the construct and instrument also, 26 items developed and used for measuring the construct, as all the items explained the whole components of the construct. Therefore, this study defines ethical climate as a set of organisational ethical standard that shape the behaviour and activities of employees within the organisation (Victor & Cullen, 1987, 1988).

## **2.9 Human resource management and Ethical climate**

This study reviewed the existent literature on sustaining EC through HRM by discussing key issues and objectives of managing EC and investigating the state of HRM in the same context. It indicates different systems of ethical issues that still broadly exist in the organizations how EC can be managed in organizations through effective HRM.

Generally, previous studies indicated that HRM tend to sustain ethics in organization. For instance, study by Van Vuuren and Eiselen (2006) revealed that HR practitioners on average believe, they certainly have an ethics management competence and should include in ethics management. Similarly, the role of HRM in promoting ethics and ethical behaviors in organizations is unavoidable (Caldwell, Truong, Linh, & Tuan, 2011). Study by Parboteeah, Seriki, and Hoegl (2013) pointed out that from HRM perspective, EC signify an essential window to recognize ethical orientation in organization.

Understanding the presence of EC in organization can consequently be very much supportive as a source for developing HRM practices to raise an ethical culture.

HRM practices such as recruitment and selection, training and development, compensation practice, performance appraisal, and promotion opportunity might suppress the employees' behaviors, especially those who perceived these HRM practices process as being unjustly implemented or perceived this practices aims to monitor and control their behaviors. In other words, employees may think that, in the former case, the management fail to practice fairness while, in the later case, the management do not trust them. In this regard, employees with these perceptions may hesitate in engaging in innovative or productive behaviors because they are severely constrained by such perceptions (Arulrajah, 2015). However, when an organization fosters an ethical climate such as strictly enforcing a code of ethics in the recruitment and selection process, training and development, compensation practice, performance appraisal, and promotion opportunity they will show that the practices are fairly implemented or the purpose of these practices are not for disciplinary measures but for constructive feedbacks, providing adequate knowledge and skills, adequate compensation system, career development. The emphasis on EC, in this instance allows employees to change their negative perception to positive one or enhances employees' trust towards the management's practice so that they will fully engaged in good behaviors and finally improve OP.

Based on the little literature reviewed, HRM practices found to be the antecedent of EC, as such there is needs to investigate more on the link between HRM practices and EC which is scanty in the literature.



### **2.9.1 Recruitment and Selection and Ethical Climate**

Literature indicated that recruitment and selection practice of HRM have likely to employ highly ethical concerned employee to the organization. By hiring and selecting high quality as well as ethical concerned employees, an organization can improve a positive organizational EC within the system. Organization's HR unit must make sure that organizations policies and practices provide extra priority to recruit highly ethical concerned employees to the organization, while stopping unethical employees to come into the organizations. HR superiors generally tend to take ethical centered employees into, and promote high ethical employee behaviour within the system. HR departments who hire and interview applicants required to consider the ethical concern applicants as one of the key standards in the employee selection process (Arulrajah, 2015).

However, despite numerous decades of equality legislation and declared commitment to equal opportunities, there still exists a systematic discrimination in the recruitment and selection process (Shen *et al.*, 2009). Bennington (2004) carried out study in Australian context and reported that there is extensive discrimination in employment. Similarly, Holly (1998) established the evidence of discrimination in recruitment and selection process in public sector of UK, hence appealing for ethical concern in recruitment and selection process.

Therefore, recruitment and selection practices of HRM in the organizations can influence ethics in the same process. HRM must ensure energetic and active practice of equal job opportunities, usually in recruitment and selection, and more precisely in job interviewing and psychometric testing (Baker, & Cooper, 2000; Spence, 2000). In the

Nigerian context, this study claimed that less attention has been given to valuing, creating and sustaining EC in the recruitment and selection practice of HRM, this indicates exploring the impact of HRM practices and functions to bring sustainable EC in organizations.

### **2.9.2 Training and Development and Ethical Climate**

Available evidences shown that ethical training and managing ethics are getting significant attention from management in organization. To sustain positive EC, training and development considered important. Organization have to design a particular training programmes to satisfy all parts of employees (Arulrajah, 2015). Similarly, considering the objective of improving the ethical responses of organizational members, attention should be paid to changing the organization's EC through functioning training and development (Delaney & Sockell, 1992). High value ethical training is one of the HR training functions that improves the effective integration of ethical behaviour and activities among the workers. Training and development associated to ethics forms a common understanding of the value of ethics and supports in creating ethical behaviour for enhancing both individual and OP.

According to Roberson, Kulik, and Pepper (2003) stated that organizations must make training objectives clear and conduct a training needs assessment systematically. Therefore, employees in the training programme connected to ethics should know whether the training programme can enhance ethical awareness and advance skills associated to create and sustain EC within the system. Similarly, Van Vuuren and Eiselen (2006) argued that HRM can improve ethics management competence between the

members in organization through training and development, hence, exploring the need for considering training and development to create and sustain EC in organizations. Constantly, Renesch and chawla (2006) also indicates that on-the-job training playing a important role in nurturing and sustaining EC and culture in organization. For instance, an experience personnel can assist or support a new worker to resolve any ethical problem that concern him in organization.

Again, HRM can make sure that organizational members, throughout the organization including leaders, possess the knowledge and skills for making ethical decisions through learning, continuous education, training and development. Ethics education and training need be a part of employee's professional developments (Paine, 1994). Sekerka (2009) stated that it is also a vibrant aspect of EC to maintained ethical actions with training and development in ethical decisions. In a study carried out in American Context U S A confirmed that ethics training is particularly rigorous when employees are first being recruited, in the organizations. Rules, regulations and organization's values are duly shared during the training, most of the organizations stress on compliance-based method, with slight attention engaged toward improving moral competencies over a period. In addition, evaluation tools to measure ethical competencies are hardly used as performance standards.

The study emphasizes on the trends, which can guide, form and improve HRM practitioners' efforts to develop ethical decision-making as well as action within the organizations. In Nigerian context, this present study highlights many ways for regarding, creating and sustaining EC and culture through various training and development

programs in HRM. For that reason, organizations and HR professionals must take active and energetic steps to create and sustain EC and culture through training and development practices and functions. This study also emphasize on how systematic and constant ethical training is required at all levels to make sure the positive EC and culture are improving in the system.

### **2.9.3 Compensation Practice and Ethical Climate**

Inadequate compensation and pay disparity are key causes of job dissatisfaction and demotivation among employees in the organization. Therefore, adequate compensation system can play a vital role in creating and sustaining positive EC and culture in organizations. Organizations need to encourage ethical behavior by rewarding it monetary and non-monetary forms. Equally, pay and reward system of an organization must reduce unethical behaviour and actions (James, 2000).

Again, Fair pay based on concepts of equity distributive justice, autonomy and respect is essential to ensure the ethical concern and climate within the organizations (Rowan, 2000). To improve the ethical concerns of members in organization, attention should be giving to change the organization's EC through compensation systems (Jansen & Von Glinow, 1985). Consequently, there may be adequate compensation system for employees who try to manage better ethical behavior within the organizations. Therefore, the review indicates that certain ways for creating and sustaining EC through pay and compensation system functions of HRM HR professionals must design, improve and implement best practices which should reflect ethical orientation in pay and compensation systems of HRM.

#### **2.9.4 Performance Appraisal and Ethical Climate**

Several organizations take account of ethical actions and behaviour in their performance evaluation systems. Performance assessment processes must reflect the balance between means and ends. That means how employees within the organization achieve organizational goals and objectives. By monitoring both how and whether goals are achieved ethically must be integrated in performance appraisal system. Ethically, unresponsive monitoring processes fail to detect illegal and unethical behavior and may really make such practices more possible (Useem, 1998). HRM practice such as performance appraisal might suppress the employees' behaviors, especially those who perceived the performance appraisal process as being unjustly implemented or perceived this practice aims to monitor and control their behaviors. In other words, employees may think that, in the former case, the management fail to practice fairness while, in the later case, the management do not trust them. In this regard, employees with these perceptions may hesitate in engaging in innovative or productive behaviors because they are severely constrained by such perceptions (Arulrajah, 2015). However, when an organization fosters an ethical climate such as strictly enforcing a code of ethics in the performance evaluation process, they will show that the performance appraisal is fairly implemented or the purpose of performance appraisal is not for punishment but for constructive feedbacks. The emphasis on EC, in this instance allows employees to change their negative perception to positive one or enhances employees' trust towards the management's practice so that they will fully engaged in good behaviors and finally improve OP.

Therefore, little review indicates that organizations can create and sustain EC through performance assessment function of HRM by evolving and applying ethically oriented performance appraisal policy, procedures and practices. HR professionals must design and improve performance appraisal system with ethical concern. They also make sure the appropriate application of performance appraisal system in an ethical way.

### **2.9.5 Promotion Opportunity and Ethical Climate**

Various HRM practices attempted to explore the connections and enhancing EC in organizations through functions and practices. Promotion opportunity as the extent to which the organization creates chances for employees to attain some certain level, chances of professional upward development or the level of potential work-related versatility within the organization it consider as career development for employees which usually make employees to be motivated on their job and promote ethical behavior within the system and shun any act of unethical conduct (Wiley, 1993).

Similarly, personnel that are promoted feel and considered valued by the organization is likely to pay back the organization through their commitment, involvement and good ethical behavior (Blau, 1964). Consequently, every organization must design appropriate ethical polices in terms of promotion system and implement those policies with proper utilization of HRM functions as well as practices in HR department. The HRM unit provides the means by which ethical practices are carry out to build organization with EC (Miceli, Near, & Dworkin, 2009). Therefore, the analysis highlighted some certain strategies such as career planning, policies for creating and sustaining EC through

promotion system. HR practitioners must design promotion policies and clear career path which will reflect ethical orientation in promotion policy implementation.

## **2.10 Ethical Climate and Organizational performance**

EC play a significant role in enhancing OP. It is essential that organizations set ethical principles for their personnel alongside providing an atmosphere that promotes ethical behavior, trust and commitment, capable leadership, and creates a high quality of workforce to improve OP (Hijal-Moghrabi *et al.*, 2015). Similarly, EC has been considered, in both the private and public sector studies, as an essential factor help in well-being and performance of any organization. Though, there are quite a few studies that emphasize the effect of EC on public sector performance (Bowman & Knox, 2008; Bowman & West, 2009).

Previous research has shown that EC is associated with OP. It is very recent, study conducted by Hijal-Moghrabi *et al.* (2015) in American context, data from four USA states includes; Washington, Florida, Oregon and Utah which considered as job states, a quantitative study utilized the data from 2011 to 2012 survey, with total number of 1,695 questionnaires which consist of 119 questions, managerial, non-managerial staffs are the respondents, the response rate is 41.7 percent. The study used regression analysis result revealed that EC is positive significantly related to OP.

Similarly, one study by Bowman and Knox (2008) in America, public managers in government were the target population, study used EC to predict performance of public organization, the findings showed that EC is the effective mechanism to prevent

corruption, unethical behavior and leads to performance in organization. Moreover, study of Haines (2004) pointed out that how EC flush away issues like, incompetence, inefficiency and corruption in organization and result to productivity and performance. Choi, Koo, Moon, and Ko (2013) equally investigated the impact of EC on OP through innovation with moderating effect of performance evaluation and support for innovation in Asian context specifically in South Korea using 41 sample. The findings of their study show a positive significant linkage between EC and OP, also innovation is mediated positively while performance evaluation and support innovation did not show any moderating effect between the EC and OP. In addition, Elçi, Sener, and Alpkan (2013) investigated the role of EC on ethical leadership and employee behavior in Turkish firms using 468 sample, the result indicate that EC has negative effect on behavior of employees.

Similarly, Manroop *et al.* (2014) in conceptual research conducted in USA, they argued that EC is a predictor to OP and supported their argument with the RBV theory which recommended that internal resources of a firm leads to competitive advantage and result to performance, they considered ethical values, ethical conduct and ethical environment as part of internal resources that can contribute positively to organizational success. Again, one empirical study conducted by Zajac and Al-Kazemi (2000) in Asian and American context, ethics and organizational learning, a comparative study in public agencies in USA and Kuwait, result shows that lack of ethical values in an organization resulted to organizational failure, from the study it shows that ethical conduct has an impact in organization success.



In general, all these studies have one assumption in common, organizations that provide enable environments to work with an EC are much better off in dealing with all issues related to unethical behavior, misconduct, corruption and, henceforth, improve OP.

### **2.11 The relationship between HRM practices, EC and OP**

Studies on the relationship between HRM practices, EC and OP are very scanty in the literature, Although, the relationship have established by RBV but literature is still lacking on the area to validate the theoretical perspective. According to Manroop *et al.* (2014) in RBV perspective HRM system highlighted that HRM practices can create and sustain competitive advantage in organization through resources that are deeply woven in an organizational history ethics and culture.

Similarly, RBV theory postulates that success is persistent by the organization's resources controls and the exceptionality of these resources (HRM practices and EC) relative to other organizations (Amit & Schoemaker, 1993). To the level that these organization-specific resources are valuable, rare, non-substitutable, and imitable, they can be all source of competitive advantage (Amit & Schoemaker, 1993; Barney, 1991; Reed & DeFillippi, 1990). On this view, the basis of encouraging ethics in organizations rests on the belief that ethical cultures yield impacts that result in a competitive advantage (Buckley *et al.*, 2001). In this regards, EC can be considered as an intangible resource, and is more likely to be a basis for competitive advantage over physical resources. It is also argued that HRM systems indirectly contribute to OP as the systems directly have effects on organizational resources (Evans & Davis, 2005; Wright, Dunford, & Snell, 2001). On the other hand, Bowen and Ostroff (2004), posited that HRM systems can

discharge an important role in influencing an EC, which, in return, effects employee behaviors and attitudes and then performance.

Previous studies have investigated the role of HRM in organizational ethics (e.g, Buckley *et al.*, 2001), as well as the relationship between strategic HRM and OP (e.g, Becker & Huselid, 1999), only few studies have tried to clarify the link between HR practices, EC and OP. A study conducted recently by Sabiu, Mei, and Joarder (2016) investigated the relationship between HRM practices (training and development, compensation, performance appraisal and promotion opportunity) and OP with the moderating role of EC in African context Nigeria, a conceptual approach review argued that HRM practices are the best way of utilizing vital internal resources that influence OP with the effect of EC in stimulating the relationship.

Again, the study of Manroop *et al.* (2014) in American context emphasizes on how HRM system leads to competitive advantage through resources that are indispensable in the organizational history like ethics, the study highlighted that EC is an important factor that determined the success of an organization when HRM system is properly utilized. Similarly, the of Buckley *et al.* (2001) conducted survey study in American context using HRM practices (performance appraisal, selection and staffing, retention decisions and compensation) the study highlighted that HRM systems may be a basis for propagating an ethical culture and the behavior. Hence, HRM systems and ethical organizational cultures should be considered associates while creating competitive advantage and success for organizations.

Many studies in HRM literature has adopted the RBV of the organization in conceptualizing HRM systems (Becker & Huselid, 1998; Evans & Davis, 2005; Lepak *et al.*, 2006; Wright, Dunford, & Snell, 2001). In Consistent with this opinion, HRM systems comprise of policies and groups of HRM practices intended to influence employee climate understanding in order to reason the desired employee attitudes and behavior as well as Performance (Bolton & Houlihan, 2007; Jiang *et al.*, 2012; Wright & McMahan, 1992).

Even though there is no unique agreement in the literature as to what constitute these HR practices (Combs *et al.*, 2006; Dyer & Reeves, 1995; Wright & Gardner, 2003), most researchers considered these categories:, training and development, comprehensive staffing, reward systems and performance appraisals, (Becker & Huselid, 1998; Bolton & Houlihan, 2007; Evans & Davis, 2005; Wright *et al.*, 2001). Therefore, this study considered five (5) HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal and promotion opportunity mediated by EC to influence performance in Nigerian public educational sector administration.

## 2.12 Under pinning theories

Many theories explained how organizations can make use of internal resources to attain competitive advantages, for example organization and administrative theory, progressive utilization theory (PROUT), ability motivation opportunity theory and resources based view (RBV). The organization and administrative theory concentrates on legitimization of organization exercises. While the PROUT emphasize on advances monetary independence, cooperatives natural adjust, and RBV clarifies a craft of using organizations resources for competitive advantage. AMO also emphasize on some certain reciprocal features about how HRM explain the relationship with performance (Paauwe, 2009).

However, organization and administrative theory has a major weakness, which is concentrating more on structure and less on resources (Acedo, Barroso, & Galan, 2006). While the PROUT theory needs practical value and importance as simply confirm by Maheshvarananda and Branch (2010), similarly, AMO consider factors at the individual level rather than organizational level, like abilities (A) which involves employees knowledge, skills and competencies, then motivation (M) employees motivation the extent to which employee skills are geared towards activities, and opportunity (O) which is employees opportunity, the ways that provide a chance for employees to express their capabilities and avoid any condition that will hinder achieving the set objectives (Boselie *et al.*, 2005). RBV here has an edge over both PROUT, AMO, organization and administrative theories in light of the fact that it has the capacity of gathering resources and abilities of the organization to achieve supported competitive advantage and leads to OP. However, OCT will be considered important theory in this study as supporting

theory, because RBV alone cannot explained clearly the relationship among the variables including mediation relationship. Based on this argument, RBV and OCT are considered as underpinning theories on this present study.

### **2.12.1 Resource Based View (RBV)**

The resource based view (RBV) of the firm has been around for more than a quarter century, source can be followed back to before inquire about of the originators Barney and Penrose. Penrose (1959) is thought to be among the first scholars to identify the impact of how an organizational resource influences their competitive position, and Wernerfelt (1984) added to the view that RBV perspective of a firm can add to the rational thought behind the theory.

The RBV's improvement happened somewhere around 1983, 1984 and the mid-1990's (Barney, 1986). The RBV contends that organizations have resources, a subset of which empowers them to accomplish competitive advantage, and a subset of those that prompt predominant long haul performance. Resources that are profitable and uncommon can prompt the formation of competitive advantage. That advantage can be maintained over more time periods to the degree that the firm has the capacity ensure against resource impersonation, exchange, or substitution.

Generally, empirical studies utilizing the theory have firmly upheld the resource-based view and the theory has been connected to an extensive variety of phenomena for example, organizational studies and data management (Wade & Hulland, 2004). Similarly, the point has turn into one of the most critical ideal models of seeing

adequately the systems of organization what's more, their competitive advantage (Peteraf & Barney, 2003).

RBV gives a far-reaching clarification around a firm and a key method of the firm. The theory conceptualizes that a firm is an accumulation of resources that are used to have an edge over partners. It could be contended that organizations contrast in different regards basically because of the way that they have distinctive resources and utilized diverse procedures in the use of those resources (Bani-Hani & AlHawary, 2009). One of the highest challenge confronted by organizations as posited by Levitt (2004), is the restricted imprisonment of their chances which constantly influences their abilities to re-find other extra accessible opportunities.

RBV would approach the constraintment of chance challenge from the back to front by concentrating on what resources in organization have and those resources could be used in diverse ways. Organizations resources involves the whole thing that is inside the organization ranging from resources, capabilities, processes, strategies, knowledge, personnel, organization qualities and information (Barney, 1986). In a specification drawn by Barney (1991), four vital issues were listed as basic features of organizational internal resources these are: rareness, valuable, inimitable and non-substitutable. Similarly, he argued that resource based view sustained competitive advantage, most of the literature revealed that the fundamental nature of this theory is organization must first gain resources and sustain competitive advantage for the increasing OP.

According to Fahy and Smithee (1999) for the organizations to achieve competitive advantage, they should have develop their internal resources and utilize them sufficiently. Besides as much as the resources of an organization need to be dynamic with the environment, they also need to change with time, which maybe is the fundamental argument of the RBV that is in terms of energetic capability. Dynamic capability centers on how the resources proficiently change to maintain their marketplace value (Nonaka, 1994; Teece, Pisano, & Shuen, 1997).

### **2.12.1.1 Connection of RBV and the present study**

This present study was based on Barney (1991) Resource-based View (RBV) of an organization which clarifies that the added value that people can contribute to an organization is highlighted. Barney's theory became more appropriate for this work because it has seen human capital as sensitive. It sees people as resources and value that speculation by organizations in people will produce advantageous returns. The idea of competitive advantage was authored by Ankli (1992) who affirms that competitive advantage is resulting from the organizations capacity to make significant contribution. Towards the end of the twentieth century, management has figure out how to acknowledge that people in front of whatever other resources in an organization are the noteworthy differentiators and all other resources separated from people rely on upon them to create value (Khavul, Bruton, & Wood, 2009; Caliskan, 2010).

It could also be reasoned from the RBV that HRM practices can add to managed competitive advantage through encouraging the improvement of opportunities that are one of a kind to an organization (Lado & Wilson, 1994). Once more, the maintained unbeatable performance and the edge that numerous organizations have their one of a kind capability to oversee HRM practices (Caliskan, 2010). From the opinion of Offstein, Gnyawali, and Cobb (2005), RBV recommends that unique skill sets, resource advantage of valued knowledge and decision making capacity bring about an organization's competitive advantage. The RBV was at first foreseen to move from an organizational product point of view to a resource point of view to better illustrate strategic management.

According to Erdil and Günsel (2001) a lot of pressure were mounted on HRM professionals in organizations why should expected turn out to be exceptionally much ready, speedy to react, efficient, effective careful and opportune in making fundamental contributions to their organizations. The present study focuses on the relationship between HRM practices and OP with the mediating effect of EC in Nigerian PESA. The RBV was consider as an underline theory for this current study because it offers theoretical connection between OP, EC and Human resource management (Wright, Dunford, & Snell, 2001).

Similarly, RBV researchers posited that (1) if an organization has and exploits resources and abilities that are both valuable and rare, it will achieve competitive advantage, (2) if these resources and capacities are likewise both inimitable and non-substitutable, the organization will manage this advantage and (3) the accomplishment of such advantage



will empower the organization to enhance its short and long term performance (Amit & Schoemaker, 1993; Barney, 1991; Barney & Wright, 1997; Henderson & Cockburn, 1994; Eisenhardt & Martin, 2000; Powell, 2001; Teece *et al.*, 1997).

Moreover, the RBV has turn into the most well-known theory in the field of HRM research (McMahan, Virick, & Wright, 1999) and to be sure the most dominating (Morris, Snell, & Wright, 2005). The fundamental assumption here is that HRM effectiveness prompts a higher organizational performance has been the theme of numerous past studies (Purcell & Kinnie, 2007).

According to Wright *et al.* (2001), RBV persuading clarification for why HRM practices lead to competitive advantage. Despite the fact that other issues, for example, the labor market, culture and competition within organization were said to have impact on the utilization of HRM practices (Brewster, 2004), internal resources rather than the external circumstances are key components and essentials to organizational achievement. (Friedmann *et al.*, 2008). As indicated by Barney (1991), to attain a competitive advantage, organizational resource ought to have some certain characteristics includes; important and productive for the organization, unique among a organization's potential and competitors, incompletely imitable, and non-substitutable respectively. This is in line with the argument of Friedmann *et al.* (2008) who asserted that HRM practices can prompt to competitive advantage and if the following features are shown in their implementation: the organization have an outstanding and significant workforce (set of personnel) better than their contenders and apply HRM practices that are distinctive and can't be replicated by other competitors.

Wright and McMahan (1992), viewed that RBV provides postulation for sustaining competitive advantage and can be delivered by organizational HRM as the most potential source. Therefore, determining such components that frame most of an organization's success, as connected to HRM and OP through the RBV, has become the essential theme of this study.

According to Manroop *et al.* (2014), based on RBV perspective, EC has been linked to add value to HRM practices and OP in terms of playing a vital role to attain organizational success. Emphasizes on EC considers having strategic value for firms and how human resource systems may influence that value. In contemporary years, researchers grounded in the RBV of the firm have made an effort to show both theoretically and empirically that organizational resources can build strategic value for an organization (Barney, 1991; Barney, 1986). The value building resources includes; culture (Barney, 1986), learning (Fiol & Lyles, 1985), procedures (Nelson & Winter, 1982), entrepreneurship (Rumelt, 1987), and ethics (Litz, 1996). While ethics has been viewed as a significant organizational resource, little consideration has been given to understanding the vital worth of ethics in general and EC in particular.

Precisely, it has been discovered that literature know very little about how EC are accumulated and the capability of an organizational HRM system in encouraging the improvement of this resource. Indeed, the RBV proposes that HRM can directly influence an organization's performance through the improvement of resources that are complicatedly woven in an organization's history and ethics (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992). Even though previous researchers have

studied the role of HRM in organizational ethics (Buckley *et al.*, 2001) as well as linking between HRM and OP with resource based perspective (Becker & Huselid, 1999). Similarly, the relationship between EC and HRM systems and their connected outcomes within the contextual portion of RBV of the firm has been established, and made a notable contribution by exploring the understudied relationship (Manroop *et al.*, 2014).

In addition, because the EC is an intangible resource, it is difficult and expensive to make as it has a tendency to be traditionally contextualized, socially complex, path-dependent and causally vague (Barney, 1991). Given these attributes, it is sensible to expect, subsequently, that EC, as an intangible resource, is more likely to be the basis of competitive advantage than physical resources (Manroop *et al.*, 2014). Never the less, RBV has made critical improvements into key management research and practice; there has been an amazing absence of consideration committed to studying the resource value of EC (Litz, 1996). From the above discussion of underlying theory of RBV that comprehensively explained and link the relationship between the Independent variables, mediating variable and dependent variable which equally explained the entire research framework.

### **2.12.2 Organizational Culture Theory**

Organizational Culture Theory (OCT) become a main theoretical supporting point" (Mumby, 1988). O'Donnell-Trujillo and Pacanowsky (1983), were influential in guiding researchers' attention toward a wide understanding of organizations. The theoretical principles of the theory highlight that organizational life is complex and that researchers must consider not only the employees of the organization but also their behaviors, stories

and activities. Similarly, OCT suggests that organizations are formed based on to the cultural values and ethics, good or bad, what is right or wrong, and essential or insignificant, of the personnel. A nation's values, such as democracy, member's rights and freedoms, or a work ethic, influence the organization as do sectional and local values. Culture is enforced by ceremonial activities, symbols and languages in the form of awards, mission statements and slogans. Knowledge of preferred technologies and traditions guided the organization (Schein, 1988).

Furthermore, the most generally used OCT framework is that of Schein (1988), who implements the functionalist opinion and labelled culture as a form of basic assumptions, developed, revealed, or established by a specified group, as it learns to manage with its difficulties of external adaptation and internal integration, that has operated well enough to be regarded valid and hence, is to be trained to new employees as the right way to identify, think, and feel in relation to those difficulties.

Additionally, Schein (1990) model stated that, culture exists on three stages: (1) Artifacts are hard to measure and they deal with organizational characteristics that can be observed, felt and heard as an individual enters a new culture (2) Values—This stage deals with the supported goals, ideals, standards, norms, and moral principles and is usually measured through survey questionnaires. (3) Underlying assumptions—This stage deals with phenomena that remain unsolved when insiders are asked about the values of the organizational culture (OC). Information is collected in this stage by observing employee's behavior carefully to gather fundamental assumptions because they are from time to time taken for granted and not accepted. The basic assumptions of the theory are

not organized randomly. They are consolidated implied cultural standards, with some order and consistency to guide human behavior. Nonetheless, incompatible and unreliable assumptions may co-exist in a sole organization. Consequently, understanding the culture of an organization suggests a discussion of its basic assumptions (Fleury, 2009). In an organization, employees with different ethics and principles may learn related practices; organizational culture and ethics are rooted in the practices learnt and shared within a person's workplace (Fleury, 2009).

Hofstede, Hofstede, and Minkov (2010) and Aharoni (1992), recommends that countries, organizations should adopt management behaviors different from how it is adopted in other countries, because management policies should conform to other spheres of people's lives in the public, spheres that are beyond the organizational environment for instance, HRM policies. Based on the wide explanation of the OCT, the mediation role of EC on HRM practices and OP can be explained by OCT as the EC can be consider as part of organizational culture, though RBV remain the main underpinning theory to this study, as it has all theoretical connection with all the variables. OCT can play supporting role in explaining the study framework.

### **2.13 Research Frame work**

This section consists the entire framework of the study. The research framework will be framed to examine the mediating effect of EC on the relationship between HRM practices and OP, more specifically public educational sector performance to be tested in Nigerian public educational sector administration. OP in this study refers to regular activities that helped achieved organizational goals and objectives, monitoring the progress toward the

goals achieved, and continue making adjustment to achieved more goals efficiently and effectively and a systems ability to yield valued productivity in the form of service delivery (Burtonshaw-Gunn & Salameh, 2009; Swanson, 2001).

Previous studies (Boxall & Macky, 2009; Gould-Williams & Mohamed, 2010; Lepak *et al.*, 2006; Mutua *et al.*, 2012; Subramony, 2009) revealed that OP is influenced by HRM practices. Again, the RBV theory suggested that internal resources leads to competitive advantage in an organisation, HRM practices are the internal resources. Based on the above stated justification the researcher employed HRM practices as independent variables.

The present study used EC as mediating variable based on the fact that EC has been tested empirically by previous scholars as mediating variable for instance, the study conducted by Zehir *et al.* (2014) using EC as mediator on the relationship between charismatic leadership and organizational citizenship behaviour (OCB) in Turkish industrial sector, with total number of 600 sample questionnaire. Multiple regression analysis result revealed that there is significant relationship between charismatic leadership, EC and OCB and the study recommend that it is good to give emphasis on EC because it is one of the key sources leads to competitive advantage in organization considering the positive relationship found. Again, Cheng and Wang (2014) conducted study to explore the mediating effect of EC among the two variables, paternalistic leadership and team identification in Mainland China and Taiwan teams using 143 samples, EC component egoism, benevolence and principled, the result revealed that

benevolence EC fully mediate the relationship between paternalistic leadership and team identification while egoism and principled partially mediate the relationship.

Others empirical studies were conducted to link the EC with other variables, for instance, the study by Elçi *et al.* (2013) investigating the effects of EC on ethical leadership and behavior of employees in a Turkish context, using 468 sample of employees from (30) different firms, the result explained EC mediate the relationship between ethical leadership and employees behavior. Similarly, Mayer *et al.* (2010) conducted study in American context USA, testing the mediating effect of EC on ethical leadership and employee misconduct using a sample of 1,525 employees from different organization, result revealed EC fully mediate the relationship.

Similarly, previous studies suggested for using a mediating variable to explain on how and why HRM practices influence OP (Arulrajah, 2015; Katou & Chand, 2007; Moideenkutty *et al.*, 2011; Prieto & Pérez Santana, 2012). Based on the studies conducted that used EC as mediator and suggestion for empirical study, the present study employed EC as mediator on the relationship between HRM practices and performance in Nigerian PESA. Even though, RBV stress that, organizational resources create other resources, considering HRM practices as internal resources bound to create ethics in organization in return leads to OP. Again, the unethical issues (bribery and corruption, abuse of office, mis-management of resources, absenteeism) and non-performance surrounding the PESA organization in Nigeria, EC may consider to be suitable and appropriate factor that can shape the behavior of employees and organization and improve superior performance.

Figure 2.1 below; present the research framework that shows the relationship between the HRM practices, EC and OP. From the framework, independents variables include; recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity respectively. The dependent variable is organizational performance measured as uni-dimensional. While, EC used as mediating variable and hierarchical component model (HCM).





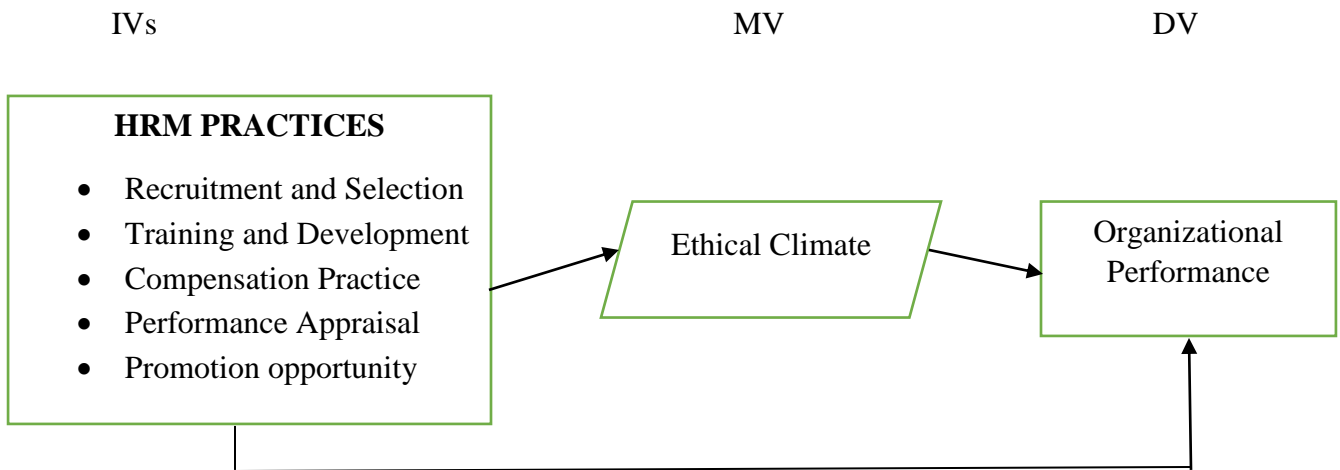


Figure 2.1  
*Research framework*

## 2.14 Hypotheses Development

The section consist hypothesis development were all the relationship of the variables empirically tested and validated, the study constructs includes the following; recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and as Independent variables, while, EC as mediating variable and OP is the dependent variable respectively.

### 2.14.1 HRM Practices and OP

Numerous empirical studies has supported the relationship between HRM practices and OP (Chahal *et al.*, 2016; DeGeest *et al.*, 2016; Fu *et al.*, 2015; Mufti *et al.*, 2015; Obeidat *et al.*, 2016; Ribeiro & Gomes, 2016; Yen *et al.*, 2016) Considering the HRM practices as a machineries used to discharge organizations activities that concern with development and management of employees as well as performance improvement (Wall & Wood,

2005). This study emphasized on five (5) HRM practices includes; recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity.

#### **2.14.1.1 Recruitment and Selection and Organisational performance**

A various human resource management practice researchers identifies recruitment and selection as a practices that are enhancing performance (Combs *et al.*, 2006), and a number of empirical studies (Alfes, Shantz, Truss, & Soane, 2013; Beh & Loo, 2013; Bourne *et al.*, 2013; Khawaja *et al.*, 2014; Moideenkutty *et al.*, 2011; Snape & Redman, 2010) have used recruitment and selection on the relationships between HRM practices and OP and found positive result. Others studies includes (Islam & Siengthai, 2010; Katou & Chand, 2007). For instance, the study of Katou and Chand (2007) using recruitment and selection as one of the HRM practice with the highest correlation and the result explained significant relation with the performance. As shown above that recruitment and selection has significant relationship with OP. Another study conducted by Alsughayir (2014). HRM practices as the mediating variable on the relationship between leadership style and OP in Saudi Arabian organization using 270 questionnaires with 92.6% response rate; the result revealed that recruitment and selection became one of the practices with positive significant effect in the mediation relationship. In the same vein, Gamage (2014) investigate the influence of recruitment and selection on business performance of manufacturing sectors in Japan. It was found that recruitment positively related to business performance. All the above empirical studies on recruitment and selection and OP supported the relationship.

Apart from above empirical evidences, RBV offered a theoretical support, the emphasize that internal factors considered more important in achieving competitive advantage and leads to OP. The theory argued that proper utilization of internal resources in organization that are valuable, rare, inimitable and non-substitutable may result to superior performance.

Therefore, recruitment and selection is an internal factor that influence performance in organization if properly utilize. The theory highlights that organizational resources are key determinants of its performance and competitive advantage. Recruitment and selection may be an imperative source of sustained competitive advantage in return lead to OP (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). Despite many evidences in Asian, America and European countries, literature is lacking on the relationship between recruitment and selection and OP in African countries particularly in Nigeria. Therefore, the present study hypothesizes that:

**H1a:** recruitment and selection significantly related to OP

#### **2.14.1.2 Training and Development and Organizational Performance**

Many empirical studies were conducted and found positive significant and direct relationship between training and development and the OP (Abdullah *et al.*, 2009; Akhtar, Azeem, 2014; Apospori, Nikandrou, Brewster, & Papalexandris, 2008; Bonavia & Marin-Garcia, 2011; Guidetti & Mazzanti, 2007; Islam & Siengthai, 2010). Among the above mention studies, the study conducted by Akhtar *et al.* (2014) on HRM practices and OP using training and development as one of the strongest predictor of performance

of higher education in Pakistan with 50 items sample questionnaire and the regression analysis shows that training and development have positive significant impact on OP. Similarly, the findings of Abdullah *et al.* (2009) in Malaysia, offered a strong support on the relationship between training and development and OP and affirmed to be one of the highest predictor of performance. In related argument, study of Úbeda-García *et al* (2013) consistent with some previous studies (Abdullah *et al.*, 2009; Akhtar *et al.*, 2014; Bonavia & Marin-Garcia, 2011). The study found that training is positively related to OP. In line with the above previous studies, effective utilization of training and development towards employees knowledge, skills as well as expertise will bring in organizational effectiveness and performance.

Similarly, RBV provide a theoretical support on how training and development work toward performance improvement in organization, considering how RBV is concern on effective utilization of internal resources. The theory argued that when the management of an organization provided employees with adequate training and development opportunities, this shows that the organization concern for its employee development. Such employees will tend to reply with performance above average and in return will leads to OP

Therefore, training and development is an internal factor that influence performance in organisation. The theory stress on organisational resources which serve as key determinants of performance. Training and development may be an essential factor that sustained competitive advantage and enhance OP (Barney, 1991; Barney & Wright, 1997; Kazlauskaitė & Buciuniene, 2008; Pfeffer, 1994). Despite many evidences in Asian

and European countries, literature is lacking on the relationship between training and development and OP in African countries particularly in Nigeria. Therefore, the present study hypothesizes that:

**H1b:** training and development significantly related to OP

#### **2.14.1.3 Compensation Practice and Organizational performance**

Several scholars have studied the compensation practice and found significant positive link with the OP. The study conducted by Karami *et al.* (2015), Akhtar *et al.* (2014) and Triguero-Sánchez *et al.* (2013) all the listed empirical studies revealed positive significant relationship between compensation and OP. Additionally, study conducted by Alsughayir (2014) in Saudi Arabian private organization, investigates the link between compensation and OP. The result shows the strong relationship between compensation practice and OP. Study by Beh and Loo (2013) in Asian context Malaysian insurance firms supported the findings of Karami *et al.* (2015) and Akhtar *et al.* (2014). The result revealed that compensation practice significantly relates to performance. Similarly, another study conducted by Ko *et al.* (2013) in USA using 2011 federal employees in survey study, the quantitative analysis finding shows that compensation is positively related to performance. In a nutshell, the above previous studies established the link between compensation practice and OP, which means proper utilization of adequate compensation system can leads to OP based on the tested studies.

Apart from above empirical evidences, RBV emphasize that internal factors considered more important in achieving OP. Therefore, compensation practice is an internal factor that influence performance in organisation if adquatly adress. The theory stress that organisational resources are key determinants of its performance and competitive advantage. Compensation system may be a vital source of sustained competitive advantage and OP (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). Despite many evidences in European and Asian countries literature is lacking on the relationship between compensation and OP in African countries particularly in Nigeria. Therefore, the present study hypothesizes that:

**H1c:** compensation practice significantly related to OP

#### **2.14.1.4 Performance Appraisal and Organizational performance**

Previous studies have link performance appraisal practice with the OP and found positive significant relationship. Recently, study conducted by Karami *et al.* (2015) on the influence of HRM practices on business strategy and firm performance in Iraq, using performance appraisal as one of the practice in the study, result revealed there is relationship between business strategy and HR practices and also positive significant relationship between HRM practices and firm performance including performance appraisal one of the strong predictor of OP. Again, others empirical studies investigated the relationship between performance appraisal and OP and found positive significant relationship (Bourne *et al.*, 2013; Long, Kowang, Muthuveloo, & Ping, 2013; Triguero-Sánchez *et al.*, 2013; Zakaria, 2013). For all that, this current study will incorporate performance appraisal in predicting OP.

In addition, one empirical study observed by Alsughayir (2014) on the relationship between leadership style and OP with HR practices as intervening step, the empirical finding explained that, performance appraisal is positively related to OP. Similarly, the study of Beh and Loo (2013) in Malaysia Insurance firms concur with the findings of Triguero-Sánchez *et al.* (2013) and Zakaria, (2013) which all shows positive relationship between performance appraisal and OP in both Asian and Western context. Furthermore, Osman *et al.* (2011) opined that performance appraisal and firm performance are positively related in Malaysian context. Based on the above empirical studies, performance appraisal regarded as strong predictor of OP if an organization can be able utilize it appropriately.

Apart from above empirical evidences, RBV emphasize that internal factors considered more important in achieving OP. Therefore, performance appraisal is an internal factor that influence performance in organisation. The theory highlights that organisational resources are key determinants of its performance and competitive advantage. Performance appraisal may be an important source of sustained competitive advantage (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). Despite many evidences in Asian and European countries literature is lacking on the relationship between performance appraisal and OP in African countries particularly in Nigeria. Therefore, the present study hypothesizes that:

**H1d:** performance appraisal significantly related to OP

### **2.14.1.5 Promotion Opportunity and Organizational Performance**

Previous studies found positive significant relationship between promotion practice and OP. The empirical study conducted by Bonavia and Marin-Garcia (2011) between human resource management practices and their impacts on OP in Spain, quantitative method used, findings are presented from 76 establishments (79.17 per cent of the total sample) that specialize in single-firing ceramic tiles in Spain and the results shows that promotion practice have positive significant relationship on OP. Similarly, Katou and Budhwar (2010) conducted study between HRM practices and OP using promotion practice as one of the performance predictor and the result of the study explained significant positive result. Equally important, Phelan and Lin (2001) established that promotion opportunity and OP are positively related based on empirical investigation. The argument is that, promotion opportunities is part of employee career opportunity and development, whenever organization feels to improve employee career, they have greater motivation and courage to work hard averagely toward organizational success and superior performance.

Apart from above empirical evidences, RBV emphasize that internal factors considered more important in achieving OP. Therefore, promotion opportunity is an internal factor that influence performance in organisation. The theory highlights that organisational resources are key determinants of its performance and competitive advantage. Promotion opportunity may be an important source of sustained competitive advantage and leads to OP, if organization offer career opportunities to employees for their career development, this will make employees to be motivated, and improve their performance inreturn



enhance OP (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). Despite many evidences in Asian and European countries, literature is lacking on the relationship between promotion opportunity and OP in African countries particularly in Nigeria. Therefore, the present study hypothesizes that:

**H1e:** promotion opportunity significantly related to OP

### **2.15 HRM practices and EC**

Greenwood (2002) argued that HRM system involves the effective management of personnel to attain organizational goals. Hence, in managing personnel, behaviour in line with organizational policies, values, norms, rules and regulations, procedures and such personnel behaviour is subject to ethical concern. In addition, the ability of HRM system to influence ethical behaviour of employees within the organization is highly dependent on the effect of the functions (Foote, 2001). Vuuren and Eiselen (2006) demonstrates that HRM experts believe that they surely have ethics management ability and ought to include in ethics administration. Increasingly, HRM managers considered the needs for ethics programs and making them happened (Driscoll & Hoffman, 1998). The reasons behind, those who are HRM professionals are highly respected within the system they belong for integrity, because they have the ability to solve complex ethical predicaments, comprehend the organization's culture and convey it at all levels for the organization's success.

Literature indicates that there are limited studies on HRM practices and EC. HRM practices encourage EC and yet to be fully explored in the literature, this is another

exciting development for HRM researches and practice (Manroop *et al.*, 2014; Parboteeah *et al.*, 2010; Carolyn Wiley, 2000). Researchers have in fact regarded the fundamental ethical nature of HRM experts and practices (Parboteeah *et al.* 2010). Similarly, HRM practices were found to be influential antecedents of different forms of organizational climates. In this regard, the study of Way and Johnson (2005), a conceptual perspective in which the impact of HRM practices, organizational climates on organizational outcomes. Empirically, the idea has been encouraged by some little studies, for instance, the linked between HRM practices and safety climate (Zohar & Luria, 2005) and HRM practices and customer services climate (Rogg, Schmidt, Shull, & Schmitt, 2001).

However, Despite the little studies between HRM practices and EC Guerci, Radaelli, Siletti, Cirella, and Shani (2015) carried out study using six European countries with 6,000 sample of employees, the study analyses how HRM practices influence the dimension of EC (benevolence, egoism and principled). That exist within the organizations, result revealed that ability-enhancing practices (i.e., recruitment and selection and training and development) as well as opportunity-enhancing practices (i.e. employee involvement, job design and industrial relation) improve benevolence and principled EC, on the other hand, motivation-enhancing practices (i.e., performance appraisal, compensation practice) reducing the positive link between motivation-enhancing practices and egoism EC.

In general, literature highlighted that HRM system tend to sustain ethics in organization (Manroop *et al.*, 2014). Inserting ethics into HRM functional components through

appropriate organizational involvements and growing more benevolent ways of shaping work is seen as a new style to the mindful organizations. Through this procedure, HRM can add value to create and sustain ethics, culture and EC in the organizations. Implanting ethical orientation in each of the HRM functions is essential for every organization (Arulrajah, 2015). In accordance with the HRM literature, it is believe that HRM practices do not operate alone or independently of one another but work collectively in a complementary manner within the HRM system to realize a success (Delaney & Huselid, 1996; Wright *et al.*, 2001). Hence, they consider the formation of HRM practices in the system operating as a group to produce high impacts on EC perceptions than implementing one single practice and working as independent (Lepak *et al.*, 2006). Despite little evidences in America, European, Asian context literature is lacking on the relationship between HRM practices and EC in African countries particularly in Nigeria.

### **2.15.1 Recruitment and Selection and EC**

Limited literature indicates that recruitment and selection promote EC, recruitment and selection practices of HRM have likely to employ highly ethical concerned employee to the organization. The study of Bennington and Wein (2000), and Holly (1998) in European context established the evidence of discrimination in recruitment and selection process in public sector of UK, hence appealing for ethical concern in recruitment and selection process. Therefore, recruitment and selection practices of HRM in the organizations can influence ethics in the same process. HRM must ensure energetic and active practice of equal job opportunities. In the Nigerian context, this study argues that

less attention has been given to valuing, nurturing and sustaining EC in the recruitment and selection practice of HRM.

Apart from little evidences, OCT and RBV theory supported the relationship between recruitment and selection and EC, OCT emphasize on culture, values, and ethics including behaviour of organizational members that creates OP (Schein, 1988). While RBV emphasizes on internal factors can creates competitive advantages and performance in organization, the theory also highlighted that HRM system creates EC and in return EC leads performance (Manroop *et al.*, 2014). Despite little evidences in European, Asian context literature is lacking on the relationship between recruitment and selection and EC in African countries particularly in Nigeria. Therefore, the following hypothesis is developed: -

**H2a:** recruitment and selection significantly related to EC

### **2.15.2 Training and Development and EC**

Limited literature shown that ethical training and managing ethics are getting significant attention from management in organization. To sustain positive EC, training and development considered important, organization have to design a particular training programmes to satisfy the needs and behaviour of employees as well as organizational ethics (Arulrajah, 2015). High value ethical training is one of the HR training functions that improves the effective integration of ethical behaviour and activities among the workers. Similarly, the study by Van Vuuren and Eiselen (2006) argued that HRM can improve ethics management competence between the members in organization through

training and development, hence, exploring the need for considering training and development to create and sustain EC in organizations. Again, Brown (1995) also indicates that on-the-job training played a vital role in developing and sustaining EC and culture in organization. In Nigerian context, this study highlights many ways for regarding, creating and sustaining EC and culture through various training and development programs in HRM.

Apart from little evidences, OCT and RBV theory supported the relationship between training and development and EC, OCT emphasize on culture, values, and ethics including behaviour of organizational members that creates OP (Schein, 1988). While RBV emphasizes on internal factors can creates competitive advantages and performance in organization, the theory also highlighted that HRM system creates EC and in return EC leads performance (Manroop *et al.*, 2014). Despite little evidences in European, Asian context literature is lacking on the relationship between training and development and EC in African countries particularly in Nigeria. Therefore, the following hypothesis is developed: -

**H2b:** training and development significantly related to EC

### **2.15.3 Compensation Practice and EC**

In adequate compensation system and pay disparity are key causes of job dissatisfaction and demotivation among employees in the organization. Therefore, good compensation system can play a vital role in creating and sustaining positive EC and culture in organizations (James, 2000). To improve the ethical concerns of members in

organization, attention should be giving to change the organization's EC through compensation systems (Jansen & Von Glinow, 1985). Therefore, the limited review indicates that there are some certain ways for nurturing and sustaining EC through pay and compensation system.

Apart from little evidences, OCT and RBV theory supported the relationship between compensation practice and EC, OCT emphasize on culture, values, and ethics including behaviour of organizational members that creates OP (Schein, 1988). While RBV emphasizes on internal factors can creates competitive advantages and performance in organization, the theory also highlighted that HRM system creates EC and in return EC leads to performance (Manroop *et al.*, 2014). Despite little evidences from previous studies, literature is lacking on the relationship between compensation practice and EC in African countries particularly in Nigeria. Therefore, the following hypothesis is developed: -

**H2c:** compensation practice significantly related to EC

#### **2.15.4 Performance Appraisal and EC**

Many organizations take account of ethical actions and behaviour in their performance evaluation systems. Ethically, unresponsive monitoring processes fail to detect illegal and unethical behavior and may really make such practices more possible (Useem, 1998). Therefore, the limited review indicates that organizations can nurture and sustain EC through performance assessment function of HRM by evolving and implementing ethically oriented performance appraisal policy, procedures and practices within the organization. Apart from little evidences, OCT and RBV theory supported the relationship

between performance appraisal and EC, OCT emphasize on culture, values, and ethics including behaviour of organizational members that creates OP (Schein, 1988). While RBV emphasizes on internal factors can creates competitive advantages and performance in organization, the theory also highlighted that HRM system nurture EC and in return EC leads performance (Manroop *et al.*, 2014). Despite little evidences from previous studies literature is still lacking on the relationship between performance appraisal and EC in African countries particularly in Nigeria. Therefore, the following hypothesis is developed:

**H2d:** performance appraisal significantly related to EC

### **2.15.5 Promotion Opportunity and EC**

Few HRM practices attempted to explore the connections and enhancing EC in organizations through functions and practices, promotion opportunity as the extent to which the organization creates chances for employees to attain some certain level, chances of professional upward development or the level of potential work-related versatility within the organization it consider as career development for employees which usually make employees to be motivated on their job and promote ethical behavior within the system and shun any act of unethical conduct (Wiley, 1993). Subsequently, every organization need to design appropriate ethical polices in terms of promotion system and implement those policies into the HRM functions as well as practices through HR department. Therefore, In Nigerian context, the little studies show that some certain ways for developing and sustaining EC through promotion system need to be put in place.

Apart from little evidences, OCT and RBV theory supported the relationship between promotion opportunity and EC, OCT emphasize on culture, values, and ethics including behaviour of organizational members that creates OP (Schein, 1988a). While RBV emphasizes on internal factors can creates competitive advantages that leads to performance in organization, the theory also highlighted that HRM system cultivate EC and in return EC leads to performance (Manroop *et al.*, 2014). Despite little evidences from previous studies, literature is lacking on the relationship between promotion opportunity and EC in African countries particularly in Nigeria. Therefore, the following hypothesis is developed:

**H2e:** promotion opportunity significantly related to EC

## 2.16 EC and OP

Some limited studies were carried out to link the relationship between EC and OP. For instance study conducted by Hijal-Moghrabi *et al.* (2015) in American context, result shows that EC related to OP. Again, another study by Williams *et al.* (2013) in Asian context investigating the impact of EC on OP, findings revealed that EC associated with OP. Similarly, Bowman and Knox (2008) carried out study on EC to predict OP in public organization, result explained that EC link to OP. Furthermore, other studies investigated the link between EC and performance (see Haines, 2004; Manroop *et al.*, 2014).

Apart from above empirical evidences, RBV emphasize that internal factors considered more important in achieving competitive advantage and leads to OP. Therefore, EC is an internal factor influence by HRM system and in return its influence performance in organisation. The theory highlights that organisational resources are key determinants of



its performance and competitive advantage (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). Again organisational culture theory emphasize on the culture, ethics and values can nurture success in organization, ethics and cultural standards order to guide human behavior, Theory stress that behavior and activities of employees are imperative in determined organizational performance (Schein, 1988). Despite many evidences in America, Asian context literature is lacking on the relationship between EC and OP in African countries particularly in Nigeria. Therefore, the following hypothesis is developed: -

**H3:** EC significantly related to OP

### **2.17 HRM practices, EC and OP**

Many studies were conducted to find the mediating effect of EC in the various field of academic literature, some of the empirical studies conducted to explore the impact of EC includes (Cheng & Wang, 2014; Elçi *et al.*, 2013; Mayer *et al.*, 2010; Zehir *et al.*, 2014) among others. In general, from the above empirical evidences we got to understand that EC has been used as mediating variable and yield significant positive result, the findings of these previous studies shows that EC can explain the original relationship between two variables (independents and dependent variable) based on this, the present study employed EC to mediate the relationship between the (5) HRM practices (RS, TD, COMP, PA PRO) and OP, specifically in Nigerian PESA. Additionally, resource based view of an organization stress on the internal resources that can create other resources and leads competitive advantage then performance. Considering these five (5) HRM practices (RS, TD, COMP, PA PRO) as internal resources can create other resources like

ethics and leads to OP. In line with this, organizational culture theory also support the argument on the on the ethics in predicting OP as argued by Schein (1988) organizations are formed based on cultural values and ethics. Ethics and cultural standards order to guide human behavior, Theory stress that behavior and activities of employees are imperative in determined organizational success. Based on these two theories (RBV and OCT) the study found strong theoretical support to developed the hypotheses. Despite little evidences in America, European and Asian countries, literature is still scanty on the mediating effect of EC on the relationship between HRM practices and OP in African countries particularly in Nigeria. Therefore, the present study hypothesizes that:

**H4a:** EC mediates the relationship between recruitment and selection and OP

**H4b:** EC mediates the relationship between training and development and OP

**H4c:** EC mediates the relationship between compensation practice and OP

**H4d:** EC mediates the relationship between performance appraisal and OP

**H4e:** EC mediates the relationship between promotion opportunity and OP

## **2.18 Summary**

The related literature reviewed provides that OP as dependent variable in this present study has empirically related to the five (5) HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) separately and collectively in combination. The chapter also provided the empirical study that relates EC as mediating variable and OP as dependent variable, conclusively the chapter discusses the research frame work for the present study with

related justifications and the underlying theories that linked the variables theoretically, and hypotheses were generated and tested after the collection of data.



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This section consists of methodology of the entire study. It comprises research paradigm, research design, population and sampling design, data collection procedure and the research instrument are extensively discussed. Section concludes with the ways for how to analyze the data collected.

#### 3.2 Research Paradigm

The philosophy which influences the technique and method on how a research is to be conducted and the clarifications on the findings are known as a paradigm (Bryman, 2012). Research paradigms have a significant role on the approach in which the research is conducted. There has been a long-standing epistemological school of thought among scientific philosophers and researchers on how research is designed. Basically, there are two schools of thought: The positivism and interpretivism (Bryman, 2012). In the literature, these two epistemological paradigms are described as follows.

Positivist paradigm: In this, researcher intends to “predict and explain the happenings in the world through causal relationships and irregularities searching and among its constituent elements” (Burrell & Morgan, 1979). Carson, Sharkey, McIntosh, Kubena and Goodson (2010) believed that by positivists the objectivity and externality of the

world can be investigated and solve. Hence, in ensuring the objectivity, while observing the subjects they should (researchers) remained independent, and to draw a conclusion to examine the proposed relationships they should develop hypotheses (Ikeda, 2009). According to Bryant, Raphael, and Rioux (2010) positivists examine relationships based on the cause-and-effect and basic laws, and make interpretation generally of everything for the facilitation of simplistic analyses.

Because the method application related to natural science is favoured by positivists to grasp social reality and beyond (Bryman, 2008), the quantitative approach and experiments were adopted by them for testing hypothetical deductive generalizations (Guo & Sheffield, 2008). Further, Baker (2000) stressed on the significance of proper procedure for data-collection, explanation and testing of the behavioral patterns. Straub, DetmarBoudreau, and Gefen (2004) emphasized that in generalizing the obtained results from a sample of a certain population, it depends on the positivist paradigm. The application of Positivism is widely recognized in management and behavioural-science research where the quantitative research method and tools which are survey and experiment which seek to establish causal relationships are applied by positivists (R. Brown & Brignall, 2007).

There is quite a difference between the philosophies of interpretivist paradigm and those of the positivist paradigm. The key research objectives in the interpretivist paradigm is the social phenomenon observations which are aimed at finding out the facts and truth about the reality and which tend to achieve social science-related discoveries (Burnett, 2012). The behaviors of human beings are in accordance with socially constructed values

instead of causal relationships; interpretivists have the belief that human beings are behaving according to socially constructed values rather than to causal relationships (Remenyi, Williams, Money, & Swartz, 1998).

Marshall and Rossman (1999) emphasized that for a clear understanding of social events, interpretivists are engaged in the social world they belong so as to gather experience in relation to the social reality as the participants do the same. Amaratunga, Baldry, Sarshar, and Newton (2002) added that the use of naturalistic and qualitative methods are considered by interpretivists since their approach is based on the realization and explanations of a phenomenon based on its situation instead of the basic laws or external reasons. Therefore, O'hEocha, Wang, and Conboy (2012); Sarantakos (2005) stated that the framework of the interpretivist depended on the methods qualitative data collection, for instance, observations, interviews, focus groups and case studies. A conceptual research model and its fundamental hypotheses are intended to be tested in this study by relying on the approach of a survey-based quantitative research since the positivism paradigm is more suitable for this study for the achievement of the research objectives, instead of interpretivism. Table 3.1

Table 3.1  
*Positivist and Interpretivist approach to research*

Points of distinction	Positivist paradigm	Interpretivist paradigm
Fields of study	Natural sciences	Human sciences
Concepts	Structure, social and natural facts.	Meanings and social developments, learned human phenomena.
Methods	Quantitative, statistical Inference (hypothesis testing), cause and effect relationships, measurement	Qualitative, generation of hypotheses, interactions, processes
Scope	Seeks explanations for things, generalizations, laws, considers reality as being objective, tangible and unique.	Seeks to understand people, context dependent.
Researcher's role	Uninvolved observer	Actively involved
Analysis	Objective, abstract, fixed, value-free	Subjective, grounded, flexible, political

Source: Adapted from Ikeda (2009)

### 3.3 Research Design

Research design can simply explain as the major plan that identified all the techniques and approaches that used in the data collection and analysis (Zikmund, 2000, 2013). This present study used quantitative research design. According to Sekaran and Bougie (2013), quantitative research described phenomena using numerical data that are analyzed based on statistical methods.

In line with the objectives of the present study, which is to examine the mediating role of EC on the relationship between HRM practices (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and OP using quantitative design is the most appropriate. Quantitative survey method also allows the researcher to generalize findings through statistical method and it is important for this study which is to examine the relationship between the study variables. Similarly, unit of analysis of the study is at organizational level in PESA in Nigeria, and the data

were collected through questionnaire distribution. This study is correlational in nature as the researcher examined the relationship between HRM practices and OP specifically PESA performance in Nigeria through the influence of EC.

Finally, the present study is cross-sectional, where data collection is done once. Compared to longitudinal design, cross-sectional design is quiet simple, less costly and allowed the data to be collected in a short period of time (Papaioannou & Wilson, 2010; Sekaran & Bougie, 2010).

### **3.4 Population and Sampling Design**

#### **3.4.1 Population of the Study**

According to Sekaran and Bougie (2013) and Sekaran (2006), population of the study can simply be explained as the collection of people as a whole, events, places including any other things of interest which usually a researcher intended to explore.

The major focus of this present study is PESA performance in seven (7) Northern states of Nigeria. The justification of choosing PESA as the main focus is because, education sector is broadly recognized to be the leading mechanism for promoting country economic growth (Aluede *et al.*, 2012; Tilak, 2005; WorldBank, 2013). However, in Nigeria the performance of PESA is getting worse than any other sector, where a lot of complaint came from, researchers, government officials; non-governmental organizations, educationist and even the president Muhammadu Buhari himself discuss the problem of the sector (Eta, 2015; Kubeka, 2015).



Generally, PESA in Nigeria serve as central processing unit in terms of policies, budget and decision making that has direct and indirect effect on public schools, institutions, and colleges, in return, determine the overall performance of the sector. The educational responsibilities of Nigeria are carried out through public educational sector administration which includes federal, thirty six (36) state educational sector administration, as well as the seven hundred and seventy four (774) local government educational sector administration (Adamolekun, 2013; CFRN, 1999). In addition, PESA in Nigeria regarded as sector of national government responsible for oversight and administration of a specific function related to educational system (Adewuyi & Okemakinde, 2013). Management functions executing and supervising by PESA involves recruitment and selection of staffs, training and development, provision of adequate compensation system, performance appraisal, and promotion opportunity among the entire administrative staffs (Adamolekun, 2013; CFRN, 1999).

The present study chooses seven (7) Northern states PESA to represent the entire Nigerian PESA, because they have the same ethics, rules and condition of service. The seven (7) states are considered important to the Nigerian economy educationally, politically, economically and in terms of population with 41% Nigerian population (Adamolekun, 2013; CFRN, 1999). Moreover, the present study also employed the directors of administration as respondents in this study to represent their organizations.

Table 3.1 indicates the total population of PESA in seven (7) states based on the statistics from the Federal Ministry of Education, Abuja Nigeria, 2014.

Table 3.2

*Total number of public educational sector administration in the seven states*

State	Number of Public Educational Sector Administration	Percentage (%)
Jigawa	32	14
Kano	50	22
Kaduna	29	13
Katsina	40	17
Kebbi	27	12
Sokoto	29	13
Zamfara	21	9
<b>Total</b>	<b>228</b>	<b>100</b>

Source: Federal Ministry of Education, Nigeria (2014)

### 3.4.2 Power of Analysis and Sample Size

According to Sekaran and Bougie (2013), sampling can simply be explained as the process of picking out of sufficient number of the precise elements or subjects from the entire population. It will be difficult to gather data from the entire component of the population in conducting research. Regardless of the possibility that it were conceivable it would be restrictive as far as time, expense and other resources (Sekaran & Bougie, 2010). In such manner, they underlined the requirement for researchers to basically view sample size determinations and issues with non-response as a key conditions in any quantitative research (Bartlett, Kotrlik, & Higgins, 2001). As we already know the actual number of the population, the next step is to determine the sample size.

However, in determining the minimum sample size, which is considerable for the study analysis as well as the number of predictors, the study used “*A Priori*” power analysis using G\*Power 3.1 software (Faul, Edgar, Axel, & Lang, 2009). Based on the number of tested predictors (recruitment and selection, training and development, compensation

practice, performance appraisal and promotion opportunity), 138 samples are required to test the model of this study.

Nevertheless, power of analysis determines at least minimum sample size needed for the analysis in the study, it is important to note that this value is independent of a study population. So, it is also important for the researchers to consider the study population on the other side. Besides, the sample selected from the other hand, should at least be equivalent to the actual sample as determined by the G\*power of analysis, which is usually be minimum for the analysis in each study. However, in this study the total population is around two hundred and twenty-eight (228) PESA, it is difficult to cover all the elements of the population. Hence, this study used some techniques to determine an appropriate sample size that adequately represents the aforesaid population. For the purposes of this study, Krejcie and Morgan's (1970) table for determining sample size was used. In this regard, population ranged from 220-230, has the sample size of 140 to 144, the researcher considered 144 which is within the ranged. This sample size is considered more appropriate, as it is greater than the required actual sample size as determined by G\*power analysis. Similarly, Roscoe's rule of thumb suggested that the appropriate sample size number shall at least be around 30–500 (Hill, 1998). Hence, in line with the above rule of thumb, the sample size of this study is (144) which is also within the ranged and appropriate for the study. Equally, Sekaran and Bougie (2013; 2009) supported the notion that sample size between 30 and 500 is appropriate for study in the field of social sciences.

However, it is important for any researcher to put into consideration all the necessary measures to avoid non-response rate as much as possible, in order to deal with possibility associated with non-cooperative subjects, non-response bias, non-response rate issue that render research invalid (Groves, 2006). Therefore, to reduce the level of non-response rate, the present study followed Salkind's view for adjusting sample size by which is usually applied in survey research (Babbie, 2007, 2013; Bartlett *et al.*, 2001). Salkind's view suggested that, sample size of a study could be adjusted by 40% to 50% in order to take care of the possibility of both lost questionnaires and non-cooperative subjects (Bartlett *et al.*, 2001).

Therefore, 50 percent of the sample size of 144 in this study is 72. Hence, the new sample size of this study is 216 from the population of 228 PESA in Nigeria. For that reason, instead of 144 questionnaires, the researcher randomly distributed 216 questionnaires to the director of administration in the PESA in Nigeria.

### **3.4.3 Respondents**

As earlier mentioned, this study used director of administration as respondents on behalf of their respective organizations. This is because these directors of administration are in the better positions to provide the research with the needed, available, and accurate information about the success or failure, as well as the current practice and status of their respective organization. Directors of administration considered appropriate respondents due to their length of service, experience, educational qualification and position. However, these directors of administration are expected to represent the sampled PESA (i.e., unit of analysis) objectively and confidently by filling structured questionnaires

issued to them. Nonetheless, director of administration can authorize any other personnel to answer a piece of a questionnaire send to their organizations, provided the person has the required information needed.

#### **3.4.4 Sampling Technique**

The present study used stratified sampling technique. According to Sekaran and Bougie (2013) sampling technique refers to a procedure of sampling in which the researcher separated the whole population of the study into distinctive stratum and afterward randomly select subject from every stratum. The directors are the respondents in this study. Therefore, considering the population of the study comprises PESA of seven states (7), the proportionate stratified sampling considers as appropriate techniques to make sure that the entire PESA of the seven states are fully represented. Proportionate stratified sampling techniques usually minimize sampling errors. In addition, stratified sampling allows homogeneity within the stratum that is (PESA in Nigeria) and heterogeneity across groups (i.e. different PESA in different states under different supervision).

Numerous steps comprise in adopting proportionate stratified sampling procedure. For the benefits of achieving the objectives of this present study, the respondents were grouped into seven (7) different strata from seven states PESA. After stratifying the respondents into seven strata, next is to determine from each stratum the number of respondents that represent it from the total population of the study. Table 3.2 explains more.

Table 3.3  
*The proportionate stratified sampling of respondents*

State Involve	Number of Public Educational Sector Administration	Stratum	Sample
Jigawa	32	216/228x32	30
Kaduna	29	216/228x29	28
Kano	50	216/228x50	47
Katsina	40	216/228x40	38
Kebbi	27	216/228x27	26
Sokoto	29	216/228x29	27
Zamfara	21	216/228x21	20
<b>Total</b>	<b>228</b>		<b>216</b>

Source: Developed for the study.

Choosing proportionate stratified sampling in this study regarded as appropriate because it permits stratum with higher number of PESA to acquired large number of representation over stratum with small number of PESA (Sekaran & Bougie, 2013). In addition, stratified sampling procedure have been utilized and considered more appropriate based on the study context with different sectors that give chance for all the sectors to be represented. In addition, stratified sampling have been used in previous similar studies and achieved suitable results (Meng, 2013; Tabiu *et al.*, 2016a). Therefore, this study employed the proportionate stratified sampling techniques for its suitability. The next segment considered the operational definitions of the whole study variables.

### 3.5 Operational Definitions and Measurement of Variables

Variables are conceptual in character and do not express any importance in the study until they are defined operationally (Sekaran & Bougie, 2000). Operational definition is a detail of how a researcher expects to define and measure every one of the variable in the

study and these variables are just impossible to miss in that study (Creswell, 2012). In connection to number of items for each variable according to rule of thumb as argued by Hair, Black, Babin, and Anderson (2006), a variable ought to be reflected by at least three (3) items. Consistent with this idea, all variables utilized in this present study contained a satisfactory number of items with little amendment of some items (e.g. 'My company' replaced with 'This' organization', 'Company' replaced with 'Organization,' 'Management' replaced with 'Executive,' Corporate gain' replaced with 'Organizational gain,' 'My' replace with This, 'Our' replaced with 'This' and 'Managers' replace with 'Employees').

In this study, 5 point likert scale were used in questionnaire design as it considered attaining the higher means scores, maintaining the reliability of measuring method and considered mid-point as better, also five (5) likert scale provides better results and regarded appropriate measurement scale (Dawes, 2007; Elmore, & Beggs, 1975; Krosnick, & Fabrigar, 1997; Schuman, Presser, & Ludwig, 1981). Similarly, Five (5) point likert scale regarded suitable in terms of variation about the mean, skewness and kurtosis, using 5- point likert scale is more appropriate based on the study context and will give the respondents clear understanding in answering the questionnaire in terms of offering the respondents moderate choice (Hinkin, 1995). In addition, previous studies in similar context and area used 5-point likert and achieved suitable results (Tabiu & Nura, 2013; Tabiu *et al.*, 2016a).

### 3.5.1 Organizational Performance

OP in this present study is operationalized as system's ability to yield valued productivity in the form of service delivery with efficiency, effectiveness and fairness (Brewer & Selden, 2000; Burtonshaw-Gunn & Salameh, 2009; Swanson, 2001). OP were measured with ten (10) items adapted from Brewer and Selden (2000) and Hijal-Moghrabi *et al.* (2015). Some modifications were made to suit the present study (e.g 'My' replaced with 'This'). Responses were on a 5-points Likert scale where 1=strongly disagree, and 5=strongly agree. The Cronbach alpha value was .70 and .81 recorded by Brewer and Selden (2000) and Hijal-Moghrabi *et al.* (2015) respectively.





Table 3.4

*Organizational performance items*

<b>Variables</b>	<b>Items</b>
<p>Organizational Performance</p> <p>This study define organizational performance as organization's ability to yield valued productivity in form of service delivery with efficiency, effectiveness and fairness.</p>	<p>This organization has made good use of employee's knowledge and skills in looking for ways to become more efficient. (no.1)</p> <p>In the past 2 years, the productivity of this work unit has improved. (no.2)</p> <p>The work performed by this work unit provides the public a worthwhile return on the organization mission. (no.3)</p> <p>People of different race/ national origin group are treated with respect in this organization. (no.4)</p> <p>The quality of work performed by the current co-workers in this immediate workgroup is satisfactory. (no.5)</p> <p>This organization provides fair and equitable treatment to the public. (no.6)</p> <p>This organization uses performance measurement in program management. (no.7)</p> <p>This organization has strong citizen orientation. (no.8)</p> <p>In this organization, top executive set high performance expectations for employees. (no.9)</p> <p>This organization compares employee's performance against similar organization. (no.10)</p>

Source: Adapted from Brewer and Selden (2000); Hijal-Moghrabi *et al.* (2015)

### **3.5.2 HRM practices**

According to Purcell and Hutchinson (2007) HRM practices refers to all activities connected with the management of employment relationships in the organization. In the work of Tabiu and Nura (2013), HRM practices regarded as vital internal resources ease organizational success. The present study defines HRM practices as the organizational functional practices that lead to OP. These practices work individually and complement one another in a way to be able to ensure OP. As stated earlier, HRM practices in this current study are the independents variables consists (5) different practices includes recruitment and selection, training and development, compensation practice, performance appraisal, and promotion opportunity.

#### **3.5.2.1 Recruitment and Selection**

The variable has been operationalized in this study as the recruitment and selection process used by organization to produce the best match between workers and jobs and organization (Ivancevich, 2010; Pfeffer, 1998). Therefore, the potential employees acquired through a rigorous evaluation procedure. Recruitment and selection measured through eight (8) questions that focused on procedures and criteria for the recruitment and selection of employees accordingly. The eight (8) items were adapted from Ahmad, Schroeder, and Sinha (2003); Amin *et al.* (2014); Delaney and Huselid (1996); Pfeffer (1998) and Terpstra and Rozell (1993). Some adjustments were made to suit this study (For instance, ‘Our’ replaced with ‘This’). The cronbach alpha value of the construct (recruitment and selection) is above the threshold of .70. Table 3.5 shown the items measured dimension of recruitment and selection.

Table 3.5  
*Recruitment and selection items*

Variable	Items
<p>Recruitment and Selection</p> <p>This study defines recruitment and selection as the process used by organization to produce the best match between workers and jobs and organization. Therefore, the potential employees acquired through a rigorous evaluation procedure.</p>	<p>In this organization, extensive selection procedures are used in the selection of the employees (e.g. use several rounds of screening). (no.1)</p> <p>In this organization, recruitment and selection system focuses on the potential of the candidates to learn and grow with the organization. (no.2)</p> <p>This organization uses structured and standardized interviews for selection of the employees. (no.3)</p> <p>In this organization, senior staffs are involved in recruitment and selection of employees. (no.4)</p> <p>This organization uses work values and cultural fit as a criterion in employee recruitment and selection. (no.5)</p> <p>This organization uses behavioral attitudes as a criterion in employee recruitment and selection. (no.6)</p> <p>This organization uses test and interviewing techniques for employee selection. (no.7)</p> <p>In this organization, recruitment and selection process of potential employees are often provided with a realistic picture of the job and organization including negative aspects. (no.8)</p>

Source: Adapted from Ahmad, Schroeder, and Sinha (2003); Amin *et al.* (2014); Delaney and Huselid, (1996); Pfeffer (1998); Terpstra and Rozell (1993)

### 3.5.2.2 Training and Development

Training and Development is operationalized in this study as the opportunity given to employees to participate in training and development program which aims to improve their effectiveness (Arthur, 1994; Macduffie, 1995; Pfeffer, 1998). It includes formal training provided by the organization to help improve skills, knowledge and capabilities of workers. Training and development is assessed using a scale of seven (7) items adapted from Arthur (1994); Macduffie (1995); and Pfeffer (1994). To suit the present study, some amendments were made (e.g. 'In this organization' were added). The cronbach alpha value of the construct (training and development) is above the bench mark of .70. Items measured the dimensions of training and development is shown in Table 3.6.

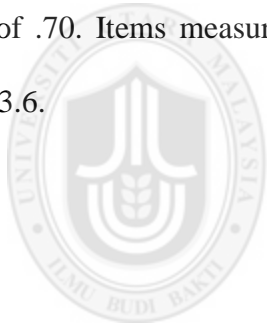


Table 3.6

*Training and development items*

<b>Variable</b>	<b>Items</b>
<p>Training and Development</p> <p>This study defines training and development as the opportunity given to employees to participate in training and development program which aims to improve their effectiveness. It includes formal training provided by the organization to help improve skills, knowledge and capabilities of workers.</p>	<p>Extensive training programs are provided for employees in this organization. (no.9)</p> <p>This organization provide training focused on team building and team work skills training. (no.10)</p> <p>In this organization, there are formal training programs to teach new employees the skills they need to perform their jobs. (no.11)</p> <p>Formal training programs are offered to employees to increase their promotability in this organization. (no.12)</p> <p>This organization have a mentoring system to help develop those employees. (no.13)</p> <p>This organization offer an orientation program that trains employees on the history, mission, values, and processes of the organization. (no.14)</p> <p>In this organization, training programs are consistently evaluated to determine whether the training objectives are met. (no.15)</p>

Source: Adapted from Arthur (1994); Macduffie (1995); and Pfeffer (1994).

**3.5.2.3 Compensation Practice**

Compensation practice is operationalized as performance-based reward schemes that reward power competitive and based on the performance achieved by work teams or organizations such as higher base salaries, plans, and sharing acquisition (Arthur, 1994; Delaney & Huselid, 1996b; Delery & Doty, 1996; Pfeffer, 1998). Compensation practice is measured through five (5) items. The questions are relevant criteria for the granting of benefits emphasized by the organization, benefits package, and reward compared with

competitors in the same organization. The five items were adapted from Arthur (1994); Delaney and Huselid (1996); Delery and Doty (1996). The researcher made some adjustments on the items to suit the study (e.g. ‘Our’ replaced with ‘This’). The cronbach alpha value of compensation practice is within the threshold of .70. Items measured the dimensions of compensation practice is shown in Table 3.7.

Table 3.7  
*Compensation practice items*

<b>Variable</b>	<b>Items</b>
Compensation Practice	In this organization, employee bonuses or incentive plans (e.g., stock option plan) are based primarily on the performance of the organization/group. (no.16)
This study defines compensation practice as performance-based reward schemes that reward power competitive and based on the performance achieved by work teams or organizations such as higher base salaries, plans, and sharing acquisition.	In this organization, job performance of an individuals played an important role in determining the earning of employees. (no.17)
	In this organization, employees are rewarded for participation in teams. (no.18)
	This organization constantly updates & reviews the range of benefit to meet the needs of employees. (no.19)
	In this organization, salaries for employees are higher than those of our competitors. (no.20)

Source: Adapted from Arthur (1994); Delaney and Huselid (1996); Delery and Doty (1996).

### 3.5.2.4 Performance Appraisal

Performance appraisal is operationalized in this study as the formal performance assessment process that is controlled by organizations to identify and provide feedback to workers on their work performance (Delery & Doty, 1996; Huselid, 1995; Snell & Dean, 1992; Youndt *et al.*, 1996). Performance appraisal measured by six (6) items which includes the performance evaluation undertaken by organizations such as the

performance appraisal form, the criteria used to evaluate performance, performance evaluation purposes, as well as the results of the feedback system performance evaluation. The six (6) items were adapted from Delery and Doty (1996); Huselid (1995); Snell and Dean (1992) and Youndt *et al.* (1996). To suit the present study, the researcher made some little amendments (e.g. ‘In this organization added’). The alpha value of the construct (performance appraisal) is above the threshold of .70. Items measured the dimensions of performance appraisal is shown in Table 3.8

Table 3.8  
*Performance appraisal items*

<b>Variable</b>	<b>Items</b>
Performance Appraisal  This study defines performance appraisal as the formal performance assessment process that is controlled by organizations to identify and provide feedback to workers on their work performance.	<p>In this organization, performance appraisals are based on objective, quantifiable results. (no.21)</p> <p>In this organization, employees regularly or at least once a year receive a formal performance appraisal. (no.22)</p> <p>In this organization, team played an important role in performance appraisals. (no.23)</p> <p>In this organization, superior officers discuss performance with subordinate. (no.24)</p> <p>In this organization, performance appraisals are used primarily to set goals for personnel development. (no. 25)</p> <p>Performance appraisals are used to plan skill development and training for future advancement within this organization. (no.26)</p>

Source: Adapted from Delery and Doty (1996); Huselid (1995); Snell and Dean (1992) and Youndt *et al.* (1996)

### 3.5.2.5 Promotion Opportunity

Promotion opportunity is operationalized in this study, as mechanisms provided by the organization to help employees achieve their career goals (Delaney & Huselid, 1996; Delery & Doty, 1996). Promotion opportunity is measured by seven (7) items adapted from Delaney and Huselid (1996); Delery and Doty (1996). To suit the present study, the researcher made some modifications for the items (e.g. In this organization added to make the question understandable for the respondents. The alpha values for items measuring promotion opportunity is above the threshold of .70. Items measured the dimensions of promotion opportunity is shown in Table 3.9.

Table 3.9  
*Promotion opportunity items*

<b>Variable</b>	<b>Items</b>
Promotion Opportunity	Employees in this job have clear career paths within this organization. (no.27)
This study defines promotion opportunity as the mechanisms provided by the organization to help employees achieve their career goals.	Employees in this job have very little future within this organization. (R) (no.28)
	Employees' career aspirations within this organization are known by their immediate supervisors. (no.29)
	Employees' in this job who desire promotion have more than one potential position they could be promoted. (no.30)
	This organization ensure that all employees in these positions are made aware of internal promotion opportunities. (no.31)
	In this organization, internal candidates are given consideration over external candidates for job opening. (no.32)
	This organization use of performance based promotion. (no.33)

Source: Adapted from Delaney and Huselid (1996); Delery and Doty (1996)



### 3.5.3 Ethical Climate

EC is operationalized as a set of organisational ethical standard that shape the behaviour and activities of employees within the organisation (Bulutlar & Öz, 2009; Martin & Cullen, 2006; Shafer, 2013; Victor & Cullen, 1987; 1988). The present study measured the construct with twenty six (26) items adapted from (Bulutlar & Öz, 2009; Shafer, 2013; Victor, & Cullen, 1987; 1988). Some modifications were made on the items to suit the present study (e.g. 'Our' replaced with 'This' 'Company' replaced with 'Organization', 'Management' replaced with 'Executive' and 'Corporate' replaced with 'organizational'). Previous studies found strong internal consistency recorded .86, .82 cronbach alpha (Elçi, Sener, & Alpan, 2013; Hijal-Moghrabi *et al.*, 2015; Schwepker & Good, 2009). Thus, Table 3.10. showing 3 dimensional of ethical climate and was measured as hierarchical component model (HCM). Table 3.10

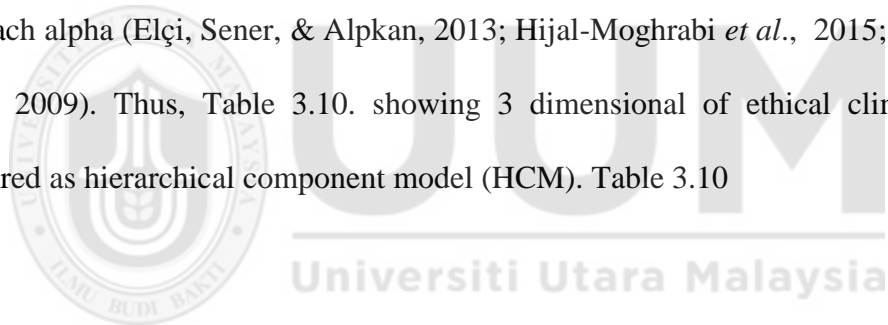


Table 3.10  
*Ethical Climate items*

<b>Variable</b>	<b>Items</b>
Ethical Climate	This study defines ethical climate as a set of organisational ethical standard that shape the behaviour and activities of employees within the organisation.
<b>Benevolence</b>	
Behavior that concern of wellbeing of others which focus more on satisfying the interest as many people as possible.	<p>The major responsibility for employees in this organization is to consider efficiency first. (no.2)</p> <p>In this organization, employees look out for each other's good. (no.5)</p> <p>The most important concern is the good of all the employees in this organization. (no.12)</p> <p>In this organization, our major concern is always what is best for the other people. (no.16)</p> <p>In this organization, the most efficient way is always the right way. (no.19)</p> <p>What is best for everyone, is the major consideration in this organization. (no.21)</p> <p>In this organization, each employee is expected above all to work efficiently. (no.25)</p> <p>In this organization, it is expected that employees will always do what is right for the public. (no.26)</p>

Table 3.10 Continued

<b>Egoism</b>	
	In this organization, employees are mostly out for themselves. (R) (no.1)
Behavior that supports the satisfaction of self-interest in which the individual's best interest will dominate the ethical reasoning process.	In this organization, employees are expected to follow personal and moral beliefs. (R) (no.3)
	In this organization, employees are expected to do anything to further the organization's interests. (no.4)
	There is no room for one's own personal morals or ethics in this organization. (no.6)
	In this organization, work is considered sub-standard only when it hurts the organization's interests. (no.8)
	Each employee in this organization decides for himself what is right or wrong. (R) (no.9)
	In this organization, employees protect their own interest above other considerations. (R) (no.10)
	The most important consideration in this organization is each employee has sense of right and wrong. (no.11)
	In this organization, employees are concerned with the organization's interest to some extent. (no.17)
	In this organisation, employees are guided by own personal ethics. (R) (no.22)
<b>Principled</b>	
	In this organization, employees strictly follow rules and procedures. (no.7)
The adherence to organizational standards and beliefs which concern with the application of rules, regulation and law during the decision-making process.	In this organization, the first consideration is whether a decision violates any law. (no.13)
	In this organization, employees are expected to comply with the legal and professional standards over and above other consideration. (no.14)
	In this organization, employees are expected to stick by organization rules and procedures. (no. 15)
	Successful employees in this organization go by the book. (no.18)
	In this organization, employees are expected to strictly follow legal and organization's standards. (20)
	Successful employees in this organization strictly obey the organization policies. (no.23)
	In this organization, the law and ethical code of profession is the major consideration. (no.24)

Source: Adapted from Bulutlar and Öz (2009); Shafer (2013); Victor and Cullen, (1987; 1988).

In summary, Table 3.11 below indicates the summary of all the seven (7) study variables, sixty-nine (69) items adapted from previous studies and used in this study. For the items, interval measurement scale was also used, and five (5) points Likert-type scale was considered the most suitable for the study as recommended by Dawes (2007); Elmore and Beggs (1975) ; Krosnick and Fabrigar (1997) and Schuman *et al.* (1981).

Table 3.11  
*Summary of Measures and Measurement Scale*

<b>Variables</b>	<b>Nature</b>	<b>Dimension</b>	<b>Item</b>	<b>Scale</b>	<b>Type</b>
Recruitment and Selection	Unidimensional	1	8	Interval	5point
Training and Development	Unidimensional	1	7	Interval	5point
Compensation Practice	Unidimensional	1	5	Interval	5point
Performance Appraisal	Unidimensional	1	6	Interval	5point
Promotion Opportunity	Unidimensional	1	7	Interval	5point
Ethical Climate	HCM	3	26	Interval	5point
Organizational Performance	Unidimensional	1	10	Interval	5point
<b>Total</b>			<b>69</b>		

Similarly, the demographic profile of the respondents was also considered which includes, gender, marital status, age, position grade level, work experience and educational level respectively.

### **3.6 Validity and Reliability**

Specifically, validity and reliability are about goodness of items measuring a particular variable. Researchers conducted both validity and reliability tests to make sure that the measures established are suitably good to measure what expected to measure (Sekaran & Bougie, 2013). Validity evaluates the ability of measures to measure what was planned to measured, while reliability analysis evaluates the extent to which measures are randomly error free and give reliable results.

### 3.6.1 Validity

Zikmund, Babin, Carr, and Griffin (2013) defined validity as the accuracy of a measure or the degree to which a score is correctly represents the concept of a construct. Also, validity analysis refers to an assessment of how good items or instrument that established to measures a construct intended to measure. This study used content and construct validity. Therefore, based on the recommendation of some previous studies (Sekaran & Bougie, 2013; Zikmund *et al.*, 2013). This will be enough to validates the study instruments.

#### 3.6.1.1 Content Validity

Content validity means the extent to which a measure covers the scope of area of interest (Zikmund *et al.*, 2013). It ensures that a measure involves suitable and representative set of items that capture the concept. Hence, the higher the scale items signify the area of a concept measured, the higher the content validity of a particular given construct (Sekaran & Bougie, 2009). Similarly, Sekaran and Bougie (2013) recommended that a panel of judges can prove to the content validity of the items or instrument.

This present study applied one of the widely used approaches of evaluating content validity, which was developed by Lawshe (1975). This technique is basically determining the degree of agreement between the raters or judges on how important a particular scale (item) is. Lawshe (1975) recommended that each of the ‘subject matter expert’ (i.e., raters) of a panel responds to either of the following questions for each item: Is the skill or knowledge by this item ‘essential’, ‘useful but not essential’, or ‘not necessary “to the

performance of a concept or construct? Lawshe (1975) further argued that if more than a half of the judges or raters show essentials for an item, then that item has some level of content validity, and so the more the panelists agree that an item is 'essential', the higher the content validity. It is advisable also to employed an odd number of the judges or raters. Therefore, this study employed three (3) experts (the two supervisors of this study and one HRM professional) to assess the adapted scale items of the whole constructs, and all the judges or raters have positively reported the essentiality of the overall measures.

### **3.6.1.2 Construct Validity**

Sekaran and Bougie (2009) stated that construct validity measures how well the results attained from the use of a measure evaluate a designed concept. Construct validity usually evaluated through convergent and discriminant validity analysis. Basically, convergent validity is performed when the scores attained with two or more different items or instruments measuring the similar concept are correlated (Sekaran & Bougie, 2013). While discriminant validity represents the individuality or uniqueness of a measure that the scale or items of a particular construct should not be highly correlated with the items of another construct in a particular study (Zikmund *et al.*, 2013).

Therefore, this study determined construct validity using both confirmatory factor analysis and correlation analysis. Particularly, average variance extracted (AVE) was applied to measure the convergent validity of all the reflective constructs of the present study, while cross-loadings and Fornell Lacker criterion were used to assessed discriminant validity (Hair *et al.*, 2014).

### **3.6.2 Reliability**

According to Sekaran and Bougie (2013) reliability of a measure shows the degree to which an instrument is free from error (i.e., without bias), and ensures reliable measurement and across different items in an instrument. A reliability measure also is a sign of consistency and stability by which an instrument measures the construct and help to evaluate the ‘goodness’ of a measure. Therefore, this study used composite reliability to assessed the internal consistency of the research instrument. It is computed using average interrelations between items measuring each construct (Sekaran & Bougie, 2013).

### **3.7 Layout of the Questionnaire**

The questionnaire was designed in English, workers in PESA Nigeria do speak and write with English, because it is an official language. Therefore, respondents in this study speak, write and understand English language. Each respondent in this survey was given 7-pages questionnaire. The questionnaire used in the present study is presented in Appendix A.

The questionnaire comprises of 5 sections. Section A comprised of 33 items measuring HRM practices. Section B consists of 26 items measuring EC and section C contained of 10 items measuring OP.

Section D consists of demographic variables and it will also be measured for descriptive purposes. Its includes gender, age, educational level, grade level and number of years

with present organization and position. All this information is essential to revealed that the sample is represented and to make sure that generalization to the wider population of organizations and personnel can be made and finally, section E is about respondents' comments and suggestions on the entire questionnaire.

### **3.8 Pilot Study**

To confirm the above-mentioned validity and reliability of the instrument of this study, a pilot study had been conducted before carrying out the actual data collection of the study. Pilot study can simply be defined as using a small sample of data as a trial to test the suitability or something else (Sekaran & Bougie, 2013). This will help in clarifying any likely shortfalls and decreases unfairness. As the present study used questionnaire to serve as the primary source of data. Therefore, the desire to do validity and reliability test became important (Hair, Money, Samouel, & Page, 2007). In this regard, the validity and reliability of the questions were established so as to determine if the questions items can measure the variables intended to measure (Hair, Sarstedt, Ringle, & Mena, 2012).

In the present study, the researcher produces and hand out the questionnaire to respondents who are not the actual respondents of the general study in the other PESA in Nigeria that are not part of the study population. The researcher got the contact of respondents and forged ahead and distributed the questionnaires for pilot survey. Based on the arguments of the previous studies (López-Gamero, Molina-Azorín, & Claver-Cortés, 2009; Vazquez-Brust, Liston-Heyes, Plaza-Úbeda, & Burgos-Jiménez, 2010), whose mentioned that pilot study should be within the range between 5-30 complete



samples, this study distributed 50 questionnaires to the respondents in case of low response were recorded.

Only 30 sample were returned for the pilot test. Specifically, to evaluate the internal consistency reliability of all the reflective constructs of this study (i.e., reliability analysis), composite reliability (CR) and average variance extracted (AVE) were run using PLS-SEM algorithm (Geladi & Kowalski, 1986; Lohmoller, 1988). In summary, Table 3.12, indicates the reliability analysis for all the reflective constructs and value obtained meet and above the critical value of 0.7 as recommended by many scholars (Bagozzi & Yi, 1988; Bagozzi, Yi, & Phillips, 1991; Hair, Ringle, & Sarstedt, 2011; Phillips, 2013). Similarly, in the same Table 3.11 below, the convergent validity using AVE of all the reflective constructs is equally accomplished with minimum value of 0.5 (Hair *et al.*, 2014; Hair *et al.*, 2011).

Table 3:12  
*Pilot Test: Reliability and Convergent Validity (n=30)*

<b>Constructs</b>	<b>Items</b>	<b>CR</b>	<b>AVE</b>
Recruitment and Selection	8	0.83	0.56
Training and Development	7	0.86	0.52
Compensation practice	5	0.82	0.53
Performance Appraisal	6	0.84	0.53
Promotion Opportunity	7	0.78	0.56
Organizational Performance	10	0.81	0.51

On the other hand, Fornell and Larcker's (1981) criterion was applied to determine the discriminant validity of all these reflective constructs. Accordingly, to attain discriminant validity, the square root of AVE of each of the reflective construct should be higher than its correlations, loadings and cross loadings of any other construct (Fornell & Larcker,

1981; Hair *et al.*, 2014). As shows in Table 3.13, the discriminant validity of all the reflective constructs has been attained, as the square root of the AVE of each of the reflective construct is higher than the loadings and cross loadings of all the reflective construct in the model.

Table 3.13  
*Pilot Test: Discriminant Validity (n=30)*

Constructs	1	2	3	4	5	6
RS	<b>0.75</b>					
TD	0.45	<b>0.72</b>				
COMP	0.46	0.62	<b>0.74</b>			
PA	0.57	0.66	0.52	<b>0.73</b>		
PRO	0.28	0.29	0.47	0.39	<b>0.74</b>	
OP	0.49	0.44	0.61	0.62	0.37	<b>0.72</b>

Note: Entries shown in bold face represent the square root of the average variance extracted

For the assessment of formative construct (i.e., ethical climate) of the present study, two conditions are applied to determine each indicator to form into the main construct as highlighted by Hair *et al.* (2014). Firstly, to evaluate the non-collinearity between the indicators with tolerance and variance inflation factor (VIF) values, the value of which should be 0.2 or more and 5 or less respectively. Secondly, to evaluate the significance statistical contribution relatively and absolutely of each indicator to the main construct. Nonetheless, before evaluating the conditions, as the particular construct (EC) is found reflective-formative category of hierarchical component model (HCM), repeated indicator method had been applied. This was conducted through repeating the indicators of lower order components (LOCs), i.e., benevolence, egoism and principled on the higher order component (HOC) that is ethical climate, in order to obtain the latent variable scores of LOCs (Afthanorhan, 2014; Becker, Klein, & Wetzels, 2012; Ringle, Sarstedt, & Straub, 2012). The attained latent variable scores used for the two-stage

approach, by using each LOC's scores to be as formative indicators for HOC (Hair *et al.*, 2014). See Table 3.14 For the details.

Table 3.14  
*Pilot Test: VIF and Significance for Formative Indicators (n=30)*

<b>Formative Construct</b>	<b>Formative Indicators</b>	<b>VIF</b>	<b>Tolerance</b>	<b>Outer Weights</b>	<b>Outer Loadings</b>	<b>T Statistics</b>
Ethical Climate	Benevolence	2.02	0.43	0.22	0.81	2.45**
	Egoism	2.17	0.34	0.54	0.93	5.26***
	Principled	2.11	0.37	0.21	0.82	1.85**

\*\*\*p < 0.01; \*\*p < 0.05

Note: Outer loadings represent absolute contribution, while their corresponding values by the left (i.e., outer weights) represent the relative contribution of an indicator or the LOC to the main construct or the HOC (i.e., ethical climate).

As presented in Table 3.14, the tolerance and VIF value of each indicator of the formative construct (i.e., ethical climate) are met and below the critical value of 0.2 and 5 respectively. This clearly revealed that multicollinearity does not exist among the indicators. In the same vein, the outer weights values of all the indicators (i.e., benevolence, egoism and principled) shown relatively contributed to the main construct. Likewise, the outer loadings shown an absolute contribution to the main construct, as their values are all meet and above the benchmark of .50. Therefore, all the two indicators are relatively and absolutely significant to the formative construct (Hair *et al.*, 2014). In summary, all the study constructs are valid and reliable for this study, as established empirically through pilot of this study using measurement model analysis in PLS 3.2.6 software.

The pilot study was conducted to ensure the targeted respondents would understand the instruments and all the items in the questionnaire. Based on the comments, all items were carefully reviewed to avoid any confusion in the general data collection.

### **3.9 Data Collection procedures**

Data collection procedure refers to an important segment of research design (Sekaran & Bougie, 2013). The actual data collection was started after the pilot study was conducted. Each of the PESA were contacted through their office contact number. Official introductory letter was collected from School of Business Management were also be attached and sent to all the PESA concern.

For this study, the researcher administered and distributed the questionnaire personally with help of some staffs in the PESA. The self-administered procedures give the researcher a chance to collect a large number of completed questionnaires in a very short period of time (Hair *et al.*, 2007), also give the researcher chance to attend and clarify any complaints or question from the respondents and creates more conducive atmosphere for the relationship between the researcher and the respondents to feel happy and participate in the study (Sekaran & Bougie, 2013). Every respondent was clearly brief about the main objectives of the study. The researcher assured the respondents that all responses will be treated with higher level of confidentiality and it will only be used for this study. Four weeks were given the respondents to return the fill questionnaires, majority of the respondents respond within the first one month, while others responded after one month due to the reminder issued to them by the researcher.

For those who their tired schedules did not allow them to fill in the questionnaire, more time were added to them to complete the questionnaire. Those respondents were given postage-paid envelope and address, later they send it back to the researcher.

### **3.10 Techniques of Data Analysis**

The following sections discussed the techniques for data analysis.

#### **3.10.1 Descriptive Analysis**

Descriptive statistics is all about explaining or summarizing the significant characteristics of data, it allows the researcher to describe so many parts of data including indices meaningfully. The present study used SPSS version 22.0 to analyze the data descriptively, following the several steps and stages in determine the percentages, frequencies, means, ranges and standard deviations for the constructs (independents, mediating and dependent). Data is coded into SPSS environment and proceed for the data screening which is also required to check the missing value, replace it, treat out liers, normality test and any other related issue (Tabachnick & Fidell, 2007).

Another step also involves conversion of data from SPSS environment to the comma delimited format (CSV) so that data can be used in Smart PLS-SEM easily. The multivariate data analysis is also conducted for the determining the items loadings includes internal consistency and reliability, convergent validity, discriminant validity for the reflective measurement model and observation of two condition and multi-collinearity

test for formative model. Moreover, path coefficients is used in hypotheses testing and discussion of other related analysis in PLS-SEM structural models (Hair *et al.*, 2014; Ringle, Wende, & Will, 2005). Hence, the details of the discussion followed in the next section.

### **3.10.2 Smart PLS SEM**

The study used Smart PLS SEM, which is Smart Partial Least Square Structural Equation Modeling (SEM) 3.2.6 version. It is a second-generation statistical tool that enables the researchers to analyses concurrently multiple variables. Smart PLS-SEM is considered as part of regression techniques design at the same time to estimate the relationships between the measurement model (indicators) and structural model (constructs) (Chin, Marcolin, & Newsted, 2003).

In recent times, most of the researchers in management and social sciences discipline have emphasize in using the second-generation methods of data analysis so that to overcome the shortcoming link with the first generation techniques (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). Similarly, several scholars in the field of management and related discipline have used PLS path modeling successfully (Abubakar, Chauhan, & Kura, 2014; Kura, Shamsudin, & Chauhan, 2014; Kura, 2016a; Kura, Shamsudin, & Chauhan, 2015; Kura, 2016b; Kura, Shamsudin, & Chauhan, 2016). Smart PLS-SEM permit to incorporate variables (unobservable) measured indirectly by scale items/indicator variables. According to Robert, Dennis, and Ahuja (2008), Smart PLS-SEM consider both formative and reflective constructs in data analysis. Smart PLS-SEM also welcome the large number of variables (Pavlou & Gefen, 2005). Additionally, Smart

PLS-SEM places only least restrictions in measurement scales, residual distribution and sample size (Pavlou & Fygenon, 2006). Moreover, Smart PLS-SEM has some advantageous features over some related SEM, (e.g. LISREL & AMOS) that are covariance-based. Compared to PLS-SEM which is component-based approach with algorithm that usually reduces the variance of all the dependents variables as an alternative of clarifying the covariation (Urbach & Ahlemann, 2010).

Similarly, Partial Least Square (PLS) is among the Component-based-SEM. Various divergent rationales exist for using the PLS-SEM in a research (Hair *et al.*, 2011). Some of the reason for using PLS SEM includes, predicting key target construct, testing both formative and reflective measures, complex model, small and large sample, nonparametric does not require assumptions to be fulfilled, an existing structural theory, if research will use latent variable scores in subsequent analyses.

Therefore, rules of thumb Hair *et al.* (2011), stated the justification for using PLS-SEM, in this study PLS-SEM was used for some reasons. Firstly, the study does not test or compare theories, rather it is a confirmatory study predict the influence of internal factors through EC on OP in Nigerian PESA; henceforth, a model is for that reason. Secondly, the study has reflective and formative constructs PLS-SEM is more suitable for assessing the model that encompasses reflective and formative constructs. Thirdly, the model structure is considered as somehow complex as the structure contain both direct and indirect effects of the variables studied (model encompasses mediation). Fourthly, the study used latent variables scores in assessment of lower order component (LOCs) on hierarchical order component (HOCs) in the process of treating formative construct. The

sections below explained ways for evaluating measurement and structural models using PLS-SEM.

### 3.10.2.1 Measurement Model

The evaluation of a measurement model varies for formative and reflective constructs, assessment of formative constructs and reflective constructs is different in terms of reliability and validity measurement. Hence, discussion on measurement model assessment were carried out in the study based on both the formative and reflective construct.

*Formative indicators:* In analysis of formative construct, there is no need in assessing reliability and convergent validity of the construct, because the indicators are not expected to be highly correlated and are expected to be error-free. Hence, the theoretical source and expert views played a more significant role in assessing formative indicators (Hair *et al.*, 2011). However, PLS-SEM suggest some important criteria for statistical evaluation of measurement quality for formative items. Firstly, to examine indicators weights and loadings and evaluate their significance via bootstrapping techniques. For the purpose of this study, the significance level for indicators weights and loadings are evaluated using t-statistics, and the t-statistics for significance used is two-tailed which are 2.58, 1.96, and 1.65 at 1%, 5%, and 10% significant levels respectively. For this study, 2.58 and 1.96 at 1%, 5% significant level were considered.

In this regards, the indicator weights are significant and are retained. However, if both the indicators weights and loadings are not significant, there is no empirical basis for



retaining the indicators. Secondly, to examine the multicollinearity test through Variance Inflation Factor (VIF) and tolerance which the value should not be more than 5 for VIF and not less than .20 for tolerance for each indicator to avoid high multicollinearity. Thirdly, if there are high numbers of indicators that are used in measuring formative construct and some are nonsignificant, items can be separated into different constructs if there is theoretical justification for doing so.

*Reflective indicators:* reflective construct is necessary to achieve convergent and discriminant validity requirement. Firstly, to achieve convergent validity, is assess using Average Variance Extracted (AVE), which is needed to be 0.5 or greater, this indicates that the variance explained by indicators for its latent construct is 50% and above (Hair *et al.*, 2011). Secondly, for discriminant validity, the loading value of each latent construct must be higher than value loading and cross loading of the other latent construct in the model (Hair *et al.*, 2011). Then, reliability is evaluated in either Cronbach's alpha or composite reliability. The benchmark of the internal consistency reliability should be 0.7 and above for confirmatory research, while 0.6 is accepted for exploratory study and indicators loading of 0.7 and above is accepted (Hair *et al.*, 2011). Similarly, Hulland (1999) stated that item with 0.4 and above can be retained in contrast with Hair *et al.* (2011) views.

### **3.10.2.2 Structural Model**

In evaluating structural model, four essential assessments are required in the model. These includes (a) assessment of path coefficients using bootstrapping methods, (b) assessing the  $R^2$  values (c) assessment of effect-size of the independent variables to the

latent dependent variable, and (d) the assessment of predictive relevance, which discussed below.

*Path coefficient:* in testing hypothesis, that is assessment of path coefficients bootstrapping procedure is normally used. In this case, 5,000 sample is the minimum number required for bootstrapping and the number of cases is the actual number of sample used in the analysis. Again, for this study, the path coefficients critical t-values for two-tailed tests at 10%, 5%, 1% significance levels is 1.65, 1.96, and 2.58 respectively (Hair *et al.*, 2011). Hence, 1.96, 2.58 significant level at 5%, 1% were used in this study.

*R-square:*  $R^2$  is essential in evaluating the predictive capacity of the structural model. The value of  $R^2$  explains the total variation in the latent dependent variable explained by independent variables (Saad, 2011).  $R^2$  can be assess using two ways, you either consider the effect of independent variable on the dependent variable, or for the endogenous latent variables in the structural research model. On the other hand, the overall effect on the endogenous latent variable regarded as weak, moderate, and substantial when the values are 0.25, 0.50, and 0.75 respectively (Hair *et al.*, 2011).

*Effect Size:* effect size is all about the contribution of each independent variable in explaining the dependent variable. The assessment is made using  $f^2$  (Cohen, 1988). Therefore,  $f^2$  of .02, .15, and .35 are considered as small, moderate and large (Cohen, 1988).

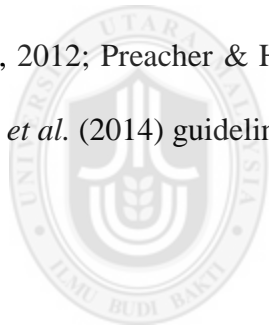
*Predictive Relevance*: Another way of assessing a structural model by evaluating the model's capacity to predict. It is assessed using Geisser's  $Q^2$ , which usually proposes that the model should be able to predict each of the indicators of endogenous latent constructs (Hair *et al.*, 2011). Therefore, a  $Q^2$  value which is above zero shows that the exogenous variable has predictive relevance for the endogenous variable being considered.

### **3.10.2.3 Mediation Analysis**

Mediation analysis evaluates the indirect effect of the independent variables (IVs) on the dependent variable (DV) through an intervening variable. However, mediation analysis can be evaluated using bootstrapping approach (Hayes, 2009; Preacher & Hayes, 2004), bootstrapping method solves mediation process by generating an empirical sampling distribution (a x b) (Zhao *et al.*, 2010).

In addition, Hayes and Preacher (2010) and Preacher and Hayes (2008a) highlights that the key advantage of bootstrapping method is that it does not need any postulations about the sampling distributions of the indirect effect or its product. In other words, the confidence interval in bootstrapping technique can be disproportionate rather than at regular confidence intervals in other approaches. Because they are based on an empirical estimation of the sampling distribution of the indirect effect, unlike other approaches that assume normal sampling distribution. Equally, bootstrapping result provides interval estimate of a population parameter that cannot be obtained by using other mediation tests (Lockwood & MacKinnon, 1998).

In line with this, bootstrapping procedure starts with estimating the path model of a direct link between the IVs and the DV without the intervening variable. These path models comprise the path coefficients and t-values by means of PLS-SEM algorithm and bootstrapping method respectively (Hair *et al.*, 2014). In the second step, the path model is estimated with the intervening variable. The focus is on whether the IVs and the intervening variable relationship and mediator and IVs relationship are significant. This is basic but not necessary to conclude mediation effect. Lastly, the product of the two-significant relationship is divided by the standard error of the product ( $a*b/SE$ ) to examine the significance of the indirect effect. Bootstrapping technique to test mediation were highlighted by number of studies (Hair *et al.*, 2014; Hayes & Preacher, 2010; Hayes, 2012; Preacher & Hayes, 2008; Zhao *et al.*, 2010). As such, this study followed Hair's *et al.* (2014) guidelines for the mediator analysis in PLS-SEM (see Figure 3.2).



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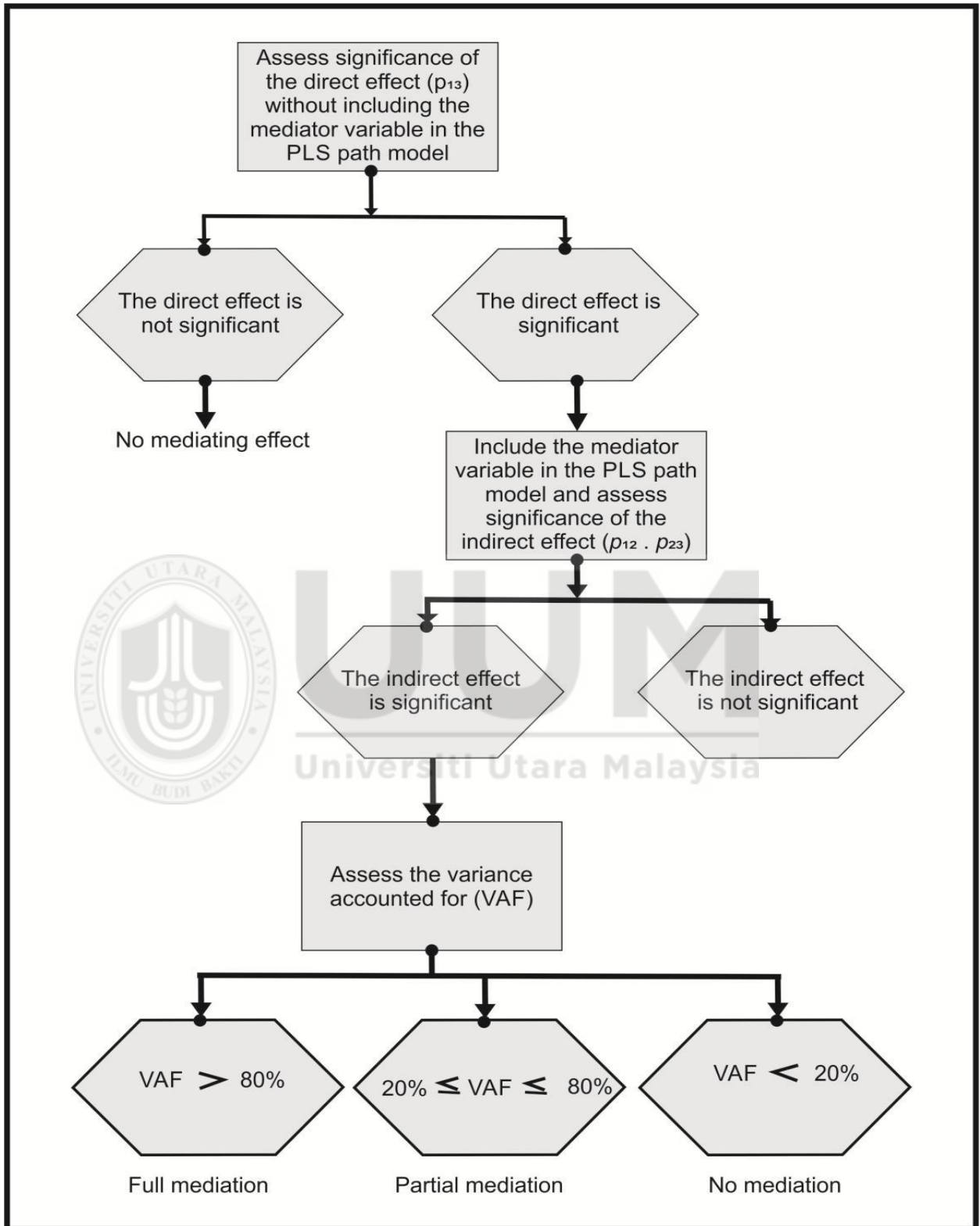


Figure 3.1

*Mediator Analysis Procedure in PLS-SEM*

Following the discussion on mediation analysis from different points of view, this study used Hair *et al.* (2014) and Hair *et al.* (2016) recommendation in testing the significance of the mediation through bootstrapping techniques. Bootstrapping procedure have advantage over any other mediation analysis methods (Hair *et al.*, 2014; Hayes & Preacher, 2010). The present study tested the mediating effect of EC as hierarchical component model (HCM) on the relationship between HRM practices (RS, TD, COMP, PA and PRO on OP) using Smart PLS 3.2.6 v.

### **3.11 Summary**

This chapter presents the methodology and assumptions to be used in conducting the research survey. The assumptions for carried out the scenario analysis are going to be shown clearly. It also includes how sample of the study obtained, choosing of the respondents, research instruments, how questionnaire was developed and survey procedure. The chapter provides strong guidelines on how the study were conducted based on the methodology, which is in line with previous studies.

## CHAPTER FOUR

### DATA ANALYSIS AND RESULTS

#### 4.1 Introduction

The main objective of this chapter is to provide empirical results analyzed using PLS-SEM path modelling. Before presenting the results, the initial preliminary data analysis, such as data screening, filtering, cleaning, checking and replacing missing values, outlier's treatment, running of descriptive statistics were presented. Subsequently, the main data analysis started with measurement model analysis. Then, the measures of this study were tested using validity and reliability analysis. Finally, structural model of PLS SEM was performed to test the hypotheses as well as to examine the mediation effect.

#### 4.2 Response Rate

For this study, a total of 216 questionnaires were distributed to the public educational sector administration in seven (7) states located in the Northwestern Nigeria. 186 questionnaires were returned within four (4) month duly completed, which represents about 86 percent of the total questionnaires administered. The response rate is consistent with other previous studies (Li, Zhao, Tan, & Liu, 2008; Mohammed & Obeleagu-Nzelibe, 2014; Muthuvelayutham & Jeyakodeeswari, 2014; Narver & Slater, 1990; Tabachnick & Fidell, 2007; Voss & Voss, 2000). As suggested by Sekaran (2003) that a response rate of 30% is adequate for surveys. Therefore, a response rate of 86% is

considered suitable for further data analysis. See Table 4.1 for the details of the response rate analysis.

Table 4.1  
*Questionnaire Distribution and Response Rate (n=186)*

<b>Questionnaire</b>	<b>Frequency</b>	<b>Rate (%)</b>
Distributed questionnaires	216	100%
Unreturned/Not responded	30	14%
Returned questionnaires	186	86%

### **4.3 Preliminary Analysis**

For the purpose of addressing research questions and objectives of the study through statistical analysis, some preliminary analyses need to be performed initially (Pallant, 2013). Nonetheless, to carry out such preliminary analyses, the data should be coded and keyed into a particular data file of a researcher choice, depending on the requirements of the study. In this study, SPSS 22v were used for coding the data, screening, and introductory analysis as stated in the earlier chapter.

#### **4.3.1 Data Coding and Screening**

The significance of data screening in any process of data analysis particularly quantitative survey cannot be underpinned because it provides a very solid groundwork for achievement of a significant result. The output and analysis quality are dependent upon the quality of preliminary data screening, in the even, data screening were ignore will



affect the quality of findings and output (Hair, Black, Babin, Anderson, & Tatham, 2010).

The returned questionnaires (i.e., 186) were keyed into SPSS variable view page. However, each item/question was coded and given name based on its main variable initials and under the same latent construct. Again, all the negative item measures were reverse coded. Eight items/questions measuring recruitment and selection were coded as RS1, RS2, RS3, RS4, RS5, RS6, RS7 and RS8 (e.g., question no. 3 “This organization uses structured and standardized interviews for selection of the employees.” is coded as RS3). Hence, the same process has been used to all other independent variables of the study. Equally, for the dependent variable, which is OP, the same process was employed, and ten questions reflecting this variable were coded as OP1, OP2, OP3, OP4, OP5, OP6, OP7, OP8, OP9 and OP10.

For the mediating variable (i.e., Ethical climate), which is reflective-formative type of hierarchical component models (HCM), the items/questions were coded according to each specific dimension they belong to. The main variable that is EC has three components namely benevolence, egoism and principled. Consequently, the items under each dimension were coded based on the dimension name, and numbered. For instance, eight items reflecting benevolence were coded as BV1, BV2, BV3, BV4, BV5, BV6, BV7 and BV8 also, for egoism ten items reflecting the dimension and were coded as EG1, EG2, EG3, EG4, EG5, EG6, EG7, EG8, EG9, and EG10. This same process has been used to the other dimension principled were eight items reflecting the dimension and coded as follows; PRIN1, PRIN2, PRIN3, PRIN4, PRIN5, PRIN6, PRIN7, PRIN8.

According to Verma (2013), data screening is carried out so as to discover missing values and outliers. However, apart from detecting and replacing missing values as well as checking and treating outliers, other primary analyses conducted in this present study include normality and multicollinearity tests as recommended by Hair *et al.* (2010).

#### **4.3.2 Missing Value Analysis**

Missing value in data become a serious worry of concern and possibly became popular in nearly every research. The level at which data missing in a research differ, so also is the extent of its impact; for example, below 1 percent, there is not going to be any problem, below 5 percent it is acceptable and could be managed, if it reaches 15 percent, it requires for a severe measure using sophisticated procedure to resolve it (Acuna & Rodriguez, 2004). It is very unusual to have all the returned questionnaires completed more especially dealing with human beings as respondents (Pallant, 2013). Hence, the researcher is responsible to discover and treat such missing data appropriately. In the process of detecting missing information, frequency table was duly generated via descriptive statistics.

The result shown that only 1.24 percent out of 12,834 data point of the whole data collected found missing in the data set. The percentage of missing data in this study is considered non-significant as it is below the acceptable threshold of 5 percent (Schafer, 1999; Tabachnick & Fidell, 2007). Basically, as the missing values happened randomly and not based on any systematic pattern, the researcher may choose to replace any values missing in the data set (Little, 1988; Pallant, 2013; Schafer & Graham, 2002). Therefore, in this study missing values detected were less than 5 percent and had happened entirely

at random pattern, the study replaced the values using series mean as recommended by some numerous researchers (Hair *et al.*, 2010; Tabachnick & Fidell, 2007).

#### **4.3.2 Assessment of Outliers**

According to Beniger, Barnett, and Lewis (1980) outliers can be seen “as observations or subsets of observations which appear to be inconsistent with the remainder of the data” (p. 7). As discussed in the previous statistical literatures, outliers signify observations that describe an unusual arrangement of values of two or more constructs. Because outliers possess values that have extreme resemblance to one another and in a related condition (Hu, Smeyers-Verbeke, & Massart, 1990; Rousseeuw & Hubert, 2011). Outliers usually occur in random distribution, nevertheless, they are frequently symbolic either of measurement error or that the population undergoes hard-tail distribution. Examining outliers is an essential step because avoiding preliminary investigation of outliers can change statistical tests if the outlier happens to be a problematic (Hair *et al.*, 2010).

Specifically, it change statistics and may lead to results that do not generalize to certain samples with the exception of one with the similar type of outliers (Tabachnick & Fidell, 2014). To check any observation which seems to be outside the SPSS value labels because of wrong data entry, initial, frequency tables were formulated for all variables ticking the minimum and maximum statistics. Based on this preliminary analysis of frequency statistics, no any value found exceeded the expected range.

Moreover, in line with the recommendation of Tabachnick and Fidell (2007) data were investigated for univariate outliers via standardized values with a cut-off  $\pm 3.29$  ( $p <$

.001). The criterion for detecting outliers, no one was detected as potential univariate outliers using standardized values. Also, multivariate outliers were also detected using Mahalanobis distance (D2). According to Tabachnick and Fidell (2007) Mahalanobis distance (D2) “is the distance of a case from the centroid of the remaining cases where the centroid is the point created at the intersection of the means of all the variables” (p. 74).

Hence, Mahalanobis D2 was calculated using linear regression techniques in IBM SPSS v22, Chi-square value, given that 69 items were used, 68 signify the degree of freedom in the Chi-square table with  $p < 0.001$ , so the criterion is 109.31 (Tabachnick & Fidell, 2014). This means that any case with a Mahalanobis D2 value of 109.79 and above is a multivariate outlier and should be removed. Therefore, out of 186 questionnaires 5 were detected as multivariate outlier (i.e. 175, 179, 184, 185, and 186) cases with a value of 109.79 and above were deleted from the data set because they could distort the accuracy of the data analysis procedure. See Table 4.3 for the details of the response rate analysis.

Table 4.2  
*Number of Questionnaire Used for the Further Analysis(n=181)*

<b>Questionnaire</b>	<b>Frequency</b>	<b>Rate (%)</b>
Rejected/Removed	5	2%
Retained/Usable	181	84%

### **4.3.3 Normality Test**

A number of previous studies (Cassel, Hackl, & Westlund, 1999; Reinartz, Haenlein, & Henseler, 2009; Wetzels, Odekerken-Schröder, & van Oppen, 2009) has usually expected

that PLS-SEM offers accurate model estimations with non-normal data. However, this assumption may turn to be incorrect. Hair *et al.* (2016) recommended that researchers should conduct a normality data test. Extremely skewed or kurtotic data can increase the bootstrapped standard error estimations (Chatterjee & Yilmaz, 1992), which in turn undervalue the statistical significance of the path coefficients (Peng & Lai, 2012).

Therefore, this study engaged multivariate normality test to evaluate the data distribution using kurtosis (i.e., the peakedness or flatness of the distribution compared with the normal distribution) and skewness (i.e., the balance of distribution at centred or proportioned with about the same shape on both sides) (Hair, Anderson, Tatham, & Black, 2010). Also, Hair *et al.* (2010) argued that both the skewness and kurtosis have empirical measures in several statistical programs. Nevertheless, based on the result established as indicated in Table 4.3, both the skewness and kurtosis of metric variables were within the average of  $\pm 2.58$  (Bhatti, Hee, & Sundram, 2012; Verma, 2013).

Table 4.3  
*Normality Test: Skewness and Kurtosis Statistics (n=181)*

Constructs	Min	Max	Mean	SD	Skewness Sta	SD Skewness	Kurtosis Sta	SD Kurtosis
<b>RS</b>	1.29	4.86	3.33	0.82	-0.43	<b>-2.39</b>	-0.69	<b>-1.92</b>
<b>TD</b>	1.29	4.86	3.33	0.82	-0.42	<b>-2.33</b>	-0.69	<b>-1.92</b>
<b>COMP</b>	2	4.8	2.86	0.84	-0.19	<b>-1.06</b>	-0.47	<b>-1.31</b>
<b>PA</b>	1.26	4.91	3.25	0.75	-0.45	<b>-2.50</b>	0.42	<b>1.17</b>
<b>PRO</b>	2	4.86	3.33	0.53	-0.34	<b>-1.89</b>	0.41	<b>1.14</b>
<b>OP</b>	1.4	4.9	3.55	0.6	-0.26	<b>-1.44</b>	1.33	<b>1.11</b>
<i>BV</i>	2.75	3.15	2.56	1.0	-0.41	<b>-2.28</b>	0.40	<b>1.34</b>
<i>EG</i>	2.15	3.45	2.45	1.0	-0.38	<b>-2.11</b>	-0.41	<b>-1.43</b>
<i>PRIN</i>	2.25	3.56	2.47	1.0	-0.34	<b>-1.89</b>	0.42	<b>1.16</b>

\*Note= Skewness std error 0.18; Kurtosis std error 0.36

#### 4.3.4 Multicollinearity Test

Multicollinearity can be defined as situation in which or more exogenous latent variables become extremely correlated. The existence of multicollinearity between the exogenous latent variables can substantively alter the estimates of regression coefficients and their statistical significance tests (Hair *et al.*, 2006). Specifically, multicollinearity improves the standard errors of the coefficients, which on the opposite render coefficients statistically insignificant (Tabachnick & Fidell, 2007). As recommended by Chatterjee and Yilmaz (1992), and Peng and Lai (2012) the process of detecting multicollinearity contains two techniques (correlation matrix and VIF and tolerance) in this study all the techniques were used. Firstly, correlation matrix of the exogenous latent variables was investigated. According to Hair *et al.* (2010), a correlation coefficient of 0.90 and above signify multicollinearity among the exogenous latent constructs. Table 4.4 shows the correlation matrix of all exogenous latent constructs.

Table 4.4  
*Multicollinearity Test: Correlation Matrix (n=181)*

<b>Constructs</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Recruitment and Selection	1					
Training and Development	.58**	1				
Compensation Practice	.39**	.51**	1			
Performance Appraisal	.56**	.53**	.55**	1		
Promotion Opportunity	.40**	.44**	.50**	.58**	1	
Ethical Climate	.57**	.57**	.49**	.65**	.62**	1

\*\* Correlation is significant at 0.01 level (1-tailed)

As indicated in Table 4.4, the relationships among the exogenous latent constructs were adequately below the recommended benchmark values of .90 or more, which suggests that the exogenous latent constructs were independent and not highly correlated.

Again, following the investigation of correlation matrix for the exogenous latent constructs, variance inflated factor (VIF), and tolerance value were tested to detect multicollinearity problem. Hair *et al.* (2011), suggested that multicollinearity exist if VIF value is higher than 5, and tolerance value is less than .20, Table 4.5 indicates that VIF values, and tolerance values, for the exogenous latent constructs.

Table 4.5  
*Multicollinearity Test: Tolerance and VIF (n=181)*

Constructs	Collinearity Statistics	
	Tolerance	VIF
Recruitment and Selection	.55	1.83
Training and Development	.53	1.90
Compensation practice	.60	1.67
Performance Appraisal	.44	2.26
Promotion Opportunity	.54	1.86
Ethical Climate	.42	2.36

Table 4.5 above indicates that, there is no multicollinearity among the exogenous latent constructs as the tolerance levels of all independent variables are greater than 0.20 and VIF also are less than 5 for all the variables as suggested by Hair *et al.* (2011). This clearly explained the absence of multicollinearity between the variables. In general, both correlation matrix, collinearity statistics using tolerance and VIF have shown that multicollinearity does not exist, hence it is not an issue in the present study.

#### 4.4 Non-Response Bias

Lambert and Harrington (1990) pointed out that non-response bias as “the differences in the answers between non-respondents and respondents”. In order to evaluate the possibility of non-response bias, a time-trend extrapolation approach, which requires comparing between early and late respondents (which means non-respondents) as suggested by Armstrong and Overton (1977) was conducted. Their argument is that; late respondents share related characteristics with non-respondents.

In order to minimize the case of non-response bias, Lindner and Wingenbach (2002) suggested that a minimum response rate of 50% should be attained. In particular, this study classified the respondents into two groups: the early and the late group, those who responded within 30 days considered early respondents while those who responded after 30 days regarded as late respondents (Chen *et al.*, 2003; Vink, & Boomsma, 2008). Most the usable questionnaires are from the early respondents (i.e., 111 responses), representing 61%, while 70 responses representing 39% are considered as late respondents.

An independent samples t-test was carried out to detect any possible non-response bias on the present study variables, including recruitment and selection, training and development, compensation practice,

performance appraisal, promotion opportunity, ethical climate and organizational performance to test whether the means for early and late responses were significantly



different from each other. Table 4.6 indicates the result of independent-samples t-test obtained.

Table 4.6  
*Test of Non-Response Bias: Independent-Samples T-Test (n=181)*

Constructs	Group	N	Mean	SD	T	Sig (2tail)
Recruitment and Selection	Early Response	111	3.40	.77	1.51	.14
	Late Response	70	3.21	.87		
Training and Development	Early Response	111	3.41	.77	1.47	.13
	Late Response	70	3.21	.87		
Compensation Practice	Early Response	111	2.88	.82	.49	.62
	Late Response	70	2.81	.88		
Performance Appraisal	Early Response	111	3.25	.75	-.15	.88
	Late Response	70	3.26	.75		
Promotion Opportunity	Early Response	111	3.35	.50	.70	.47
	Late Response	70	3.29	.58		
Ethical Climate	Early Response	111	3.45	.45	-.73	.47
	Late Response	70	3.50	.42		
Organizational Performance	Early Response	111	3.53	.58	-.46	.64
	Late Response	70	3.58	.62		

The above Table 4.6 shown the results of independent-samples t-test, did not indicate any significance differences between the early and late responses for each of all the seven study variables (RS, TD, COMP, PA, PRO, EC and OP) as recommended by Pallant (2013) and Field (2009). Therefore, this explained that the assumptions of equal variances among the early and late respondents has not been violated. As such, the present study assumed that there is no any portion of non-response bias in the data.

Furthermore, the responded subjects represent all other elements of the study population, and therefore, the present study can generalize the results to all the study's population. In

addition, the response rate is more than 50 percent substantially, however, issue of non-response bias in this study is not a major concern (James, Lindner, & Wingenbach, 2002).

Table 4.7  
*Test of Non-Response Bias for Demographic profiles: Chi-Square Test (n=181)*

<b>Demographic profiles</b>	<b>Early</b>	<b>Late</b>	<b>X<sup>2</sup></b>	<b>Sig</b>
<b>Gender</b>			278.99	.00
Male	109	65		
Female	4	3		
<b>Marital Status</b>			575.82	.00
Married	153	10		
Single	14	2		
Divorced	1	0		
Widowed	1	0		
<b>Age</b>			71.68	.10
18-29	11	7		
30-39	30	21		
40-49	59	10		
50-59	29	12		
60-and Above	2	0		
<b>Position Grade Level</b>			83.73	.20
GL 07-10	51	10		
GL 12-14	70	18		
GL 15-17	24	8		
<b>Work Experience</b>			221.79	.12
Less than 2 years	5	2		
2 to 5 years	15	4		
6 to 9 years	30	13		
10 years and above	90	22		
<b>Educational Level</b>			121.48	.13
Diploma/NCE	17	9		
Degree/HND	90	11		
Postgraduate Degree	40	14		

Table 4.7 above indicates the results of chi-square test revealed that majority of demographic variables have insignificant different between late and early responses in

this study. The result revealed that gender which constitutes (male and female) having chi-square value of 278.99 with significant level .00, this shows that there is significant difference because of majority of the respondents are male having more than 90% in descriptive analysis. In this regards, male contributes to most of the data, so the result is not surprising when its contributes to the significant result. Also, marital status which comprises (married, single, divorced and widowed) obtained chi-square value of 575.82 and significant level is .00 which is statistically significant. Having significant difference on marital status shows that majority of the respondents with 91.2% are marriage people, that is why its contributes to the significant result. While the remaining variables (age, position grade level, work experience and educational level) are all statistically insignificant. Therefore, majority of the variables indicates insignificant differences in terms early and late responses.

#### **4.5 Common Method Bias**

Common method bias generally is a bias, called common method variance (CMV). CMV can be defined as the variance attributable to measurement method rather than to the constructs intended to represent (Campbell & Fiske, 1998; Hsiao, Wu, & Yao, 2014; Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). It is forged correlation among variables initiated by using the similar method to measure each variable in a given study (Malhotra, Kim, & Patil, 2006; Podsakoff *et al.*, 2003) and hence, may lead to invalid conclusions about relationships among variables by expanding or degrading results (Conway & Lance, 2010; Podsakoff, MacKenzie, & Podsakoff, 2012; Podsakoff *et al.*, 2003).

In general, academic researchers see common method bias as a likely problem because it is the main source of measurement error (Podsakoff *et al.*, 2003). Measurement error also, threatens the validity of the conclusions of the results of the link among measures of two or more constructs, such an error contains of random and systematic measurement errors (Bagozzi & Yi, 1993). However, both forms of errors are challenging, systematic error is the most severe problem as it provides false details for the connections among measures of different constructs (Campbell & Fiske, 1998; Podsakoff *et al.*, 2003).

Precisely, random errors are all about errors concern with some items measuring similar construct. “Random errors tend to average-out across numerous items; errors that increases scores on one item likely to be balance by errors understate other items” (Schwab, 2013). The argument here is that random errors usually became common problem in research. Hence, more items for a construct, more success are controlled in random errors. In addition, systematic error (i.e., method effects or error presented by a measurement method) is a type of error, which is more risky, and can rigorously increase or decrease the observed relationship among independent and dependent variables (Rungtusanatham, Choi, Hollingworth, Wu, & Forza, 2003) and thus, can significantly undermine the research outcomes (Podsakoff *et al.*, 2003).

Similarly, as the study is a self-reported survey that collected data using a single source is concerned with common method bias (Lindell & Whitney, 2001; Spector, 2006), hence CMV required to be observed. Therefore, to control and investigate common method bias, the study used two fundamental approaches as suggested by several researchers (Podsakoff *et al.*, 2012; Podsakoff *et al.*, 2003; Williams, Hartman, & Cavazotte, 2010)

these are procedural and statistical remedies (Chang, Van Witteloostuijn, Eden, & Eden, 2010; Podsakoff *et al.*, 2012; Viswanathan & Kayande, 2012; Williams *et al.*, 2010).

To be precise, procedural remedies refer to the numerous measures taken into consideration during the forming and administering questionnaires to avoid or correct the damaging effects of inaccurate response (Chang *et al.*, 2010; Podsakoff *et al.*, 2012).

In this study, some of these remedies used are; first, questionnaire design avoided complex wordings and grammar, as well as complicated questions. Moreover, the scale items have been putting down in a clear and understand way, which is less subjected to bias. Secondly, the researcher provided clear and precise instructions on how to fill in the questionnaire, also each concept have been defined clearly and precisely to avoid misinterpretation. Thirdly, the respondents have been notified that all the questions are equal, as they can make their own decision by answering the questions objectively. Lastly, the researcher clearly stated in the front page of the questionnaire that, the questionnaire will use for academic purposes and it will be treated with higher level of confidentiality.

Nevertheless, the use of the procedural remedies frequently minimizes or even remove the damaging effects of common method bias, it is generally difficult if not impossible for a research to find procedural remedies that ascertain all its requirements (Podsakoff *et al.*, 2012; Podsakoff *et al.*, 2003). Henceforth, the statistical remedies might be also considered (Podsakoff *et al.*, 2012; Podsakoff *et al.*, 2003) Yet, this process cannot be regarded as a substitute to the procedural remedies rather than a compliment (Podsakoff *et al.*, 2012) unlike procedural remedies that are appropriate prior to data collection,

statistical remedies of regulating common method bias can only be used after the collection of the data.

Harman's single-factor is one of the most frequently used statistical research technique (Podsakoff *et al.*, 2003). The technique has been utilized by numerous researchers in order to address the problematic issue of common method variance (Anderson & Bateman, 1997; Aulakh & Gencturk, 2000; Greene & Organ, 1973; Organ & Greene, 1981). In order to use Harman's (1968) single factor in testing common method bias, all items of the principal constructs are to be keyed into principal component factor analysis (Podsakoff & Organ, 1986). Thus, it represents existence of common method bias when the factor analysis offers only one single factor, or when a single factor indicates the greatest part of the covariance between the measures (Podsakoff *et al.*, 2003).

Following the above-mentioned Harman's single-factor statistical remedy of common method variance, all the items of the whole constructs of this study were factor analyzed using unrotated factor solution. Therefore, the analysis extracted seven (7) variables explaining 69% of the cumulative variance (see Appendix D). Also, the first factor explained only 23 percent of the total variance, the value of which is considered as good as not higher than 50 percent of the covariance (see Kumar, 2012). Therefore, based on the above stated results of the Harman's single-factor analysis, it is concluded that CMV does not exist among the variables in the present study (Podsakoff *et al.*, 2003).

#### 4.6 Demographic Profile of Respondents

This section presented the demographic profile of the respondents based on their demographic characteristics, both frequency distribution and percentage were examined. Demographic characteristics in this study include gender, age, marital status, position grade level, work experience, and educational level (see Table 4.8)

Table 4.8  
*Demographic Profile of Respondents (n=181)*

Characteristics	Frequency	Percentage
<b>Gender</b>		
Male	166	91.7
Female	15	8.3
<b>Marital Status</b>		
Married	165	91.1
Single	14	7.8
Divorced	1	0.6
Widowed	1	0.6
<b>Age</b>		
18-29	18	9.9
30-39	61	33.7
40-49	59	32.6
50-59	41	22.7
60-and Above	2	1.1
<b>Position Grade Level</b>		
GL 07-10	61	33.7
GL 12-14	88	48.6
GL 15-17	32	17.7
<b>Work Experience</b>		
Less than 2 years	7	3.9
2 to 5 years	19	10.5
6 to 9 years	43	23.8
10 years and above	112	61.9
<b>Educational Level</b>		
Diploma/NCE	26	14.4
Degree/HND	101	55.8
Postgraduate Degree	54	29.8

As presented in Table 4.8, majority of the respondents participated in the survey were males which constitutes 166 respondents representing 91.7% while the remaining 15 respondents indicating 8.3% were females. Regarding the marital status, married people occupied the largest number that is 165 respondents representing 91.1% while single, divorced and widowed shared the lowest number of response 14, 1, and 1 respondent representing 7.8%, 0.6%, 0.6% respectively. Again, regarding the age group, 61 respondents representing 33.7% of the participants were between 30-39 years, followed by the age group between 40-49 years with 59 respondents, which accounted for 32.6% of the total sample. Also, age group between 50-59 years, occupied 41 respondents which represents 22.7% of the sample. Similarly, age group between 18-29 there were only 18 respondents participate in the survey representing 9.9%. The least age group participated in the study were 60 and above age group with only 2 respondents, representing only 1.1%.

Additionally, position grade level also considered as demographic characteristics with grade level 12-14 taking the highest numbers with 88 respondents representing 48.6%, while grade level 07-10 constitutes 61 participants representing 33.7% of the sample, and in the last group grade level 15-17 only 32 people responded representing 17.7%. In terms of working experience in the sector, majority of the respondents 122 (61.9%) had more than 10 years and above, whereas in 6-9 years' category for about 43 persons responded representing 23.8% another 10.5% of 19 respondents were from 2-5 years' category. While minority of the respondents are from less than 2 years' with only 7 participants representing just 3.9%. Finally, the educational level of the respondents put



into consideration in this study where respondents with minimum first degree/HND took the highest responses of about 101 respondents representing 55.8%, followed by postgraduate holders occupied 54 respondents representing 29.8%, while participants with low educational level that is Diploma/NCE presented only 26 respondents representing 14.4% respectively.

#### 4.7 Descriptive Statistics of Study Variables

In this study, descriptive statistics of the study variables were presented. Essentially, the mean and standard deviation were computed to determine the descriptive characteristics of the present study variables. All the variables in this study were measured using a five-point likert scale ranging from 1= strongly disagree to 5= strongly agree. The results are shown in Table 4.9.

Table 4.9  
*Descriptive Statistics of Study Variables: Mean and Standard Deviation (n=181)*

<b>Constructs</b>	<b>(M)</b>	<b>(SD)</b>
Recruitment and Selection	3.34	0.67
Training and Development	3.32	0.81
Compensation Practice	2.85	0.84
Performance Appraisal	3.25	0.75
Promotion Opportunity	3.32	0.53
Organizational Performance	3.55	0.59
Ethical Climate	3.47	0.46
<i>Benevolence</i>	3.22	0.42
<i>Egoism</i>	3.31	0.45
<i>Principled</i>	3.28	0.43

Table 4.9 above presented the descriptive statistics of all the study variables. The result shows that mean and standard deviation of recruitment and selection is 3.34 and 0.67 respectively, which signifies that respondents of this study are moderately agreed with the

statements concerning this construct. Also, the mean and standard deviation for the remaining variables are 3.32 and 0.81 for training and development; 2.85 and 0.84 for compensation practice; 3.25 and 0.75 for performance appraisal; while 3.32 and 0.53 is for promotion opportunity respectively. From the Table 4.9 above, the four (4) HRM practices considered suitable, whereas the compensation practice was perceived a bit low by respondents. Nevertheless, these HRM practices were still considered moderate.

Similarly, for the dependent variable (i.e., organizational performance), this variable mean and standard deviation value is 3.55 and 0.59, which also clearly indicate that the level of agreement by respondents on this variable is also moderate. In addition, it is in the same manner with the ethical climate and dimensions (i.e., mediating variable), in which the mean and standard deviation of egoism (EG), benevolence (BV) and principled (PRIN) are all moderate, with the values of 3.22 and 0.42, 3.31 and 0.45 and 3.28 and 0.43 as well as the main variable (EC) with 3.47 and 0.46 respectively.

In summary, the means of all the variables in this study indicate that the average option chosen by respondents is moderate. On the other hand, it signifies that data points are closed to the mean, as the standard deviations of all the study variables are not up to 1.

#### **4.8 Assessment of PLS-SEM Path Modeling**

Path Models are diagrams utilized to present variables and their path coefficient relationships that are observed when structural equation modeling (SEM) duly applied (Hair *et al.*, 2011) Constructs (i.e., latent variables) are symbolized in the path models as ovals, while items or indicators (i.e., visible variables) that are directly measured

substitute constructs that encompass the raw data are shown as rectangles in the path models (Hair, Sarstedt, Hopkins, & Kuppelwieser, 2014). These researchers continue argued that arrows indicate the link between latent variables, as well as among such constructs and their indicator. These arrows are constantly single-headed in PLS-SEM, and therefore indicating directional relationships.

The PLS-SEM path model comprises of two components, measurement model (called outer model in PLS-SEM) and structural model (known as the inner model in PLS-SEM) (Hair *et al.*, 2014; Henseler, Ringle, & Sinkovics, 2009). Precisely, measurement model refers to a component of the path model that encompasses indicators and their connections with their respective latent construct. However, this study concerned on the measurement models which comprises reflective and formative construct.

A reflective measurement model is a type of measurement model in which the direction of arrows is from the latent variable to the assigned indicators, indicating that, the latent construct causes the measurement of the indicator variables (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance). Similarly, for the formative measurement model in which arrows' direction is from the indicating variables to the latent variable, demonstrating the notion that the indicators form the measurement of the latent variable (ethical climate). On the other hand, structural model is the second component of the PLS-SEM path modeling, which encompasses latent constructs and the link between (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance). Figure

4.1 represents the procedures of PLS-SEM path model assessment used in the present study (Hair, Hult, Ringle, & Sarstedt, 2014; Henseler *et al.*, 2009; Klärner, Sarstedt, Hoeck, & Ringle, 2013).

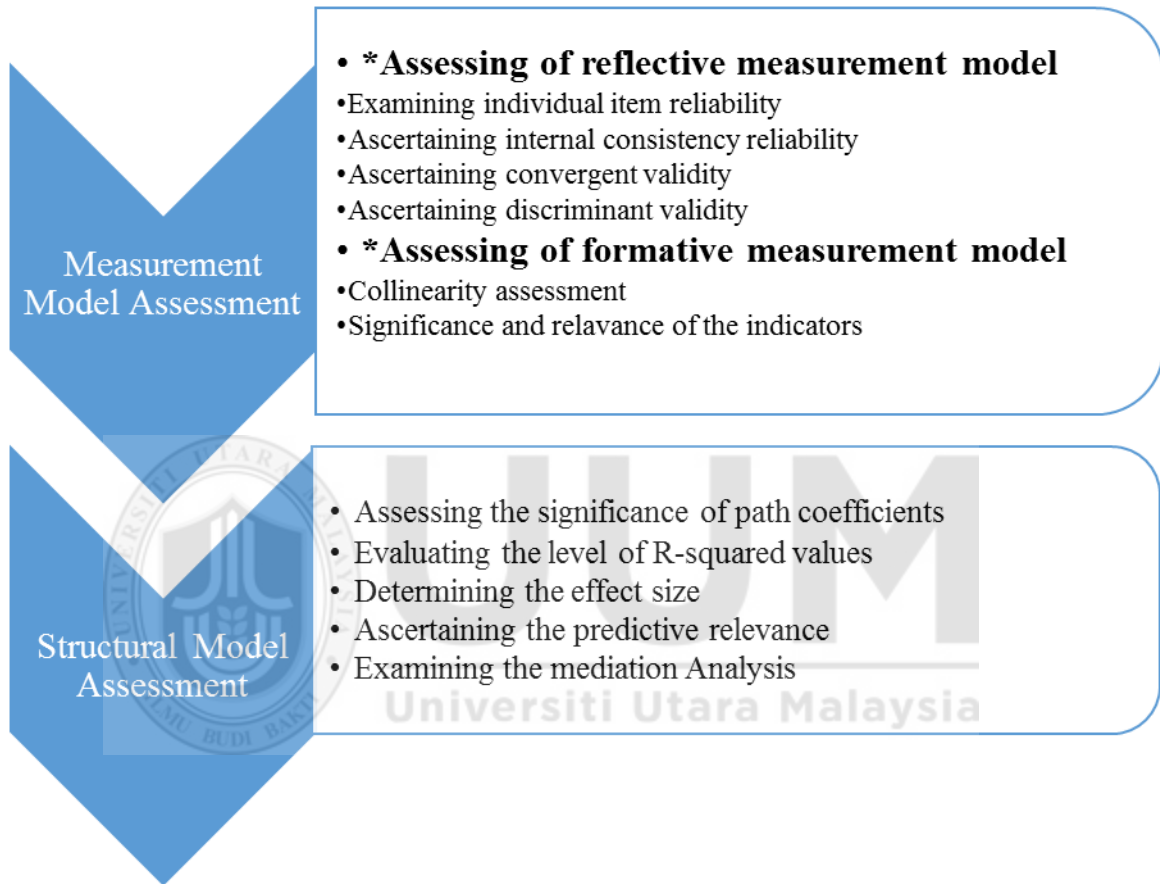


Figure 4.1  
*A Two-Step Process of PLS Path Model Assessment*  
Source: (Henseler *et al.*, 2009)

#### 4.9 Assessment of the Measurement Model

An evaluation of a reflective measurement model (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance) includes determining of individual item reliability, internal consistency reliability, convergent validity and discriminant validity (Hair *et al.*, 2016; Hair *et al.*, 2014; Hair *et al.*, 2011; Henseler *et al.*, 2009). For the formative construct (ethical climate) the researcher has to observe two conditions upon each indicator for it to be related in the construct or not (Hair *et al.*, 2014). Firstly, one of the procedure is to assess the non-collinearity among the indicators using the tolerance level and variance inflation factor (VIF) values, the benchmark of which is 0.20 or more for the tolerance values, ( $\geq 0.2$ ) and 5 or less for VIF level ( $\leq 5$ ). Secondly, is to assess the importance of the statistical contribution of each of the formative indicator to the key construct (e.g., benevolence, egoism, principled on ethical climate).

On the other hand, as the mediating variable (EC) in this study is reflective-formative category of hierarchical component model (HCM) firstly, this study used repeated indicator approach (see Figure 4.2). The process has been applied by repeating all indicators of the lower order components (LOCs), which includes, benevolent, egoism and principled on the higher order component (HOC) that is ethical climate (EC) so that to find the latent variable scores of LOCs (see Afthanorhan, 2014; Becker, Klein, & Wetzels, 2012; Ringle, Sarstedt, & Straub, 2012). The obtained latent variable scores were then employed for two-stage approach (see Figure 4.3), by using each LOC's scores as a formative indicator to the HOC (Hair *et al.*, 2014; Ringle *et al.*, 2012).

Therefore, the measurement model evaluation of reliability for the reflective variables (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance) as well the validity of both reflective and formative variables were assessed based on this new model (i.e., Figure 4.3). Similarly, as stated formerly, the first stage of analysis conducted comprises indicators reliability, composite reliability and reflective construct validity. Later, the assessment of collinearity between formative indicators (ethical climate) was computed using VIF and tolerance values, and the significance of the statistical contribution relatively and absolutely of each indicator to the main variable were also computed.



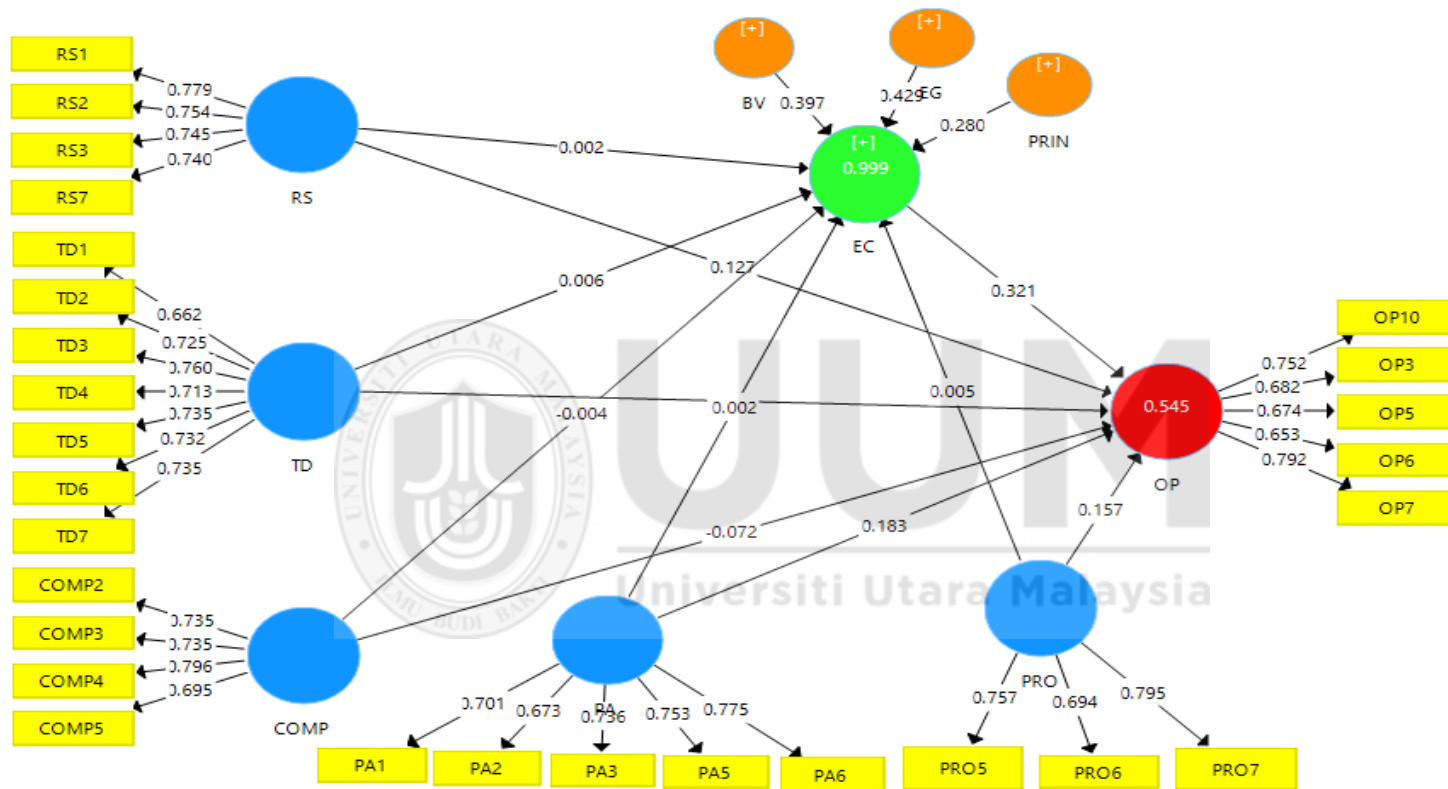


Figure 4.2

*Repeated Indicator Approach (Algorithms)*

Note: The ethical climate (EC) indicates that the same items loaded on three dimensions i.e., benevolence, egoism and principled (BV, EG and PRIN) were repeated on ethical climate (HOCs) but hidden for the purpose of good appearance of the diagram

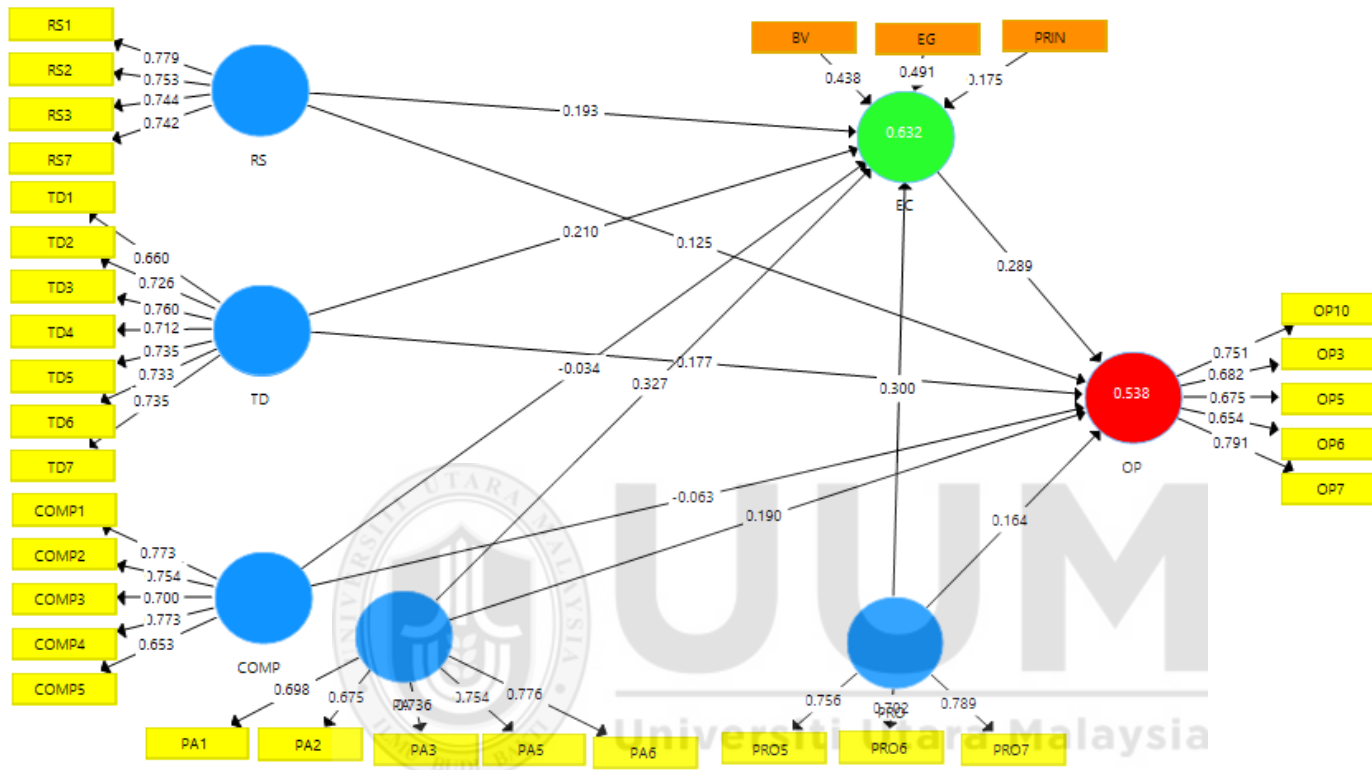


Figure 4.3

*Two-stage Approach (Algorithms)*

Note: The formative factors on ethical climate (EC) are the latent variable scores of benevolence (BV) egoism (EG) principled (PRIN)



#### **4.9.1 Reflective Measurement Models for HRM practices and OP**

Four components were discussed in assessing reflective measurement models includes; individual items reliability, internal consistency using composite reliability, convergent validity of AVE (average variance extracted) and discriminant validity using square root of AVE respectively.

##### **4.9.1.1 Individual Item Reliability of Reflective Measurement Models**

Individual item reliability was evaluated by examining the outer loadings of each latent construct (Duarte, Alves, & Raposo, 2010; Hair *et al.*, 2014; Hair, Sarstedt, Ringle, & Mena, 2012; Hulland, 1999). Following the rule of thumb for retaining indicators items with loadings between .40 and .70 (Hair *et al.*, 2014), it was revealed that out of 43 items measuring six (6) reflective constructs (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance) 14 items were deleted because their loadings are below the benchmark of .40. (recruitment and selection, RS4, RS5, RS6, RS8, performance appraisal, PA4, promotion opportunity, PRO1, PRO2, PRO3, PRO4 and organizational performance PO1, PO2, PO4, PO8, PO9. Therefore, 29 items were remained in the whole reflective model as they had loadings between .65 and .79 (see Table 4.10).

#### 4.9.1.2 Internal Consistency Reliability of Reflective Measurement Models

According to Bijttebier *et al.* (2000) and Sun *et al.* (2007) internal consistency reliability can be defined as the extent to which all items on a particular (sub) scale are measuring the same concept. Similarly, composite reliability coefficient and Cronbach's alpha coefficient are the most commonly used estimators of the internal consistency reliability of an instrument in academic research (e.g., Bacon, Sauer, & Young, 1995; McCrae, Kurtz, Yamagata, & Terracciano, 2011; Peterson & Kim, 2013). In the present study, composite reliability coefficient was chosen to ascertain the internal consistency reliability of measures adapted based on two main justifications. Firstly, composite reliability coefficient offers a much less biased assessment of reliability than Cronbach's alpha coefficient because the later assumes all items contribute equally to the construct without considering the actual contribution of an individual item loadings (Barclay, Higgins, & Thompson, 1995; Götz, Liehr-Gobbers, & Krafft, 2010).

Secondly, Cronbach's alpha coefficient may over or under-assess the scale reliability. The composite reliability indicators loadings are different and can be interpreted in the same way as Cronbach's  $\alpha$  (i.e., no matter what reliability coefficient is employed, an internal consistency reliability value above .70 is considered as acceptable for a suitable model, while value below .60 signifies lack of reliability). Yet, the interpretation of internal consistency reliability using composite reliability coefficient was based on the rule of thumb provided by Bagozzi and Yi, (1988) and Hair *et al.* (2011), who recommended that the composite reliability coefficient should be at least .70 or more. Table 4.10, shows that composite reliability coefficient of each the constructs ranged

from .79 to .88, with each higher than the minimum satisfactory level of .70, Therefore, internal consistency reliability of all the reflective constructs (composite reliability) in this study is adequate (Bagozzi & Yi, 1988; Hair *et al.*, 2011).

Table 4.10  
*Measurement Model: Reliability and Convergent Validity (n=181)*

Constructs	Items	Loadings	AVE	CR
Recruitment and Selection	RS1	0.78	0.57	0.84
	RS2	0.75		
	RS3	0.74		
	RS7	0.74		
Training and Development	TD1	0.66	0.52	0.88
	TD2	0.73		
	TD3	0.76		
	TD4	0.71		
	TD5	0.74		
	TD6	0.73		
	TD7	0.74		
Compensation Practice	COMP1	0.77	0.54	0.85
	COMP2	0.75		
	COMP3	0.70		
	COMP4	0.77		
	COMP5	0.65		
Performance Appraisal	PA1	0.70	0.53	0.85
	PA2	0.68		
	PA3	0.74		
	PA5	0.75		
	PA6	0.78		
Promotion Opportunity	PRO5	0.76	0.56	0.79
	PRO6	0.70		
	PRO7	0.79		
Organizational Performance	OP10	0.75	0.51	0.84
	OP3	0.68		
	OP5	0.68		
	OP6	0.65		
	OP7	0.79		

Note \*AVE= Average variance Extracted \*CR= Composite reliability

#### **4.9.1.3 Convergent Validity of Reflective Measurement Models (AVE)**

Convergent validity can be defined as the degree to which items accurately represent the intended latent construct and certainly correlate with other measures of the similar latent construct (Hair *et al.*, 2006). Convergent validity was evaluated by examining the Average Variance Extracted (AVE) of each latent construct, as recommended by Hair *et al.* (2014). To achieve adequate convergent validity, Chin (1998) and Hair *et al.* (2011) suggested that the AVE of each latent construct should be .50 or more. As presented in Table 4.10, the values of the AVE of reflective constructs (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance) between 0.51 and 0.57, suggested as acceptable values. Following the recommendation of Chin (1998) and Hair *et al.* (2011) the AVE values of all the reflective constructs (recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity and organizational performance) in this study is achieved. Therefore, the convergent validity in this study is satisfactory (see Table 4.10).

#### **4.9.1.4 Discriminant Validity of Reflective Measurement Models**

Discriminant validity refers to the level to which a particular latent reflective construct is vary from other latent reflective constructs (Duarte & Roposo, 2010). There are two (2) methods to ascertain discriminant validity in reflective measurement models. Discriminant validity by Fornell and Larcker (1981) and cross-loading criterion by Chin (1998).

In this study, discriminant validity was achieved using the square root of AVE, as recommended by Fornell and Larcker (1981). This was ascertained by comparing the correlations between the latent constructs with square roots of AVE (Fornell & Larcker, 1981). To ascertain adequate discriminant validity, Fornell and Larcker (1981) further recommend that the square root of the AVE should be higher than the correlations between the latent reflective constructs (loadings and cross loadings). In other words, discriminant validity was examined following Chin's (1998) criterion by relating the indicator items loadings with other reflective indicators in the cross loadings table.

In Table 4.11, the correlations between the reflective constructs were compared with the square root of the AVE (values in bold face). Table 4.11 also indicates that the square root of the AVE of all the reflective constructs were all higher than the correlations between the latent reflective constructs, suggesting adequate discriminant validity (Fornell & Larcker, 1981). Therefore, such reflective latent constructs are distinctive from other latent constructs (Hair *et al.*, 2014). Based on this criterion, all the reflective latent constructs of this study have achieved discriminant validity (see Table 4.11).

Table 4.11  
*Discriminant Validity (Fornell-Lacker Criterion) (n=181)*

Constructs	1	2	3	4	5	6
Recruitment and Selection	<b>0.76</b>					
Training and Development	0.52	<b>0.72</b>				
Compensation practice	0.39	0.52	<b>0.73</b>			
Performance Appraisal	0.56	0.56	0.55	<b>0.73</b>		
Promotion Opportunity	0.33	0.45	0.40	0.52	<b>0.75</b>	
Organizational Performance	0.52	0.57	0.38	0.61	0.54	<b>0.71</b>

Note: Entries shown in bold face represent the square root of the average variance extracted. (*Measurement Model*)

Moreover, as stated earlier, discriminant validity can be achieved comparing the indicator items loadings with cross-loadings (Chin, 1998). To ascertain satisfactory discriminant validity, Chin (1998) recommends that all the indicator items loadings should be greater than the cross-loadings. Table 4.12 compares the indicator items loadings with other reflective indicators. All indicator items loadings were higher than the cross loadings, recommending acceptable discriminant validity for further analysis. Therefore, in this study all the criteria for attaining discriminant validity were achieved (see Table 4.12)



Table 4.12

*Measurement Model: Discriminant Validity (Cross Loadings) (n=181)*

Items	RS	TD	COMP	PA	PRO	OP
RS1	<b>0.78</b>	0.45	0.41	0.47	0.22	0.40
RS2	<b>0.75</b>	0.43	0.15	0.40	0.24	0.47
RS3	<b>0.74</b>	0.34	0.41	0.46	0.26	0.36
RS7	<b>0.74</b>	0.34	0.23	0.35	0.29	0.32
TD1	0.31	<b>0.66</b>	0.23	0.24	0.26	0.28
TD2	0.39	<b>0.73</b>	0.35	0.47	0.38	0.40
TD3	0.40	<b>0.76</b>	0.44	0.45	0.42	0.45
TD4	0.35	<b>0.71</b>	0.35	0.42	0.32	0.47
TD5	0.37	<b>0.74</b>	0.28	0.36	0.25	0.39
TD6	0.39	<b>0.73</b>	0.40	0.39	0.29	0.38
TD7	0.41	<b>0.74</b>	0.55	0.47	0.34	0.45
COMP1	0.30	0.45	<b>0.77</b>	0.43	0.37	0.32
COMP2	0.25	0.41	<b>0.75</b>	0.45	0.32	0.33
COMP3	0.32	0.42	<b>0.70</b>	0.44	0.27	0.27
COMP4	0.27	0.34	<b>0.77</b>	0.39	0.32	0.26
COMP5	0.30	0.27	<b>0.65</b>	0.32	0.18	0.20
PA1	0.35	0.42	0.33	<b>0.70</b>	0.38	0.41
PA2	0.36	0.28	0.48	<b>0.67</b>	0.33	0.30
PA3	0.41	0.44	0.38	<b>0.74</b>	0.35	0.47
PA5	0.44	0.35	0.34	<b>0.75</b>	0.38	0.51
PA6	0.45	0.52	0.50	<b>0.78</b>	0.45	0.49
PRO5	0.20	0.29	0.18	0.36	<b>0.76</b>	0.39
PRO6	0.31	0.33	0.31	0.35	<b>0.70</b>	0.34
PRO7	0.24	0.39	0.41	0.45	<b>0.79</b>	0.46
OP10	0.39	0.38	0.23	0.35	0.39	<b>0.75</b>
OP3	0.35	0.36	0.16	0.43	0.38	<b>0.68</b>
OP5	0.33	0.41	0.30	0.43	0.43	<b>0.68</b>
OP6	0.36	0.41	0.29	0.39	0.35	<b>0.65</b>
OP7	0.41	0.46	0.37	0.55	0.37	<b>0.79</b>

## 4.9.2 Formative Measurement Model

Following the assessment of reflective measurement model, the formative assessment of the construct (ethical climate) will be discuss below.

### 4.9.2.1 Collinearity and Significance Assessment of Formative Model

For the formative construct (i.e., ethical climate), there are two conditions used to assess each indicator on whether it is significant to the latent construct as outlined by Hair *et al.* (2014). Firstly, is to examine the non-collinearity among the indicators with tolerance and VIF values, the value of which should be .20 or more and 5 or less. Secondly, is to evaluate the significance of the statistical contribution (i.e., relatively and absolutely) of each and all the indicator to the main construct concern.

Table 4.13  
*Measurement Model: VIF, Tolerance and Indicators Significance Testing Result (n=181)*

<b>Formative Construct</b>	<b>Formative Indicators</b>	<b>VIF</b>	<b>Tolerance</b>	<b>Outer Weights</b>	<b>Outer Loadings</b>	<b>T Statistics</b>
Ethical Climate	Benevolence	2.08	0.48	0.44	0.91	4.68***
	Egoism	2.67	0.37	0.49	0.94	5.02***
	Principled	2.31	0.43	0.18	0.80	2.05**

\*\*\*p < 0.01; \*\*p < 0.05

Note: Outer loadings represent absolute contribution, while their corresponding values by the left (i.e., outer weights) represent the relative contribution of an indicator or the LOC to the main construct or the HOC (i.e., ethical climate).

As can be seen from Table 4.13, the VIF values of all the indicators (i.e., lower order component) of the formative construct (i.e., EC) are below the critical value of 5. This evidently indicates that there is no collinearity between indicators. Additionally, the outer weights values of benevolence, egoism, and principled formative indicators revealed enough evidence of the relative contributions to the main construct. Equally, the outer



loadings of all formative indicators explain the absolute contribution to the main construct as their values are all above the benchmark of 0.50. Subsequently, all three indicators are essential (absolutely and relatively) to the main construct (Hair *et al.*, 2014). Therefore, reflective and formative constructs of this study are reliable and valid empirically for further analyses.

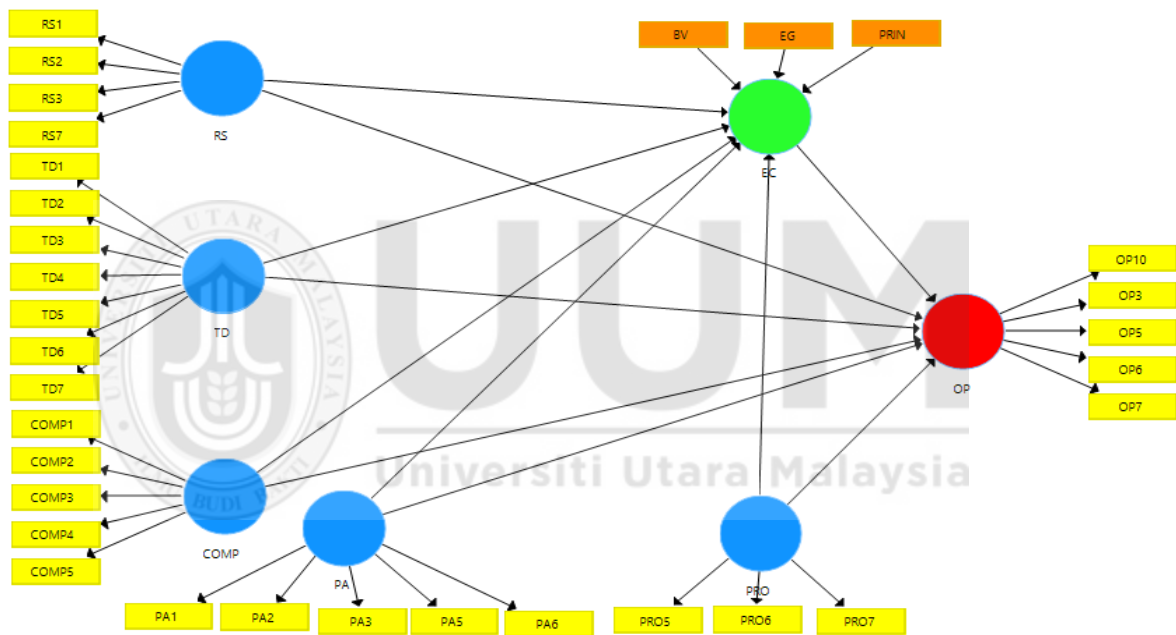


Figure 4.4  
*Measurement model*

## 4.10 Assessment of the Structural Model

As stated earlier, once the measurement model (outer model) is satisfied both the reliability and validity of the model are ascertained, the next stage was to assess the structural model results. This involved evaluating the structural model's predictive abilities and the link among the constructs. The fundamental criteria for evaluating the structural model in PLS-SEM are the significance of the path coefficients, coefficient determination ( $R^2$ ), the effect size ( $f^2$ ) and predictive relevance ( $Q^2$ ) (Hair *et al.*, 2014). This present study carried out a systematic model analysis of the structural model to provide a comprehensive picture of the results and hypotheses tested.

### 4.10.1 Hypotheses Testing for Direct Relationships between IVs and DV

The first model (Figure 4.5) concentrated on the analysis of the direct relationship between the IVs and the DV (H1a to H1e). The assessment of the structural model begins with an examination of the direct relationships between the independent variables (IVs) (i.e., recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity) and the dependent variable (DV) OP. The size of the path coefficients was ascertained through PLS-SEM algorithm (Figure 4.5) and the significance of the relationship was also ascertained through PLS-SEM bootstrapping method (Figure 4.6) in the Smart PLS 3.2.6v. The study used the standard bootstrapping process with a number of 5000 bootstrap sub-samples from 181 cases to assess significance of the path coefficients (Hair *et al.*, 2016; Hair *et al.*, 2014; Hair *et al.*, 2011; Henseler *et al.*, 2009).

Based on the PLS-SEM algorithm and bootstrapping method as stated above, Figure 4.5 indicates the path coefficient of the IVs (recruitment and selection, training and development, performance appraisal, promotion opportunity) and the DV (organizational performance). The result shows that four HRM practices (RS, TD, PA and PRO) have a positive coefficient with the OP. The bootstrapping result in Figure 4.6 shows that the relationship between four of the HRM practices (RS, TD, PA, PRO) and the OP are significant at  $p < .01$ ; while compensation practice is not significant. Table 4.14 presents the path coefficients, t-statistics and p-values of the analysis.

With respect to H1a, the result reports that there is a positive significant relationship between recruitment and selection and OP ( $\beta = .19$ ;  $t = 2.74$ ;  $p < .01$ ); hence, H1a is supported. Similarly, H1b is also supported because the result indicates that training and development is significantly related to OP ( $\beta = .23$ ;  $t = 3.89$ ;  $p < .01$ ). About H1c, the result shows insignificant relationship between compensation practice and OP ( $\beta = -.07$ ;  $t = 1.01$ ;  $p > .1$ ); so H1c is not supported. However, H1d shows positive significant relationship between performance appraisal and OP ( $\beta = .29$ ;  $t = 3.58$ ;  $p < .01$ ); therefore, H1d is supported. Furthermore, H1e result revealed that promotion opportunity is positively related to OP ( $\beta = .25$ ;  $t = 3.41$ ;  $p < .01$ ); therefore, H1e is supported.

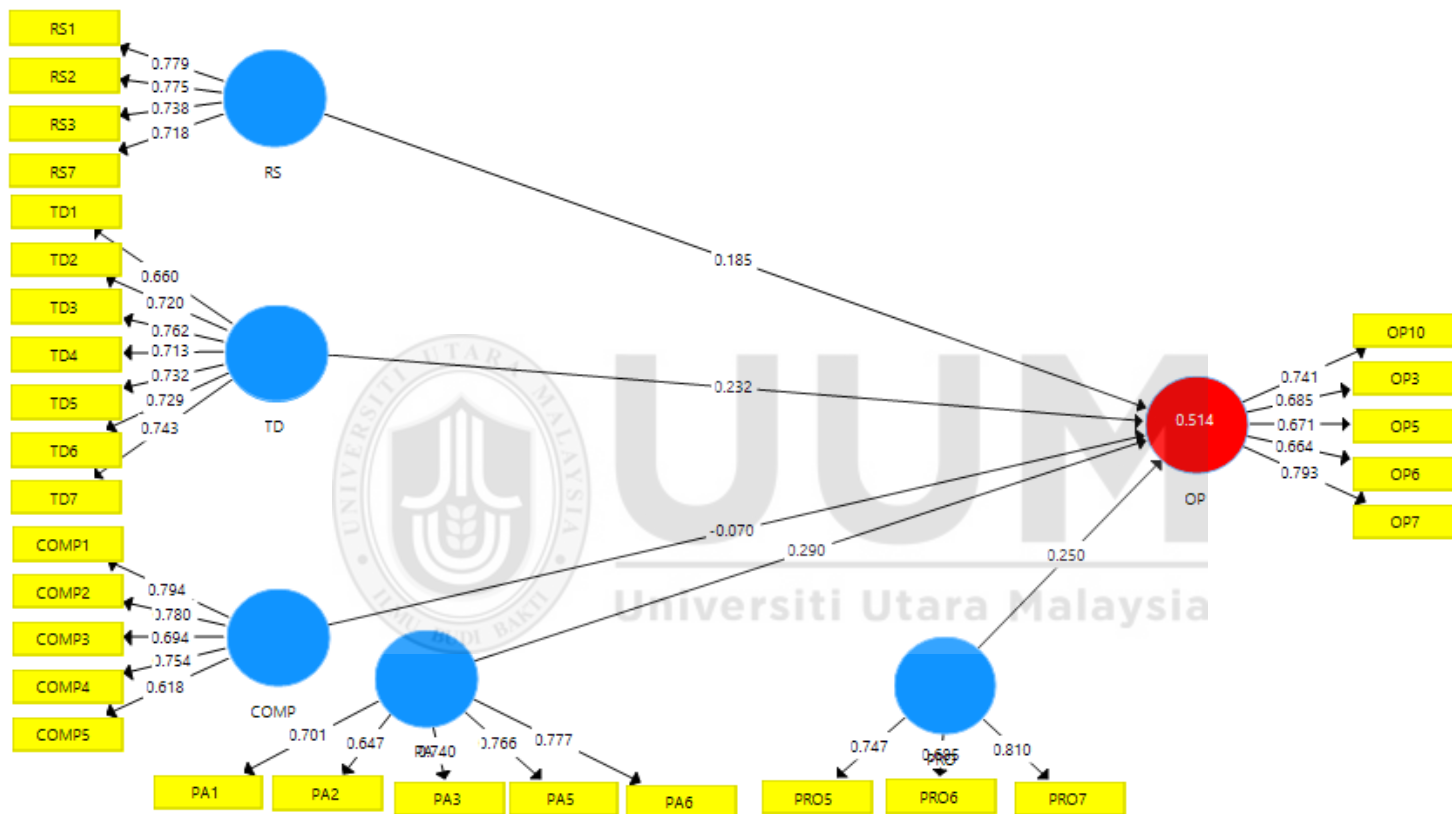


Figure 4.5  
 PLS-SEM Algorithm Direct Relationship (Measurement Model) IVs and DV

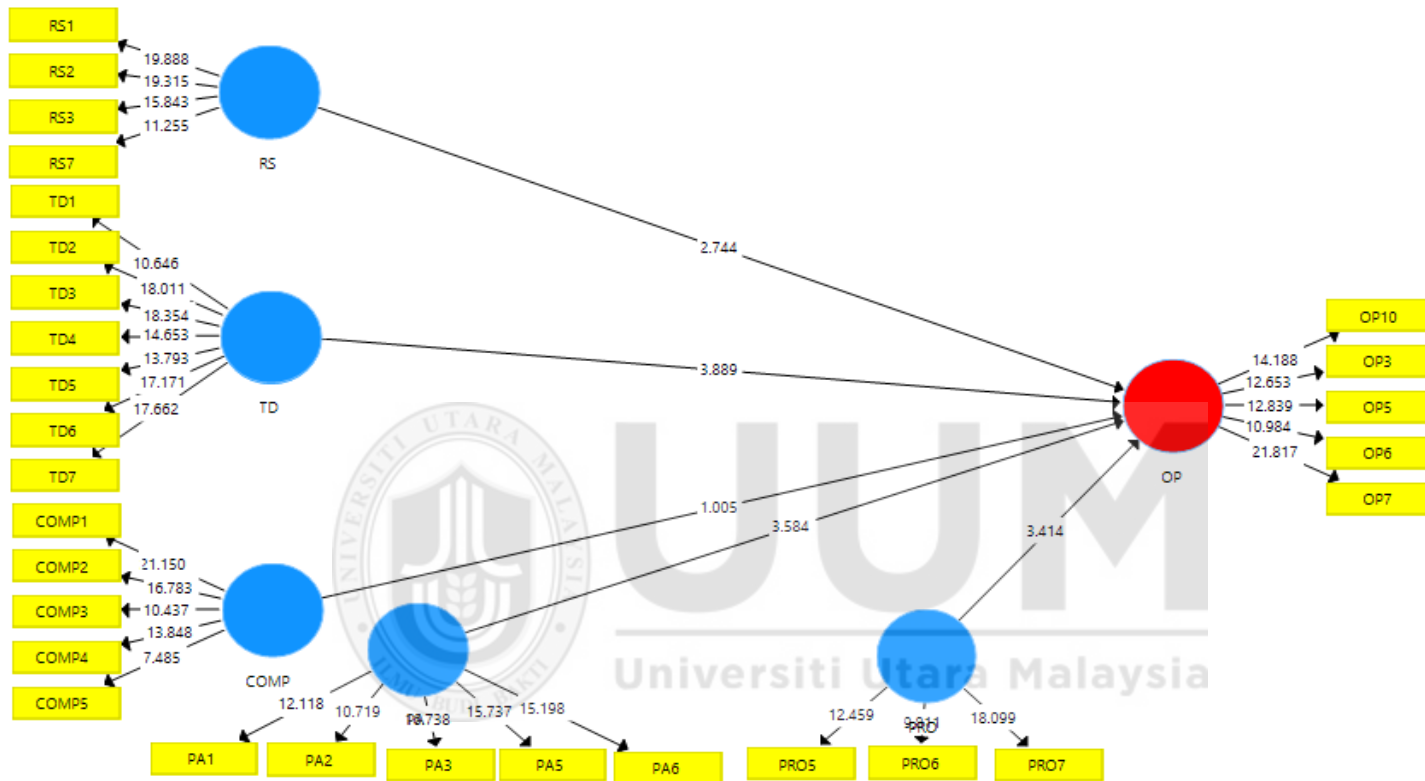


Figure 4.6  
 PLS-SEM Bootstrapping Direct Relationship (Structural Model)

Table 4.14

*Results of Hypotheses Testing Direct Relationships between IVs and DV (n=181)*

Hypotheses	Relationship	Beta	SE	T Statistics	Decision
H1a	RS -> OP	0.19	0.07	2.74***	Supported
H1b	TD -> OP	0.23	0.06	3.89***	Supported
H1c	COMP -> OP	-0.07	0.07	1.01	Not Supported
H1d	PA -> OP	0.29	0.08	3.58***	Supported
H1e	PRO -> OP	0.25	0.07	3.41***	Supported

Note: Significant level \*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.10

#### 4.10.1.1 Coefficient of Determination for Direct Relationships

Another assessment and significance of structural model for the relationship between IVs (recruitment and selection, training and development, performance appraisal, promotion opportunity) and DV (OP) in the PLS-SEM model is evaluation of coefficient of determination ( $R^2$ ) (Hair *et al.*, 2011, 2012; Henseler *et al.*, 2009). The  $R^2$  is the amount of the predictive accurateness of the model (Hair *et al.*, 2014). The  $R^2$  value signifies the collective effects of the exogenous latent constructs on the endogenous latent constructs (Hair *et al.*, 2014; Hair *et al.*, 2006, 2010). Therefore, the  $R^2$  value of the endogenous construct of the direct relationships model is indicated in Table 4.15.

Even though, the acceptable level of  $R^2$  value depends on the research model, context and area (Hair *et al.*, 2014; Hair *et al.*, 2010), Falk and Miller (1992) recommended that an  $R^2$  value of .10 is acceptable. According to Chin (1998) and Hair *et al.* (2011)  $R^2$  values of 0.75, 0.50 and 0.25 shows, large, moderate and weak respectively.

Table 4.15

*Coefficient of Determination ( $R^2$ ) for Direct Relationship between IVs and DV (n=181)*

Latent Variables	Variance Explained ( $R^2$ )
Organizational Performance	51%

As presented in Table 4.15, the exogenous latent variables of this study (i.e., RS, TD, COMP, PA and PRO) explain 51 percent variance of OP. As recommended by Chin (1998), the  $R^2$  value explained by the exogenous latent variables on the endogenous latent variable in this study for the direct relationships are considered moderate.

#### 4.10.1.2 Assessment of the Effect Size for Direct Relationships between IVs and DV

Having assessed the coefficient of determination of the endogenous latent variables, the next criterion is to assess the effect size ( $f^2$ ) as recommended by Hair, Ringle, and Sarstedt (2013). Effect size is the change in  $R^2$  between the main effects when an individual exogenous latent variable in the model and when it is also removed from the model. This is usually done to evaluate whether the omitted exogenous latent variable has a substantial effect on the endogenous variable (Hair *et al.*, 2013). Therefore, the effect size of exogenous latent variable could be calculated using the formula below (Cohen, 1988; Selya, Rose, Dierker, Hedeker, & Mermelstein, 2012).

$$\text{Effect size: } f^2 = \frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}}$$

Where:

$f^2$  is the value that determines the effect size of exogenous latent construct on the endogenous latent construct.  $R^2$  Included is the  $R^2$  value of the endogenous latent variable

before removing a specific exogenous latent variable. On the other hand,  $R^2$  Excluded symbolizes the changes in the  $R^2$  value of the endogenous latent variable after excluding a specific exogenous latent variable from the model. Based on the formula above, the  $f^2$  values of 0.02, 0.15, and 0.35, revealed as small, moderate, and large respectively (Cohen, 1988). (See Table 4.16 for effect size of all the exogenous latent variables in the direct relationship between IVs and DV).

Table 4.16  
*Assessment of the Effect Size  $f^2$  for Direct Relationships between IVs and DV (n=181)*

<b>Constructs</b>	<b><math>R^2</math> Included</b>	<b><math>R^2</math> Excluded</b>	<b><math>f^2</math></b>	<b>Effect Size</b>
Recruitment and Selection	0.51	0.49	0.04	Small
Training and Development	0.51	0.48	0.06	Small
Compensation Practice	0.51	0.51	0.00	None
Performance Appraisal	0.51	0.47	0.08	Small
Promotion Opportunity	0.51	0.47	0.08	Small

As presented in Table 4.16 the effects size evaluation of the respective exogenous latent constructs on the endogenous latent construct in the direct relationship between IVs and DV, four exogenous latent variables (RS, TD, PA and PRO) have small significant effect on the endogenous latent construct, while one construct (COMP) has no (none) any effect based on the formula of Cohen (1988).



#### 4.10.1.3 Assessment of Predictive Relevance for Direct Relationships (HRM->OP)

Furthermore, having assess the level of the  $R^2$  value of the model and the effect size of all the exogenous latent variables on the endogenous latent variable, it is suggested that researchers should considered evaluating the predictive relevance of the model by evaluating the level of predictive relevance ( $Q^2$ ) value (Geisser, 1974; Stone, 1974). This condition is an indicator of the predictive relevance of the model (Hair *et al.*, 2014). This criterion can yet, be regarded as part of the model assessment in the PLS-SEM analysis (Duarte *et al.*, 2010; Stone, 1974) and therefore the  $Q^2$  revealed how well the observed values are formed the model as well as its parameter estimations (Chin, 1998).

Therefore, blindfolding procedure was employed in this study and a cross-validated redundancy result was used to observe the predictive relevance ( $Q^2$ ) of the exogenous latent constructs on the endogenous latent construct (Geisser, 1974; Hair *et al.*, 2014; Hair *et al.*, 2013; Ringle, Sarstedt, & Straub, 2012; Stone, 1974). A model with the  $Q^2$  above zero is assumed to have predictive relevance (Henseler *et al.*, 2009), and thus the higher the  $Q^2$  the higher the predictive relevance (Duarte & Roposo, 2010). (See Table 4.17. and Figure 4.7).

Table 4.17  
*Predictive Relevance for Direct Relationships:  $Q^2$  (n=181)*

Total	SSO	SSE	1-SSE/SSO
Organizational Performance	905	691.83	0.24

Note: SSO (sum of squared observations); SSE (sum of squared prediction errors)

As presented in Table 4.17 (refer to Figure 4.7) the result from blindfolding and cross-validated redundancy ( $Q^2$ ) of the latent endogenous construct of the direct relationships model. As the result of  $Q^2$  in this study is higher than zero, this clearly shows that model has predictive relevance (Chin, 1998; Hair *et al.*, 2014; Hayes, 2009).



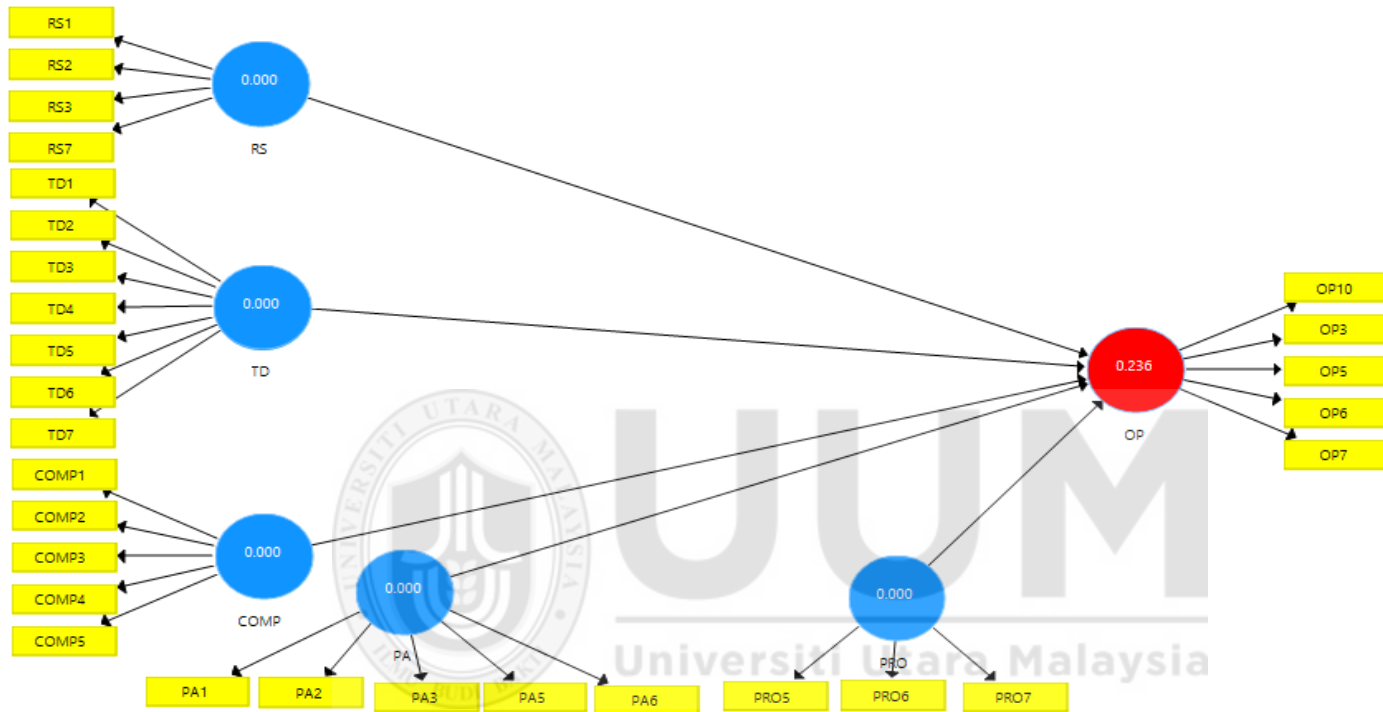


Figure 4.7  
*Blindfolding Direct Relationships (Structural Model) IVs and DV.*

#### 4.10.2 Hypotheses Testing for Direct relationship between IVs and MV

Similarly, in the second model, (Figure 4.8) the mediator variable was introduced, and the link between the IVs (i.e., recruitment and selection, training and development, compensation practice, performance appraisal, promotion opportunity.) As indicated in Figure 4.9, the path coefficients between the four IVs (RS, TD, PA and PRO) and the mediator variable (EC) are all positive, while only one IV (COMP) found negative in the path coefficient. Hence, the bootstrapping result found in Figure 4.9 shows all the path coefficients are significant at ( $p < .01$  and  $p < .05$ ), except one which revealed insignificant relationship statistically. Additionally, Table 4.18 presents the relationship and t-statistics of the analysis.

The hypothesis (H2a) predicted the positive significant relationship between recruitment and selection and EC, hence H2a is supported ( $\beta = .19$ ;  $t = 3.66$ ;  $p < .01$ ). With respect to H2b, the result indicates positive significant relationship between training and development and EC ( $\beta = .21$ ;  $t = 3.88$ ;  $p < .01$ ), so H2b is also supported. However, H2c is not supported, the result shows that there is insignificant relationship between compensation practice and EC ( $\beta = .03$ ;  $t = 0.68$ ;  $p > .1$ ), hence H2c is statistically rejected. However, with regards to H2d the result shows a positive impact of performance appraisal on EC ( $\beta = .33$ ;  $t = 4.62$ ;  $p < .01$ ), therefore, H2d is supported. Likewise, H2e the result indicates that promotion opportunity influences EC ( $\beta = .30$ ;  $t = 5.15$ ;  $p < .01$ ), thus H2e is also supported. (See Table 4.18).

Again, as indicated in Figure 4.9 the path coefficients of the four IVs (recruitment and selection, training and development, performance appraisal, and promotion opportunity are positive, while one (compensation practice) path coefficients has a negative sign. The bootstrapping result revealed in Figure 4.9 indicates all the path coefficient are significant, except compensation practice to EC, hypothesis (H2c) with shown insignificant sign.

Table 4.18

*Results of Hypotheses Testing of Direct relationship IVs and MV (n=181)*

Hypotheses	Relationship	Beta	SE	T Statistics	Decision
H2a	RS -> EC	0.19	0.05	3.66***	Supported
H2b	TD-> EC	0.21	0.05	3.88***	Supported
H2c	COMP -> EC	-0.03	0.05	0.68	Not Supported
H2d	PA -> EC	0.33	0.07	4.62***	Supported
H2e	PRO->EC	0.30	0.06	5.15***	Supported

Note: Significant level \*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.10

#### 4.10.3 Hypothesis Testing for Direct relationship between MV and DV

The relationship between mediator (EC) and DV (OP) also were evaluated. In this regards, these relationship (EC and OP) is found statistically positive ( $\beta = .29$ ;  $t=2.98$ ;  $p<.01$ ). Therefore, H3 is supported. Figure 4.9 also revealed the path coefficient is significant.

Table 4.19

*Result of Hypothesis Testing Direct Relationships between MV and DV (n=181)*

Hypothesis	Relationship	Beta	SE	T-Statistics	Decision
H3	EC -> OP	0.29	0.10	2.98***	Supported

Note: Significant level \*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.10

#### 4.10.4 Mediation Analysis

Knowing the benefit of bootstrapping technique over other approaches, Hair *et al.* (2014); and Hayes and Preacher (2010) recommending testing the significance of the mediation via bootstrapping techniques. Therefore, this present study tested the mediating effect of EC on the relationship between HRM practices (RS, TD, COMP, PA and PRO) on OP with Smart PLS 3.2.6 (Hair *et al.*, 2016) using the bootstrapping method with 181 cases and 5,000 sample. Figure 4.8 shows the PLS-SEM algorithm after including the EC as mediator; and Figure 4.9 shows the PLS-SEM bootstrapping after EC is included as mediator.

In testing the mediation analysis, mediator variable (EC) were involved in Figure 4.9 and run the bootstrapping, result of the 5,000 sample in bootstrapping method was used to multiply *path a* and *path b*. Then the product of the two significant paths was divided by the standard error of the product of the two paths ( $a*b/SE$ ) to get the t-value. Similarly, variance accounted for (VAF) analysis was conducted to examine the level of mediation (Hair *et al.*, 2014; Hair *et al.*, 2013). Hence it is clear from Table 4.20 EC mediates the positive relationship between recruitment and selection and OP ( $\beta=.06$ ;  $t=2.18$ ;  $p<.05$ ); training and development and OP ( $\beta=.06$ ;  $t=2.19$ ;  $p<.05$ ); performance appraisal and OP ( $\beta=.09$ ;  $t=2.25$ ;  $p<.05$ ) and promotion opportunity and OP ( $\beta=.09$ ;  $t=3.01$ ;  $p<.05$ ). However, Table 4.20 indicates that EC does not mediate the relationship between compensation practice and OP ( $\beta= -.01$ ;  $t= -0.56$ ;  $p>.10$ ).

Table 4.20  
*Result of Mediation Test (n=181)*

Hypotheses	Beta	SE	T-Statistics	Decision
RS->EC->OP	0.06	0.03	2.18**	Supported
TD->EC->OP	0.06	0.03	2.19**	Supported
COMP->EC->OP	-0.01	0.02	-0.56	Not Supported
PA->EC->OP	0.09	0.04	2.25**	Supported
PRO->EC->OP	0.09	0.03	3.01***	Supported

Note: Significant level \*\*\*p < 0.01; \*\*p < 0.05; \*p < 0.10

However, Hair *et al.* (2016) recommended for confidence interval calculation and Smart PLS 3.2.6 automatically generated the confidence interval estimation at 5 percent lower level (LL) and 95 percent upper level (UL) as shown in Table 4.21.

Table 4.21  
*Structural Model: Confidence Interval for Mediating Relationships (n=181)*

Hypotheses	Path a	Path b	a*b (Beta)	5% LL	95% UL	Decision
H4a RS->EC->OP	0.19	0.29	0.06	0.01	0.11	Supported
H4b TD->EC->OP	0.21	0.29	0.06	0.02	0.12	Supported
H4c COMP->EC->OP	-0.03	0.29	-0.01	-0.04	0.02	Not Supported
H4d PA->EC->OP	0.33	0.29	0.09	0.03	0.17	Supported
H4e PRO->EC->OP	0.30	0.29	0.09	0.03	0.16	Supported

Note: Hypothesis is supported when there is no zero (i.e. when LL has negative sign and UL has positive sign) between LL and UL

As presented in Table 4.21 above, there is no zero (i.e., when the upper bound has a positive signs) between the confidence intervals of the supported hypotheses based on T value. Therefore, all the supported hypotheses as shown in Table 4.20 are reaffirmed by the confidence interval calculation. In summary, all the mediation statistical result revealed that ethical climate mediates the relationships between recruitment and selection, training and development, performance appraisal as well as promotion opportunity and OP. While there is no mediation between compensation practice and OP.

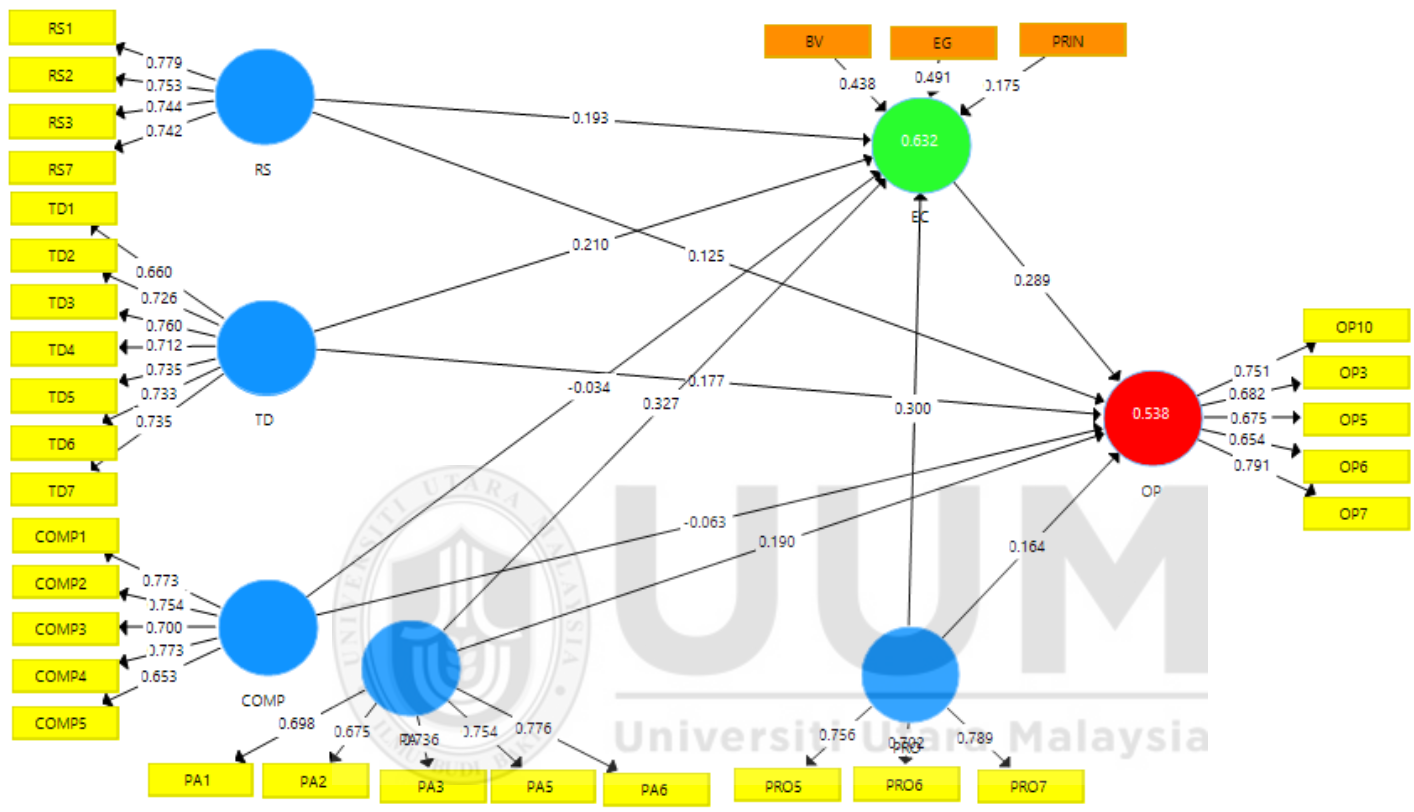


Figure 4.8  
*PLS-SEM Algorithm for Mediation Relationship*



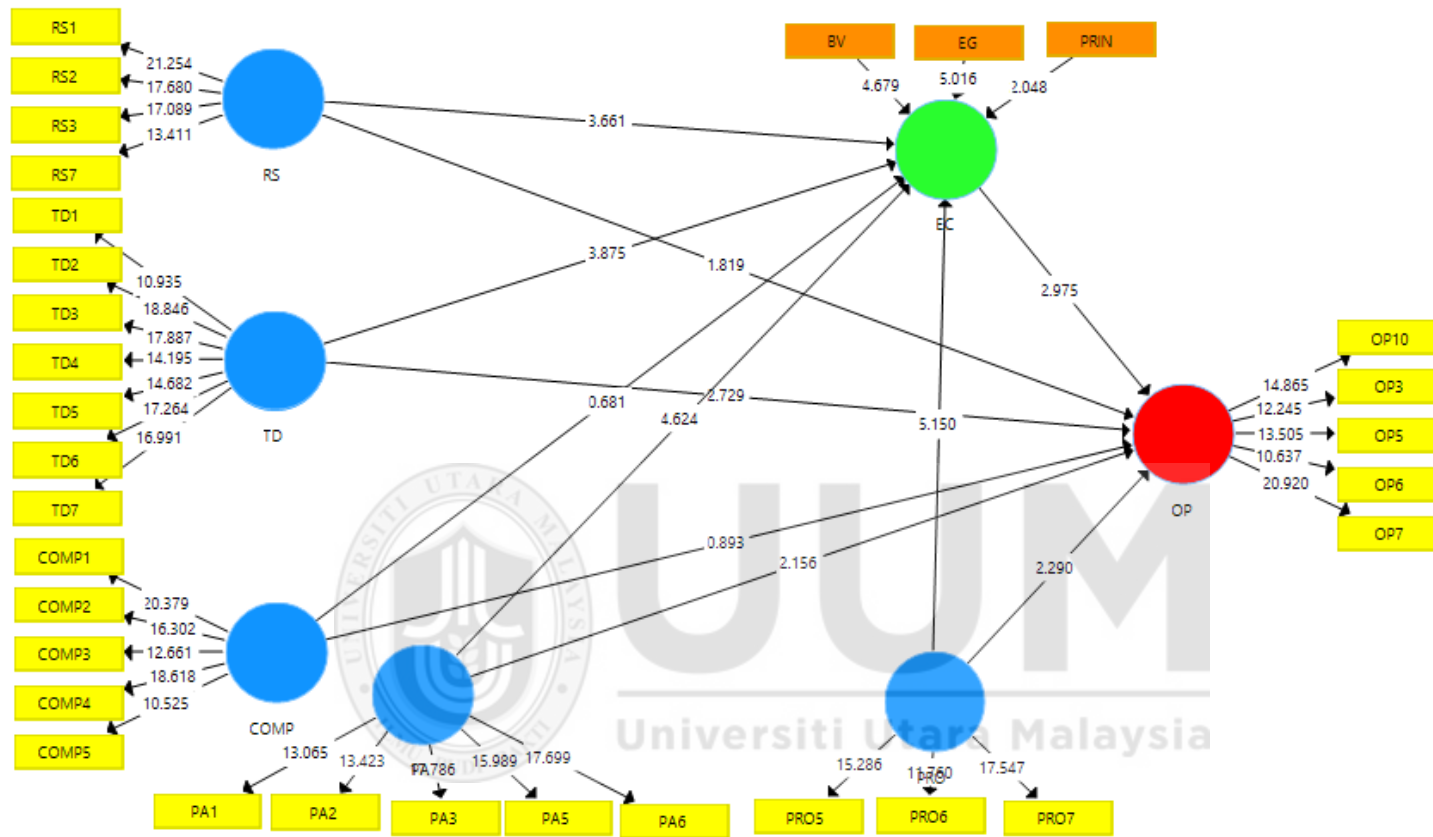


Figure 4.9  
PLS-SEM Bootstrapping for Mediation Relationship

#### 4.10.4.1 Coefficient of Determination for Mediating Relationships ( $R^2$ )

Usually, one of the criteria used for evaluating structural model is coefficient of determination ( $R^2$ ) of endogenous latent variables (Hair *et al.*, 2014; Hair *et al.*, 2011, 2012; Henseler *et al.*, 2009). The  $R$ -squared value symbolizes the proportion of variation in the DV that can be explained by one or more predictor variable (Elliott & Woodward, 2007; Hair *et al.*, 2010; Hair *et al.*, 2006).

Though the satisfactory level of  $R^2$  value depends on the study context and area (Hair *et al.*, 2010), Falk and Miller (1992) recommend an  $R^2$  value of .10 as a minimum satisfactory level. According to Chin (1998); Hair *et al.* (2011); Hair *et al.* (2014) and Hair *et al.* (2016)  $R^2$  values of 0.25, 0.50 and 0.75 shows weak, moderate and substantial  $R^2$  values respectively. The  $R^2$  value of EC (0.63) is moderate and OP (0.54) is also moderate respectively.

It follows that the  $R^2$  value revealed all the five exogenous variables (RS, TD, COMP, PA and PRO) joint together in the model explain 63% variance in the mediating variable (EC). Likewise, the general  $R^2$  value shows that all the six exogenous variables (RS, TD, COMP, PA, PRO and EC) joint together in the model explain 54% variance in the endogenous variable (OP). Therefore, based on the evaluation of the  $R^2$  of the endogenous latent variables OP (0.54) and mediating variable EC (0.63), it is established that the model has substantial predictive validity. Hence, the  $R^2$  values are presented in

Table 4.22.

Table 4.22

*Coefficient of Determination for Mediation Relationships: R-Squared (n=181)*

Latent Variables	Variance Explained ( $R^2$ )
Organizational Performance	54%
Ethical Climate	63%

#### 4.10.4. 2 Assessment of Effect Size ( $f^2$ )

Having evaluated the coefficient of determination of the endogenous latent variables (EC and OP), the next criterion assesses the effect size ( $f^2$ ) as recommended by Hair *et al.* (2013). Effect size is the change in  $R^2$  between the main effects when exogenous latent variable is in the model and when it is removed from the model. This is usually done to assess whether the removed exogenous latent construct has a substantial effect on the endogenous construct (Hair *et al.*, 2013). Hence, the effect size for exogenous latent variable could be calculated using the formula below (Cohen, 1988; Selya *et al.*, 2012).

$$\text{Effect size: } f^2 = \frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}}$$

Cohen (1988) describes  $f^2$  values of 0.35, 0.15 and 0.02 as having large, moderate, small effects respectively. However, Chin *et al.* (2003), emphasize that even the smallest strength of  $f^2$  should be considered as it has effect on endogenous latent variables. In this study, the effect size for the exogenous latent variables found to be statistically significant to influence the endogenous latent variables are evaluated and reported. The

result in Table 4.23 indicates the effect sizes of the exogenous latent variables on the respective endogenous latent variable of the structural model.

Table 4.23

*Assessment of the Effect Size for Mediating Relationships: f-Square (n=181)*

<b>Constructs</b>	<b>R<sup>2</sup> Included</b>	<b>R<sup>2</sup> Excluded</b>	<b>f<sup>2</sup></b>	<b>Effect Size</b>
RS-OP	0.54	0.53	0.02	Small
TD-OP	0.54	0.52	0.04	Small
COMP-OP	0.54	0.54	0.01	None
PA-OP	0.54	0.52	0.03	Small
PRO-OP	0.54	0.52	0.04	Small
EC-OP	0.54	0.51	0.05	Small
RS-EC	0.63	0.61	0.06	Small
TD-EC	0.63	0.61	0.07	Small
COMP-EC	0.63	0.63	0.00	None
PA-EC	0.63	0.58	0.14	Small
PRO-EC	0.63	0.57	0.17	Medium

Note: OP=Organizational Performance, RS=Recruitment and Selection, TD=Training and Development, COMP=Compensation Practice, PA=Performance Appraisal, PRO=Promotion Opportunity, EC=Ethical climate

As presented in Table 4.23, the effect sizes for the RS, TD, COMP, PA, PRO and EC on OP, were 0.02, 0.04, 0.01, 0.03, 0.04 and 0.05, respectively. Thus, following Cohen's (1988) recommendation, the effects sizes of these six exogenous variables on OP can be regarded as small except (COMP-OP) which indicates none effects size. Similarly, Table 4.23 also revealed that the effect sizes for the RS, TD, COMP, PA, and PRO on EC were 0.06, 0.07, 0.00, 0.14 and 0.17 respectively. Equally, based on the Cohen's (1988) recommendation, majority of the effect sizes results of these five exogenous latent constructs on EC can be regarded as small and only PRO found with moderate effect while COMP shows no effect.

#### 4.10.4. 3 Assessment of Predictive Relevance for Mediating Relationships

In this model also, another criterion for assessment of structural model is the model's predictive relevance ability. The predictive relevance can be evaluate using Stone–Geisser criterion  $Q^2$ , which means that an inner model must be able to provide evidence of prediction of the endogenous latent variable's indicators (Henseler *et al.*, 2009). This present study also used Stone-Geisser test of predictive relevance of the study model using blindfolding methods (Geisser, 1974; Stone, 1974). Usually, Stone-Geisser test of predictive relevance is used as an additional evaluation of goodness-of-fit in partial least squares structural equation modelling (Duarte *et al.*, 2010). Unlike the  $R^2$  that used in all types of model, predictive relevance cannot be used to formative construct (EC) it can only be apply to reflective construct (OP) (Hair *et al.*, 2014).

Therefore, a cross-validated redundancy condition was used to determine the predictive relevance ( $Q^2$ ) for only the reflective endogenous construct of this model (i.e., OP). According to Henseler *et al.* (2009), a research model with ( $Q^2$ ) greater than zero considered to have predictive relevance. In addition, a research model with higher positive  $Q^2$  statistic values recommend more predictive relevance. In this study, Table 4.24 presents the results of the cross-validated redundancy  $Q^2$  test obtained from blindfolding process.

Table 4.24

*Predictive Relevance for Mediating relationship ( $Q^2$ ) (n=181)*

<b>Total</b>	<b>SSO</b>	<b>SSE</b>	<b>1-SSE/SSO</b>
Organizational Performance	905	681.21	0.25

Note: SSO (sum of squared observations); SSE (sum of squared prediction errors)

As presented in Table 4.24, the cross-validation redundancy measure  $Q^2$  for endogenous latent construct (OP) were above zero (0.25), suggesting predictive relevance of the research model (Chin, 1998; Henseler *et al.*, 2009).



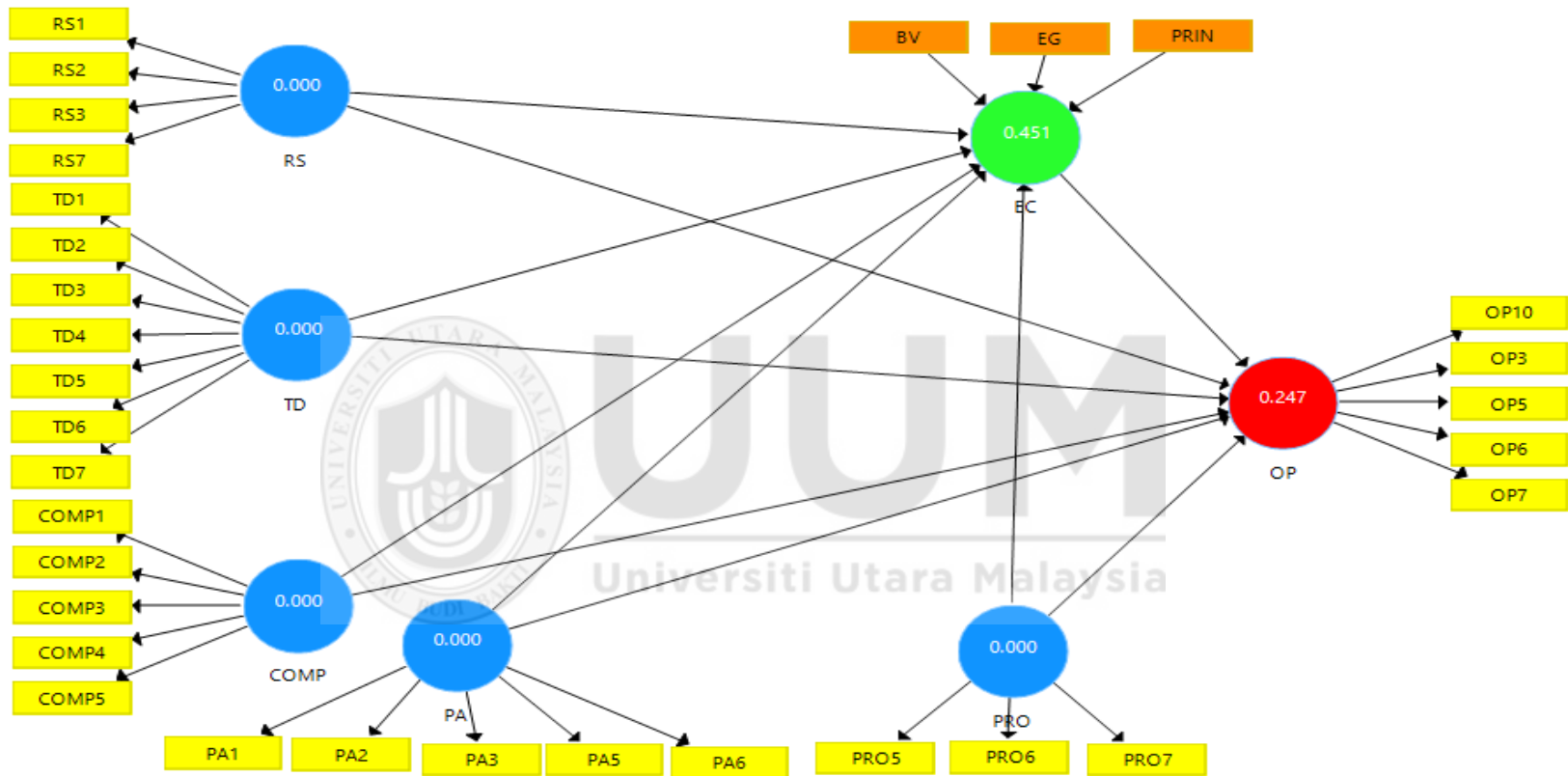
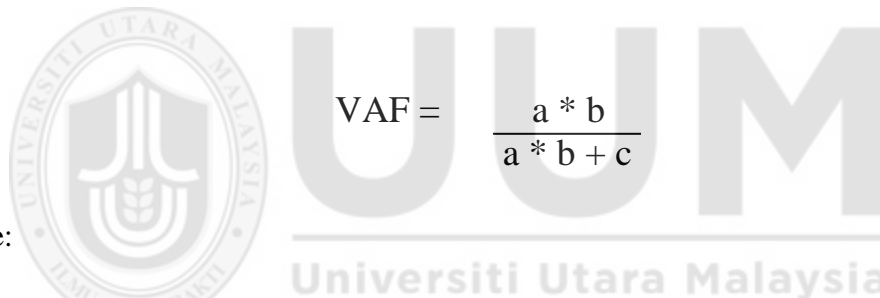


Figure 4.10  
*Blindfolding (Mediating Relationship)  $Q^2$*

#### 4.10.4.4 Assessment of the Magnitude of Mediating Effect

Variance accounted for (VAF) is applied to measure the level of the indirect effect in relation to the total effect (see Hair *et al.*, 2014b; Helm, Eggert, & Garnefeld, 2010). In essence, this criterion examines the level to which the variance of the criterion variable, which is explained by predicting variable, and how much of the variance of the former is explained by the indirect relationship via the intervening variable (Hair *et al.*, 2014b). Therefore, magnitude of the mediating effect is calculated through the following formula (i.e., EC) on the relationship between IV and DV (see Helm *et al.*, 2010).



$$\text{VAF} = \frac{a * b}{a * b + c}$$

Where:

$a*b$  represents the indirect effect

$c$  represents the direct effect after controlling the *path a* and *b* (i.e., indirect effect)

Table 4.25  
*Assessment of the Magnitude of Mediating Effect: VAF (n=181)*

Hypotheses	Relationship	Indirect	Direct	Total	VAF	Mediation
H4a	RS->EC->OP	0.06	0.13	0.19	32%	Partial
H4b	TD -> EC-> OP	0.07	0.18	0.24	29%	Partial
H4d	PA -> EC-> OP	0.09	0.19	0.28	32%	Partial
H4e	PRO ->EC->OP	0.09	0.16	0.25	36%	Partial



Based on the above stated formula, VAF value of less than 20 percent, 20 to 80 percent, and 80 percent and above, signifies no mediation, partial mediation, and full mediation respectively (Hair *et al.*, 2014; Hair *et al.*, 2013). Hence, the Table 4.25 above presents the VAF value of 32%, 29%, 32% and 36% respectively, for the *H4a*, *H4b*, *H4d* and *H4e* is characterized as partial mediation effect. Hence, the relationship between the mediator EC and the IVs and DV (RS and OP, TD and OP, PA and OP, PRO and OP), are partially mediated. On the other hand, VAF's assessment is not applicable to *H4c*, as there is no mediation effect between this IV (COMP) and the DV (OP) as recommended by Hair *et al.* (2014).

#### **4.11 Summary of Findings**

Having presented the findings of the hypothesized relationships in the prior sections of this chapter, it is enough to summarize such results in one table representing all the findings of the study. Therefore, Table 4.26 presents the summary of findings.

Table 4.26  
*Summary of Study Hypotheses*

<b>H</b>	<b>Statement of Hypotheses</b>	<b>Findings</b>
H1a	Recruitment and selection is significantly related to OP	Supported
H1b	Training and development is significantly related to OP	Supported
H1c	Compensation practice is significantly related to OP	Not Supported
H1d	Performance appraisal is significantly related to OP	Supported
H1e	Promotion opportunity is significantly related to OP	Supported
H2a	Recruitment and selection significantly related to EC	Supported
H2b	Training and development significantly related to EC	Supported
H2c	Compensation practice significantly related to EC	Not Supported
H2d	Performance appraisal significantly related to EC	Supported
H2e	Promotion opportunity significantly related to EC	Supported
H3	EC significantly related to OP	Supported
H4a	EC mediates the relationship between recruitment and selection and OP	Supported
H4b	EC mediates the relationship between training and development and OP	Supported
H4c	EC mediates the relationship between compensation practice and OP	Not Supported
H4d	EC mediates the relationship between performance appraisal and OP	Supported
H4e	EC mediates the relationship between promotion opportunity and OP	Supported

As presented above in Table 4.26, four (4) hypothesized direct relationships (i.e., H1a, H1b, H1d, and H1e) are supported empirically, whereas H1c is not supported. Similarly, four (4) direct hypotheses between IVs and the mediating variable are also supported

(i.e., H2a, H2b, H2d and H2e), while H2c is empirically rejected. Additionally, hypothesis between EC and OP (H3) also statistically supported. For the mediating relationships, four (4) hypotheses (i.e., H4a, H4b, H4d and H4e) are supported based on the statistical findings of this study, while H4c not supported statistically. Therefore, out of 16 hypotheses developed in this study, thirteen (13) hypotheses are all empirically supported, while the remaining three (3) are not supported empirically.

#### **4.12 Summary of the Chapter**

In summary, the chapter primarily concerns with analysis and findings. The researcher explained and justified several preliminary analyses conducted in this study. Precisely, the researcher investigated the missing values, replaced and justified the reason for the replacement. The evaluation of outliers was also carried out, and cases deleted were identified and justified. Other preliminary analysis performed in this chapter comprise normality, multicollinearity, non-response bias, and common method variance (CMV) assessments. Subsequently, the demographic profiles of respondents and the descriptive statistics of all the latent variables, were also analyzed and presented in this chapter before performing and presenting the key analysis.

In the fundamental analysis, the researcher considered the assessment of the measurement model. In that section, the researcher assessed the reliability of indicators item loading, assessed the internal consistency reliability and validity of all reflective latent constructs of the entire study model. Consequently, in the process of filtering the measurement model, collinearity assessment and significance test of the formative construct were also considered. Having achieved the requirements of the measurement model, the researcher

forged ahead and assessed the structural model. In the structural model assessment, the researcher assessed the significance of the path coefficient relationships (testing of hypotheses), the coefficient of determination ( $R^2$ ), assessed the effect size ( $f^2$ ) as well as the predictive relevance of both direct and mediating relationships models ( $Q^2$ ). The researcher also assessed the magnitude of the mediating effect on the direct relationships (VAF), confidence interval estimation to reaffirm all the supported mediating hypotheses and finally summarized the findings of the study.



## CHAPTER FIVE

### DISCUSSIONS AND CONCLUSIONS

#### 5.1 Introduction

The analysis and results of this study were presented in the preceding chapter; this present chapter discusses the findings of the study based on the analyzed and presented results in the earlier chapter. Precisely, rest of the chapter is structured and discussed the following: recapitulates the findings of this study, findings of this study in the light of underpinning theories and previous studies were discussed. Theoretical, methodological and practical implications of the study as well as the body of knowledge and the study context were also discussed, similarly, the chapter identifies some limitations of the study and based of these limitations the researcher suggests directions for future studies. Finally, the chapter presents the conclusion of the study.

#### 5.2 Recapitulation of the Study's Findings

This study investigates the predictors of organizational performance in PESA. Specifically, this study examined the relationship between HRM practices, ethical climate and organizational performance. It also investigates the mediating role of ethical climate (EC) on the relationship between five (5) aspects of human resource management practices i.e. recruitment and selection (RS), training and development (TD), compensation practice (COMP), performance appraisal (PA), promotion opportunity (PRO) and organizational performance (OP) in Nigerian PESA.

Data were gathered from PESA in Nigeria with director of administration as respondents. 216 questionnaires were distributed and 186 (86%) were returned. However, only 181 (84%) were usable for the analysis. SPSS 22v were used for preliminary data analysis which includes, data coding and screening, filtering, checking and replacing missing values, outlier's treatment, running of descriptive statistics were all conducted.

For the profile of the respondents, the analysis was performed based on their demographic characteristics, both frequency distribution and percentage were examined. Demographic characteristics used in this study include gender, age, marital status, position grade level, work experience, and educational level. Result shows that all the demographic profile of the respondents in this study are important. The data been used to support the level of confidence on the respondents considering most of the respondents have higher level of education, degree and above, the work experience also, majority reached 10years and above, and they are regarded as senior officers with grade level 12 and above.

Similarly, descriptive statistics of all the study variables were also examined, result includes mean and standard deviation was presented in Table 4.9. The result shows that mean and standard deviation of recruitment and selection is 3.34 and 0.67 respectively. which signifies that respondents of this study are moderately agreed with the statements concerning this construct. Also, the mean and standard deviation for the remaining variables are 3.32 and 0.81 for training and development; 2.85 and 0.84 for compensation practice; 3.25 and 0.75 for performance appraisal; while 3.32 and 0.53 is for promotion opportunity respectively. From the Table 4.9 above, on the five (5) HRM practices, the

compensation practice was perceived a bit low by respondents. Nevertheless, these HRM practices were still considered moderate.

Similarly, for the dependent variable (i.e., organizational performance), this variable mean and standard deviation value is 3.55 and 0.59, which also clearly indicate that the level of agreement by respondents on this variable is also moderate. In addition, it is in the same manner with the ethical climate and dimensions (i.e., mediating variable), in which the mean and standard deviation of egoism (EG), benevolence (BV) and principled (PRIN) are all moderate, with the values of 3.22 and 0.42, 3.31 and 0.45 and 3.28 and 0.43 as well as the main variable (EC) with 3.47 and 0.46 respectively. In summary, the means of all the variables in this study indicate that the average option chosen by respondents is moderate. On the other hand, it signifies that data points are closed to the mean, as the standard deviations of all the study variables are not up to 1.

Similarly, PLS-SEM 3.2.6v was employed for the further analysis, measurement model was conducted for filtering the model through algorithm in evaluation of indicators loadings, internal consistency using composite reliability, convergent validity (AVE) and discriminant validity. In the same vain, structural model were also assess includes, path coefficient (testing the relationship among the study variables), assessment of *R*-square, effect size, and predictive relevance.

The first objective of this study is to investigate the relationship between HRM practices (individually) and OP. In examining of this objective, five (5) hypotheses were tested and the statistical results found that four (4) of the HRM practices (RS, TD, PA and PRO)

were significantly related to OP whereas, one HRM practice (compensation practice) found insignificant.

The second objective of this study is to examine the link between HRM practices (individually) and EC. In investigating this objective, five (5) hypotheses were tested and the results found four (4) of the HRM practices (RS, TD, PA and PRO) were positively related to EC while, one HRM practice (compensation practice) found not significant and there is little sufficient evidence to support the assertions on the one which is not significantly related.

The third objective of this study is to examine the relationship between EC and OP. In achieving this objective, a hypothesis H3 was tested and the result indicates that there is positive significant relationship between EC and OP. Thus, this hypothesis is supported in this study. This finding is consistent with the past studies (Bowman & Knox, 2008; Choi *et al.*, 2013; Haines, 2004; Hijal-Moghrabi *et al.*, 2015)

The fourth objective in this study is to examine the mediating effect of ethical climate on the relationship between RS, TD, PA, COMP, PRO and OP in Nigerian PESA. Specifically, five mediating hypotheses were established and tested using bootstrapping technique (Preacher & Hayes, 2008). In this regards, the five (5) hypotheses H4a, H4b, H4c, H4d and H4e were tested to see the mediating effect of EC on the relationship between five (5) HRM practices and OP. Four (4) among five (5) mediating hypotheses mediates and shows significant result, whereas hypothesis H4c failed to mediate the relationship.



Finally, a total of sixteen (16) hypotheses were stated and tested, thirteen (13) hypotheses both the direct and mediating hypotheses were empirically supported using Smart PLS 3.2.6v.

### **5.3 Discussions**

As revealed in the research findings of this study, HRM practices hold some potentialities to predict organizational performance in Nigerian PESA. This was however empirically investigated both directly and indirect through mediating variable, the findings provided a literature support. However, the discussion will focus on the research objectives. The first objective of this study was discussed in section 5.3.1.

#### **5.3.1 The relationship between HRM Practices and OP**

The first objective of this study is to investigate the relationship between HRM practices (individually) and OP. In examining of the objective one, five (5) hypotheses were tested. The discussion on the relationship between each HRM practices was presented individually. The following section discusses the relationship between RS and OP.

##### **5.3.1.1 The relationship between Recruitment and Selection and OP**

Firstly, the hypothesized relationship between RS and OP was tested and the result supported the relationship that RS is positively significant related to OP. This finding is consistent with the previous studies such as Beh and Loo (2013), Demo *et al.* (2012), Islam and Siengthai (2010). This study is in the view of that recruitment and selection as an important human resource management practices, considered as a process of sourcing

and acquiring the right employees to an organization which will lead to OP more specifically in PESA who are formulating and implementing proper recruitment and selection policies and programs related to employee's recruitment and selection in that sector.

Similarly, it support the view of Breugh (2008); Breugh and Starke (2000); Dhamija (2012) whose pointed out that recruitment involves those activities and practices carried out by the organization with the primary objectives of identifying and attracting potential personnel in order to achieve OP. In this regard, proper utilization of recruitment and selection will leads to acquire value employees which will engage and show commitment toward organisational objectives which in return improve OP. On the whole, finding of this study validates the hypothesis, it also offers an answer to the particular research question. Generally, the result offers further support for the assumptions of the RBV as a theory on internal resources by confirming the positive impact of this valuable, rareness, inimitable and non-substitutable (VRIN) HRM practices on the performance of organisation. This finding contributes to the field of knowledge by additional support and clarification on the relationship that exist between RS and OP in PESA.

### **5.3.1.2 The relationship between Training and Development and OP**

The second hypothesis H1b, is another part of objective one achieved. Empirically, it was tested that training and development positively significant related to OP. It is important to remember that training and development is defined as the degree to which employees understand that their organization provided them with the required training and development program with adequate knowledge and skills they needed to perform their

works effectively. The findings of this study is supported the views of some previous studies such as Abdullah *et al.* (2009), Akhtar *et al.* (2014), Bonavia and Marin-Garcia (2011).

Similarly, result of this present study is consistent with of Heathfield (2012) who stated that some organizations consider enhancing their performance through the idea of practicing proper training and development. The indication is that many organizations particularly Nigerian PESA believe that, training and development is to improve organizational manpower through targeting individual progress in terms of given out adequate training and development to the employees in the sector, in return will improve the organizational effectiveness of the sector. Similarly, training and development will improve skills and knowledge of employees, in return will enhance OP. In addition to this argument, Gong, Chang, and Cheung (2010) and Li-Yun, Aryee, and Law (2007) stress that adequate training and development opportunities place on employees indicates that their organization plan for a lasting investment towards their growth and development which helps them to reciprocate with good behavior and leads to OP. Therefore, Nigerian PESA need to strategize and give more emphasis on training and development of personnel to enhance OP. In a nutshell, result of this study provides more support for theoretical clarifications of OP based on organization's valuable resources as suggested by the RBV. RBV highlighted that an organization can compete in the market on the basis of their capabilities and resources (Barney, 1991; Wernerfelt, 1984). These resources can be tangible and intangibles resources which towards above average performance (Caves, 1980) the resource includes; human resource system (training and

development) (Manroop *et al.*, 2014; Wernerfelt, 1984).The theory emphasized that organisational resources are key determinants of its performance.

### **5.3.1.3 The relationship between Compensation Practice and OP**

Thirdly, hypothesis H1c between compensation practice and OP was tested and found insignificantly related. However, the hypothesis was not supported. It is important to remember that compensation is defined as reward and benefits provided by the organization to their prospective employees in exchange of their performance that can lead to organizational success (Prieto & Pérez-Santana, 2014). Contrary to expectations, result was not supported; it revealed that compensation does not affect OP. Although, this finding does not support the findings of some previous studies (Amin *et al.*, 2014; Ko *et al.*, 2013; Prieto & Pérez-Santana, 2014). It also demonstrates similar views with those who found insignificant relationship between compensation and OP (Abdullah *et al.*, 2009; Newton, 2015).

Similarly, adequate and appropriate compensation have significant impact on both individual and OP (Cunningham, 2010; Huselid, 1995). But yet, compensation issue in PESA were not adequately address, compensation and salary administration in Nigerian PESA has becoming a subject of massive controversy, remain unsolved for several years, several attempt has been made to resolve such issues as what should be the basic pay, the issues of labor cost, productivity, cost of living, and the question of compensation (Agburu, 2012).The recent trends in compensation, wages and salaries administration have been clearly necessitated by the roles of the various trade unions in the country (Nigeria), National union of public educational sector employees among others.

Formerly, and at same times, they embarked on strike to press their demands for better services, conditions of the sectors as well as improved working conditions and performance in general. The most recent national union of PESA strike took over four months before it was suspended. And as part of the administration of wages and salaries, they has emerged a new salary structure and compensation scheme for the whole system in the country, however, though it is not implemented (Aborisade, 2014).

However, considering the above statement, there are some arguments and findings challenging the influences of compensation on OP, this could demand a number of justifications responsible for this finding. Possibly, the explanation responsible for this finding is based on the assertion of expectancy theory of Vroom (1964), compensation can be understood as a form of direct and indirect reward packages, that have potential to influence employee work motivation which is contextual sensitive, in other words, would be considered based on performance, This also implies that compensation in PESA need to be revised in such a way that employees would feel motivated and work towards organisational objectives and attained performance. From Table 4.9 the compensation practice value is low having (2.85) mean, this shown that majority tends to disagree with the statement in the questionnaire regarding compensation practice, this is also a reflection of the result, and data tell the story of the actual situation. More specifically items no.18, (employees are rewarded for participation in teams) 19, (constant updates and reviews the range of benefit to meet the needs of employees) and 20 (salaries for employees are higher than those of our competitors) in the study questionnaire got the lowest score, this is an indication of disagreement from the respondents which is also

serve as reasons why compensation practice is not significant. Similarly, it may be do to some problems related to the instruments measuring compensation practice.

Therefore, there is a need for improvement in the area of compensation system generally in PESA. It is important for Nigerian PESA to ensure a sort of balance while practicing appropriate compensation packages, because it can reflect on OP, if properly address as argued by RBV. The RBV argued that proper utilization of internal resources in organization may lead to competitive advantage that improve OP. Considering compensation practice as internal resources if it is properly utilized may be a source of competitive advantage and leads to OP. This study wants to highlights that inadequate compensation system is one of the reasons why Nigerian PESA is not performing, calls for improvement in ensuring that it is not only the figure that matters in compensation packages but also the satisfaction derived from it.

#### **5.3.1.4 The relationship between Performance Appraisal and OP**

Fourthly, hypothesis H1d, regards to the relationship between performance appraisal and OP is empirically supported in this study. Finding is consistent with the previous studies (Beh & Loo, 2013; Islam, 2010; Osman *et al.*, 2011). Literature argued that performance appraisal is a continuous process, an official system of time to time assessment of an employee or group's job performance and ensure feedback is communicate when due, it is a key to provide incentive to the talented personnel so as to have satisfaction with the organization (Islam, 2010; Joarder & Ashraf, 2012). The finding also confirmed the study of Bourne *et al.* (2013) whose discovered that performance appraisal is positively and significantly related to OP. The result of this study validates the statement of Boyne *et al.*

(2003) performance appraisal is showing much relevance to organizational success as the goals of organization is becoming specific through quantification and remuneration and it has been revealed that performance appraisal is done well a lot in the PESA in spite of its subjectivity. In addition, performance appraisal enables organizations to amend with a view to improve on its services for the enhancement of its persistence and growth. Also, it supports management to establish whether their organizations are successful, declining or stagnant. In this regards, organization with suitable arrangement regarding performance appraisal process will help in attaining its objectives. Other studies supported the result found in this study (Long *et al.*, 2013; Triguero-Sánchez *et al.*, 2013). Also, this result provides support for theoretical explanations of organizational performance based on organization's valuable resources as postulated by the RBV. RBV postulated that, organization can compete in with competitors on the basis of their internal resources (Barney, 1991; Wernerfelt, 1984) These resources can be tangible and intangibles resources which towards above average performance (Caves, 1980) the resource includes; human resource system (Manroop *et al.*, 2014; Wernerfelt, 1984).The theory emphasized that organisational resources are key determinants of its performance. HRM practices may be an imperative source of superior performance (Barney, 1991; Barney & Wright, 1997; Kazlauskaite & Buciuniene, 2008; Pfeffer, 1994). In related argument, performance appraisal as an evaluation process concern about assessment based on objective, quantifiable results, employees regularly or at least once a year receive a formal performance assessment, team played an important role in the evaluation process and it is used primarily to set goals for personnel development, used to plan skill

development and training for future advancement for the performance improvement (Delery & Doty, 1996; Huselid, 1995; Snell & Dean, 1992; Youndt *et al.*, 1996).

### **5.3.1.5 The relationship between Promotion Opportunity and OP**

Fifthly, hypothesis H1e was also tested and achieved. Promotion opportunity is positive significantly related to OP. It is worthy to note that promotion opportunity is viewed as the employee's career development design by the organization to improve employees career in return attain OP. Based on the empirical result tested in this study, promotion opportunity is found to be positive significantly related to OP; hence, H1e is supported. In other words, promotion opportunity as the degree to which the organization creates chances for employees to attain some certain level, chances of professional upward development or the level of potential work-related versatility within the organization with written and operational promotion policy, provision of priority to merit and seniority in promotion decision (Akhtar *et al.*, 2014).

The finding in this study concurs with the previous studies that have reported positive influence of promotion opportunity on OP (Bonavia & Marin-Garcia, 2011; Katou & Budhwar, 2010; Phelan & Lin, 2001) if employees are duly considered in terms promotion and any career development decision, in return they will perform and their performance will determine OP. There is still room for PESA to improve in promotion opportunity of employees, considering the result from Table 4.9, the mean values of promotion opportunity (3.34) indicates need for improvement in promotion system.



In related discussion, findings show that employees in public sector organization more particularly PESA attached more relevancy and importance to their career promotion opportunities as well as career development. Similarly, promotion opportunities within the organization always consider clear career paths on the job, career aspirations, internal employees are given consideration over external candidates for job opening all for purposes of achieving OP.

### **5.3.2 The relationship between Individual HRM Practices and EC**

The second objective of this study is to examine the link between HRM practices (individually) and EC. In investigating the objective two, five (5) hypotheses were also tested. The discussion on the link between each HRM practices was presented individually.

#### **5.3.2.1 The relationship between Recruitment and Selection and EC**

The statistical result in this study supported the relationship between RS and EC, thus H2a is accepted. In achieving the second objective of this study, result interprets that there is a positive significant relationship between RS and EC in an organization. This perhaps consistent with what Arulrajah (2015) and Guerci *et al.* (2015) postulated, recruitment and selection practice of HRM have likely to employ highly ethical concerned employees in the organization. By hiring and selecting high quality as well as ethical concerned employees, an organization can improve a positive organizational EC within the system. Indeed, if organizations do consider the employees' behavior before recruitment and selection into the service, organizations indirectly tackled the genesis of

unethical employee. In this regards, organizations built an ethical environment for the better organization (Arulrajah, 2015; Gong, Law, Chang, & Xin, 2009; Paik, Parboteeah, & Shim, 2007).

Similarly, organization 's ability to source ethical employees, who can promote ethical climate within the organization, is a good sign of organizational success. Again, this result also finds support from Baker and Cooper (2000) and Spence (2000) that recruitment and selection practices can influence ethics as well as ensure appropriate practice of equal job opportunities, usually in job interviewing and selection process. So, it is important for the PESA to put into consideration (ethical employees) on recruitment and selection exercises of potential employees. Furthermore, this study shows PESA to give more emphasis in valuing, nurturing and sustaining EC through recruitment and selection process, this will explore the impact of proper implementation of HRM practices in bringing sustainable EC within the organization. In addition, OCT theory highlights that, not only the employees are considered important but also their behaviors and activities that will improve the organizational life. Similarly, OCT stress that organizations are formed base on to the cultural values and ethics (Schein, 1988)

### **5.3.2.2 The relationship between Training and Development and EC**

This relationship is supported in this study as the result explains that there is a positive significant relationship between training and development and EC, hence the H2b is statistically accepted. The result is in conformity with the findings of Delaney and Sockell (1992) who found that, improving ethical behavior of organizational members, attention should be paid to appropriate training and development process that can create

and sustained organization's EC. Indeed, high value ethical training is one of the practices that improves the effective integration of ethical behaviour and activities among the workers, it is also associated to ethics forms a common understanding of the value of ethics and supports in creating ethical behaviour for enhancing both individual and OP.

Equally, the result found in this study is also supported by Van Vuuren and Eiselen (2006) who argued that HRM can improve ethics management competence among the employees within the organization through training and development. Nigerian PESA should give more emphases on the systematic and constant ethical training which required at all levels to make sure the positive EC and culture is install within the organization. Findings of this study provides support for RBV, suggested that organizational resources can create value for organization, the value-creating resources include ethics. Additionally, OCT stress that organizations are formed based on to the cultural values and ethics, in this case, factor like training and development can be used to develop ethics that will be important for the OP improvement. OCT also consider the activities and behaviors within the organization imperative for organizational development (Schein, 1988).

### **5.3.2.3 The relationship between Compensation Practice and EC**

This relationship between compensation practice and EC in this study is not supported, hence the H2c is rejected. Findings of this study can be translated according to views by James (2000) of inadequate compensation and pay disparity are key causes of job dissatisfaction and demotivation among employees which directly or indirectly cause unethical behavior within the organization. Based on the values mean 2.85 in Table 4.9

result is also a reflection of low level of compensation system in PESA. Also, the instruments measuring compensation practice may likely to have some problems, that is why it did not show significant relationship between compensation practice and EC.

Therefore, adequate compensation system can play a vital role in creating and sustaining positive EC and culture in organizations. Organizations need to encourage ethical behavior by rewarding it monetary and non-monetary forms. Similarly, pay and reward system of an organization must reduce unethical behaviour and cultivate ethical behavior. To improve the ethical concerns of members in organization, attention should be giving to change the organization's EC through compensation systems (Jansen & Von Glinow, 1985).

Subsequently, there may be adequate compensation system for employees who try to manage better ethical behavior within the organizations. Therefore, the review indicates that certain ways for creating and sustaining EC through pay and compensation system functions of HRM. HR professionals must design, improve and implement best practices which should nurture ethical character in the organization. However, limited studies established the relationship between compensation practice and EC. Importantly, RBV theory highlighted that internal resources can create values, ethics and culture (Manroop *et al.*, 2014). This study found otherwise, compensation practice in Nigeria PESA has becoming a subject of massive controversy, remain unsolved for several years, many attempt has been made to resolve such issues as what should be the basic pay, the issues of labor cost, productivity, cost of living, and allowances (Agburu, 2012). Hence, there is

room for improvement in compensation system in PESA in return will improve the performance of organization.

#### **5.3.2.4 The relationship between Performance Appraisal and EC**

The relationship between performance appraisal and EC in this study is supported. Hence, hypothesis (H2d) is accepted. Similarly, literature supported the findings of this study that organizations can create and sustain EC through performance assessment function by evolving and applying ethically oriented performance appraisal policy, procedures and practices. HR professionals must design and improve performance appraisal system with ethical concern. They also make sure the appropriate application of performance appraisal system in an ethical way. Again, performance assessment processes must reflect the organizational goals and objectives create ethics within the organization (Useem, 1998).

The study finding is consistent with the RBV, assumption that organizational resources can create value for organization, and such resources and can be tangible and intangible resources. The theory emphasized that human resource systems can influence OP through the development of resources such as ethics (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992). It is understanding that Nigerian PESA should give more emphases on performance appraisal system to improve EC for achieving OP. Hence there is need for more improvement on the area of performance appraisal system.

### **5.3.2.5 The relationship between Promotion Opportunity and EC**

The relationship is statistically supported. The result shows that there is a positive significant relationship between promotion opportunity and EC. Therefore, hypothesis H2e is accepted. Findings of this study supported the opinion of Wiley (1993) who pointed out that promotion opportunity can be consider as career development for employees which usually make employees to be motivated on their job and promote ethical behavior within the system and shun any act of unethical conduct. In the same way, Miceli, Near, and Dworkin (2009) emphasized that every organization must design appropriate promotion policies and implement those policies into the HRM functions as well as practices through HR department and HRM unit so as provides means by which ethical practices are implemented to build organization with EC. Similarly, employees that are promoted feel and considered valued by the organization is likely to pay back the organization through their commitment, involvement and good ethical behavior (Blau, 1964).

Therefore, this remains a challenge on the Nigerian PESA to try as much as possible and give their best on the promotion system that nurture ethical contents at all levels to make sure the positive EC and culture is install within the system. It is therefore, indicates that some certain ways for creating and sustaining EC through promotion system can be put in place, as HR practitioners must design, develop and implement best practices which should nurture ethical character in promotion policy. Findings of this study provides support and extended the understanding of RBV which highlighted that organizational resources can create value for organization, the value-creating resources such as ethics.

RBV emphasized on internal resources and capabilities that can create value for competitive advantage, in this regards, the resources can be tangible and intangibles resources includes; human resource system, EC (Caves, 1980; Manroop *et al.*, 2014; Wernerfelt, 1984). Thus, there is still room for improving promotion system in PESA that may encourage EC.

### **5.3.3 The relationship between EC and OP**

The third objective of this study is to examine the relationship between EC and OP. In achieving this objective, a hypothesis H3 was tested and the result indicates that there is positive significant relationship between EC and OP. thus, this hypothesis is supported in this study.

Similarly, Hijal-Moghrabi *et al.* (2015) found that organizations set ethical principles for their personnel alongside providing conducive atmosphere that can promotes ethical behavior, trust and commitment, capable leadership creates a high quality of workforce to improve OP. This is surely true, about Nigerian PESA situation that if the system emphasizes in maintaining the ethical issues to correct the behavior of individuals within the organization, rather than allowing the system to be so open to unethical issues such as corruption, bribery, lack of proper focus that can give way for attaining the objective and other negative behavior which becomes an issue.

Furthermore, Bowman and Knox (2008) reported that EC predict performance of public organization, it is the effective mechanism that prevent corruption, unethical behavior and leads to performance in organization. In addition, Haines (2004) pointed out that how

EC flush away issues like, incompetence, inefficiency and corruption in organization and result to productivity and performance. Above all, RBV postulated that organizational resources can create value for organisation, the value-creating resources include ethics and can create competitive advantage in return leads to OP. Similarly, organizational culture theory highlight that organizational life is complex and to consider not only the employees of the organization but also their behaviors, culture and activities. It is also emphasizing that organizations are formed based on the cultural values and ethics of personnel. Hence, there is still room for improvement of ethical climate in PESA to achieve OP.

#### **5.3.4 Mediating Effect of Ethical Climate**

The fourth objective in this study is to examine the mediating effect of ethical climate on the relationship between RS, TD, PA, COMP, PRO and OP in Nigerian PESA. Specifically, the five hypotheses H4a, H4b, H4c, H4d and H4e were tested to see the mediating effect of EC on the relationship between five (5) HRM practices and OP.

##### **5.3.4.1 Mediating Effect of EC between RS and OP**

To achieve the mediation objective, H4a was established and tested which states that EC mediates the relationship between RS and OP in Nigerian PESA. Thus, H4a is supported. Similarly, RS significantly related to OP directly in this study, and it has a direct and positive influence on EC. More interestingly, the statistical result shows that RS influence OP through EC. Again, result from Table 4.25 of direct effect of recruitment and selection on OP is 0.13 while the indirect effect between RS and EC, and EC and OP



shows 0.06, where the total effect between RS, EC and OP explains the value of total effect with 0.19 respectively. From this study, to improve OP, the direct effect of HRM practice (recruitment and selection) on OP is greater than the indirect effect of RS on OP through EC. Indeed, the relationship became more significant due to the mediation effect of EC. In summary, based on the study finding, the impact of RS on OP is well understood through the mediation effect of EC.

In this case, the result certifies that organization ability to recruit and select highly ethical concerned and high quality employees into the organization can improve a positive organizational EC within the system as well as improve OP. Consequently, HR unit must to make sure that organizations policies and practices provide extra priority in recruitment and selection process to recruit highly ethical employees to ensure superior OP. Even though, EC can contribute between recruitment and selection and OP. The finding of this study supported some past researches (Prieto & Santana, 2012; Snape & Redman, 2010; Theriou & Chatzoglou, 2014) which revealed that RS is associated to OP through some mediating variables. About to the present study, this finding supports the assumptions of RBV which highlighted that OP is achieved because of matching valuable tangible and intangible resources. RBV emphasize on proper utilization of internal resources (tangible and intangible) along with capabilities for the organization to attain OP. In this regards, HRM practice (recruitment and selection) and EC as intangible resources may be considered as factors that can improve OP (Manroop *et al.*, 2014; Wernerfelt, 1984). On the other hand, OCT theory suggests that organizations are formed based on the cultural values and ethics, the theory also emphasized that not only employees are important, behavior and activities within the organization inclusive

(Schein, 1988). Therefore, results of this study highlight that recruitment and selection of employees in organization serve as an important element for developing EC, which may contribute to the OP.

#### **5.3.4.2 Mediating Effect of EC between TD and OP**

In achieving the four objectives, H4b was also formulated, tested and achieved. H4b states that EC mediates the relationship between TD and OP in Nigerian PESA. Remarkably, the statistical finding revealed that EC mediates the relationship between TD and OP. Hence, H4b is supported. In other words, TD was found to influence OP positively through mediating effect of EC. Based on this finding, proper utilization of TD will help organization, specifically PESA to improve their ethical climate level and in return achieve OP. This result also revealed that training and development of employees will not be enough to improve OP if EC among the employees and within the system are not properly maintained. Similarly, the result from Table 4.25 the direct effect between TD and OP revealed 0.18, while indirect effect between TD and EC, and EC and OP shown 0.07, however, the total effect explained greater than the direct and indirect effect with 0.24 effect. The result of this study is consistent with some previous researches (Sani, 2012; Wright, Gardner, & Moynihan, 2003) which revealed that TD is related to OP through some mediating variables. Moreover, this finding demonstrates that organization can properly utilized training and development practices to hence EC among and within the entire system and in turn improve performance.

In summary, Nigerian PESA should have emphasize on proper training and development to employees, so that employees and system will be ethically sensible in discharging all

the activities within the organization and in return achieve performance. This study result also supported the theoretical assumptions of RBV, which highlighted that organization can achieve OP through the efficient utilization of the organizational internal resources (training and development) and EC, the resources can be tangible and intangibles. In line with this, TD and EC may consider as internal sources that can leads to OP improvement. The OCT theory argued that, values and work ethics influence the organization decision in return attain OP, the theory (OCT) also emphasize that not only employees are important for the organizational life, but also their behaviors and activities consider essential (Schein, 1988). In relation to the above, this result provides empirical evidence to RBV and OCT theoretical assertion by confirming the mediation effect of EC on the link between TD and OP.

#### **5.3.4.3 Mediating Effect of EC between COMP and OP**

Furthermore, to attain the fourth objective, H4c was tested which states that EC mediates the relationship between compensation practice and OP in Nigerian educational sector administration. The result statistically indicates that EC does not mediate the link between compensation practice and OP. Thus, H4c is not supported. This result, however, is not surprising given the fact that the path value from compensation practice to EC was not significant in the direct relationship as earlier reported. A possible reason for this is that, the more employees and organization feel not contented on the compensation package the less engage in practicing ethical behavior. Therefore, the effect of EC in explaining the connection may not be significant. Similarly, the statistical result of direct, indirect and total effect has no any significant value.

In addition, finding of this study supported some earlier assumptions of Herzberg, Mausner and Snyderman (1959) and Herzberg (2003) on motivation of employees in organization, which stated that money does not motivate employees to increase their performance as well as OP. In this regards, if employees may not being influence through compensation system, and how can they be committed in the work with positive behavior that will create EC and in return enhance OP.

The descriptive statistics of COMP, mean shows low score of 2.85, this tends to show the level of disagreement from the respondents on this variable (COMP). Similarly, the result from Table 4.21 the direct effect between COMP and OP revealed negative effect of -0.06, while indirect effect between COMP and EC, and EC and OP shown -0.01, however, the total effect explained greater than the direct and indirect effect with -0.07 effect and still not supported. From the result of the mediation analysis in PLS-SEM, it is clearly show that mediation of EC on the relationship between COMP and OP is not significant which could demand further explanation from the practical issues in Nigerian context. Additionally, instruments measuring compensation practice tend to be not clearly understand, in the sense that it will capture the whole idea of compensation system in PESA, it may be the reasons why it contradicts the assumptions of RBV theory which stress that resources can create other resources in return attain OP.

The result of this hypothesis is not surprising, consider the practical issues in Nigerian PESA for instance, compensation system in PESA were not adequately address, compensation and salary administration in Nigerian PESA has becoming a subject of massive controversy, remain unsolved for several years, several attempt has been made to

resolve such issues as what should be the basic pay, the issues of labor cost, productivity, cost of living, and the question of compensation (Agburu, 2012). The recent trends in compensation, wages and salaries administration have been clearly necessitated by the roles of the various trade unions in the country (Nigeria). Formerly, and at some times, they embarked on strike to press their demands for better benefits, conditions of the sectors as well as improve ethical behavior and performance in general. The strike action by PESA employees took over four months before it was suspended. It is also part of the administration of compensation scheme for the whole organization in the country (Aborisade, 2014).

#### **5.3.4.4 Mediating Effect of EC between PA and OP**

Another mediation hypothesis H4d was investigated and achieved. Interestingly, the result explains the mechanism of EC on the relationship between PA and OP is quite significant. Hence, H4d is supported. In this regards, objective number four (4) is also achieved. Therefore, to achieve this objective, H4d was tested, and it predicts that EC mediates the link between PA and OP. This sheds more light that PA enables organizations' ability to develop more EC that can lead to OP. Similarly, the result of Table 4.25 revealed that direct effect between PA and OP shows 0.19 greater than the indirect effect between PA to EC and EC to OP which is 0.09. While the total effect between PA, EC and OP shows the overall effect of 0.28, this result is explaining the mediation impact of EC on the link between PA and OP.

The result of this study is consistent with some prior studies (Ali, 2015; Giauque *et al.*, 2013) which shows that PA is associated to OP through some mediating variables.

Conformity with the RBV, this result highlights that PA as an internal valuable resource, may improve OP through EC. In addition, the mediation result proves that PA is an important predictor of EC in the context of PESA, which in return enables the organization to improve performance, this also tent to show that if organization focus on proper performance evaluation with higher level of fairness and make it regularly, considering setting goals for personnel development can develop ethics within the organization and result to OP. Therefore, it is important for PESA to add more effort in seeing the actual contribution of performance appraisal toward nurturing EC and leads OP.

In summary, the finding of this study recommends that Nigeria PESA need to properly utilize performance appraisal to develop EC within the organizational setting and in return attain superior performance.

#### **5.3.4.5 Mediating Effect of EC between PRO and OP**

Lastly, in achieving objective four (4), hypothesis H4e was also tested and achieved. The hypothesis states that EC mediates the relationship between PRO and OP in PESA. Interestingly, result confirmed that EC mediates the relationship between PRO and OP. Hence, H4e is supported. In other words, PRO was found to have impact on OP positively significant related through mediating effect of EC. According to this finding, proper utilization of PRO will help organization, specifically PESA to improve their EC level and in return attain OP. This result also revealed that enhancing promotion opportunity in terms of staff development (employee career development) will not enough to improve OP if the EC within the organization are not properly maintained. Similarly, result from Table 4.25 shows that direct effect between PRO and OP obtained

0.16 with indirect effect of PRO and EC, and EC and OP having 0.09 whereas total effect value greater than direct and indirect effect with 0.25, this indicates that presence of EC on the link between promotion opportunity and OP has a significant impact, in which the link between the two variables (PRO and OP) can clearly explain through mediating variable (EC).

The finding of this study is consistent with some previous literature (Shamsudin, Subramaniam, & Alshuaibi, 2012; Wright *et al.*, 2003) which indicates that promotion opportunity is related to OP through some mediating variables. Finding of this study suggest that promotion opportunity in organization (PESA) is an element for providing EC, which may contribute to the OP if properly implemented. Lastly, the result of this hypothesis H4e validates the theoretical assumptions of RBV which emphasize on proper utilization of organization's internal resources (tangible and intangible) that can enhance OP through other factors like EC. In line with this, human resource practice (promotion opportunity) and EC may be an important source that can be used to develop and sustained superior OP.

The PLS-SEM result proved that EC is a mediator explaining the mechanism on link between PRO and OP. This result revealed that effective utilization of promotion opportunity develops EC that subsequently leads to OP. This can be strongly argued that, PRO serve as an important element in nurturing EC within the organization which in return leads to performance improvement.

## **5.4 Implications of the Study**

From the above sections, the findings of the study were discussed based on the study research questions and hypotheses. The results of the present study have numerous essential implications to practice and theory. Both the theoretical, practical and methodological implications are discussed in the following section.

### **5.4.1 Theoretical Implications**

The present study provides empirical evidence for the theoretical relationships hypothesized in the study framework. Precisely, it highlights the mediating effects of EC and on the relationship between RS, TD, COMP, PA and PRO and OP of Nigerian PESA. The study has sixteen (16) hypotheses, thirteen (13) hypotheses out of them are all supported, while the remaining three (3) are not supported.

Previous studies on OP have investigated the influence of HRM practices on performance (Akhtar *et al.*, 2014; Bourne *et al.*, 2013; Darwish, 2013; Daud, 2006; Giauque *et al.*, 2013; Guest, 2002; Lee, & Wu, 2010; Long *et al.*, 2013; Mariappanadar & Kramar, 2014; Osman *et al.*, 2011; Rafael *et al.*, 2012). However, the inclusion of RS, TD, COMP, PA and PRO in a single model as HRM practices influencing performance has received little attention. From the comprehensive reviewed of the literature on HRM practices and OP more especially in public sector, it is hardly for the researcher to find the combine number of this similar HRM practices (RS, TD, COMP, PA and PRO) simultaneously studied in public sectors, majority of the studies are in private sectors and business oriented organizations. In this regards, these HRM practices (RS, TD, COMP, PA and



PRO) can be considered appropriate practices that can contribute to public sectors administrative performance. The HRM practices (RS, TD, COMP, PA and PRO) serve as a suitable and appropriate set of HRM practices that can be used by public sectors agencies.

Based on the abovementioned argument, the inclusion of RS, TD, COMP, PA and PRO as relevant internal resources influencing performance are studied in a single model. The findings confirmed four variables (RS, TD, PA and PRO) all have a positive effect on OP. The study adds further knowledge on the importance of EC in predicting OP. The findings also provide extra empirical support for the study framework.

Hence, the present study contributes to the RBV by providing additional empirical proof to support the assumption of the theory. The RBV highlighted that performance of organization is influenced by the organizational intangible and tangible resources. In the context of this research, RS, TD, COMP, PA, PRO and EC are all regarded as organizational internal resources. The present study also contributes by investigating the link between HRM practices (RS, TD, COMP, PA and PRO) on the OP and EC. Manroop *et al.* (2014) pointed out that HRM influence OP through resources that are extremely related in organizational history, ethics and culture. Therefore, HRM practices like (RS, TD, COMP, PA and OP) can easily nurture EC within the organization and in turn lead OP. Similarly, this study adds the knowledge of the RBV, OCT theory and literature on organizational ethical climate.

Prior studies have discovered that HRM practices influence performance. However, literature has revealed that earlier studies have confirmed that HRM practices influence performance indirectly through mediating variables (Prieto & Pérez-Santana, 2014; Sani,

2012; Shamsudin *al et.*, 2012; Snape & Redman, 2010; Theriou & Chatzoglou, 2014; Wright *et al.*, 2003). Others have investigated the mediating effect of EC and ethical leadership on the employee misconduct relationship (Mayer, Kuenzi, & Greenbaum, 2010; Wang, 2015). From the literature, a lot of researches established that there is a link between some of the HRM practices and OP without explaining how and why those relationships exist. On the other hand, no attention has been given to the mediation effect of EC in explaining how and why HRM practices (RS, TD, COMP, PA and PRO) influence organizational performance. In addition, this study contributes to knowledge by establishing how and why those relationships exist through the use of mediator (EC).

The findings of the direct effects as well as the mediating effects of the study have contributed to the body of knowledge in HRM practices and organizational performance literature. The present study confirmed the relationship between HRM practices and OP in the context of under studied countries organizations using two different theories include RBV, and OCT theory. Since most of the earlier studies on HRM practices and OP were conducted in the Asian and western context, with little in African countries, findings of those studies may not be generalized in other countries like Nigeria, area of the present study.

Similarly, this study theoretical contribution lies on the ability to extend the understanding of OP in public sector, specifically PESA. This is because some of the previous studies, on OP focus on organizations that are much concern on profit orientation (i.e. private and manufacturing companies). Again, the conceptualization expansion, and empirically testing of HRM practices effect on OP and the mediating

effect of ethical climate form part of the theoretical contribution of this study. This present study established connection between HRM practices and OP, HRM practices and EC, and OP respectively. Remarkably, findings have contributed to the body of literature. Particularly, EC has been confirmed as mediator that can be used to explain the mechanism on why and how HRM practices relates to OP. This finding should have come before now for the Nigerian PESA to be concerned and see the proper utilization of HRM practices that may create EC that can lead to ethical behaviour among the employees and the entire system.

As projected, this study contributes theoretically, by empirical testing the mediation effect of EC on the link between RS, TD, COMP, PA, PRO and OP. The result shows that EC mediates the relationship between RS, TD, PA, PRO and OP. This means that to improve OP by proper utilization of RS, TD, PA, and PRO in Nigerian PESA, EC need to be encourage. Therefore, this study suggests that Nigeria public educational sector administration may need to strategize its ethics issues to improve performance. The results make another anticipated contribution to the RBV, ethics, culture and HRM literature by clarifying the role plays by EC.

In addition, a review of previous literature indicates that most of the studies have been conducted in Western nations, Asia, USA, and Latin America context. thereby neglecting African countries, particularly Nigeria. Similarly, even in the abovementioned nations, numerous studies have focused on private and manufacturing organization (Buller & McEvoy, 2012; Delaney & Huselid, 1996; Fey *et al.*, 2009; Jiang *et al.*, 2012; Lee *et al.*, 2010; Stavrou, Brewster, & Charalambous, 2010; Subramony, 2009). Therefore,

conducting this research in Nigeria, is expected to increase the understanding of OP in educational sector administration in African and other emerging countries. Finally, majority of the studies on HRM practices and performance have concentrated on employee performance (Tabiu & Nura, 2013; Tabiu *et al.*, 2016a, 2016b) others on private companies (Abdulkadir, Isiaka, & Adedoyin, 2012; Anakwe, 2002; Sani, 2012). Therefore, this research is among the few researches focused on public sector organization, specifically PESA in Nigeria which serve as the back bone of development of any economy in the world (Aluede *et al.*, 2012).

#### **5.4.2 Practical Implications**

This study offers empirical evidences on the link between HRM practices and OP, with EC as the mediator. It will therefore be useful to the management of the Nigerian PESA. The perception of the human resource professionals in Nigerian PESA will be enhanced in understanding the effect of EC on the relationship between HRM practices and OP, hence generates their interests in conducting investigation in this area.

To the top management level, the study established that some HRM practices (RS, TD, PA and PRO) are useful in enhancing OP, while compensation practice also important, however, there is need for improvement. This might have to improve HRM practices in public agencies to see the real situation for better HRM system as the factors influencing OP. Like, performance appraisal which concern fairness, proper procedure, to set goals primarily for personnel development, on the promotion policy it is important to consider clear career paths and aspirations, give emphases on internal candidates over external candidates for job opening, similarly, on the side of compensation system “employee

bonuses or incentive plans are to be primarily based on the performance of the organization/group, salaries for employees should be higher than those of competitors, constant updates and reviews on the range of benefit so as to meet the employee's needs.

The study emphasized on the top management of PESA can improve HRM system through proper implementation of effective HRM practices that will nurture EC and leads to OP. This could further establish the significance of EC as tools that could be efficiently and effectively utilize in nurturing the EC and enhance employee's behavior as well as the organizations to attain the design objective. Again, the study will serve as a basis of relief to the authorities' concern such as the ministries of education, parastatals, board related agencies and even the law makers in terms of accommodating policies that can secure better outcomes and efficiency in Nigerian PESA. The policy makers also could use the document as guide for formulation and developing appropriate HRM practices for better HRM system which will result to superior performance.

#### **5.4.3 Methodological Implications**

Besides practical and theoretical implications discussed, this present study puts on some other methodological contributions. Majority of earlier studies on performance used SPSS and or AMOS, but to the best knowledge of the researcher, very few have used SmartPLS-SEM 3.2.6 (Hair *et al.*, 2014) to yield results. Hence, this study contributed a little to the body of knowledge from the methodological view. One of the main concerns with the methodology contribution is measuring and assessing the concept of ethical climates (EC). Some of the prior studies conceptualize EC as the unidimensional construct, considered the constructs as one without treating any dimensions (Choi *et al.*,

2013; Mayer *et al.*, 2010; Unal, 2012). Some parts of the literature consider measures of EC as one by summing up the entire indicators of various dimensions to the latent construct as a reflective type (e.g Bulutlar & Öz, 2009; Guerci *et al.*, 2015; Hijal-Moghrabi *et al.*, 2015; Zehir *et al.*, 2014; Zehir *et al.*, 2012). There by the ignoring the logical orders and hierarchical methods of those stages or dimensions of EC (see, Manroop *et al.*, 2014; Schwepker & Good, 2009) this technique is concerns with what has been characterized as a bottom-up approach (see Hair *et al.*, 2014).

Nevertheless, the problem of this technique (i.e., bottom-up) is that the data of various dimensions are joint together as general construct, and hence the measures may explain inaccurate result as they are intended to measure varied concept of the main construct. For instance, benevolence, egoism and principled are three unique dimensions of EC. Thus, their individual items cannot be used interchangeably. Equally, as the first-order constructs (e.g., benevolence, egoism and principled) are formative concepts to the second-order construct (i.e., EC), combining their reflective items to the construct is inappropriate and not suitable. Yet, this inappropriate method has been used in several previous studies. For instance, Hair *et al.* (2012) stated that for about 55.26 percent of formative types in the previous studies have been wrongly considered as reflective models.

In order to avoid the aforesaid methodological errors, the EC model of this study was measured as the reflective-formative model of HCM (Kroonenberg, 1990; Lohmoller, 1988). As deliberated in the earlier chapter (chapter four) this study also applied repeated indicator method (see Figure 4.2), in so doing, repeating all items of the of the first-order

constructs (benevolence, egoism and principled) on the second-order construct (i.e., EC) in order to find latent variable scores of all these dimensions (see Afthanorhan, 2014; Becker *et al.*, 2012; Ringle *et al.*, 2012). Therefore, the latent variable scores of exact first-order constructs were then employed as formative indicators for EC (see Figure 4.3) as recommended by Hair *et al.* (2014) and Ringle *et al.* (2012). Following the above-mentioned approaches, three dimensions of EC (benevolence, egoism and principled) were all found to contribute relatively and absolutely (outer weight and outer loadings) significant to EC as presented in Table 4.13.

In fact, this study contributed methodologically by properly engaging EC's model together with its logical order dimensions, the exercise of which is not common in the available literature. So, this study a little bit contribute on how to assess the reflective-formative model of HCM correctly, which is not all that common in the preceding PLS-SEM literatures (Ringle *et al.*, 2012). Another methodological contribution of this study is about the endogenous latent construct (i.e., performance). Majority of the organizational literature that concerned with the influence of resources on OP have measured OP using conventional financial indicators that most concern about return on asset, return investment and return on equity (Delery & Doty, 1996; Hu *et al.*, 2012; Santos-Vijande *et al.*, 2012; Wang *et al.*, 2011) while this study considered measures that covered efficiency, effectiveness and fairness that specifically measured OP in public sector organization which is more suitable for the contemporary day's performance of public sector organization (Brewer & Selden, 2000; Hijal-Moghrabi *et al.*, 2015). However, the findings of this study also contributed to the body of knowledge concerning the influences of internal resources and EC on the model of OP in PESA. Lastly,

following the recommendations of some previous researchers (Hair *et al.*, 2014; Hair *et al.*, 2011) for researches that are concerned with complex structural model as well as with formative construct, in which various constructs and indicators are combined, for that reason, PLS-SEM is the most suitable for their data analysis.

Therefore, as against the slightly traditional practice of few earlier studies that concerned with both complex structural model and formative construct, and yet applied CB-SEM for their analysis (Pavlou & El Sawy, 2011; Walter, Auer, & Ritter, 2006), this study used the PLS-SEM, which is more suitable since the model is considered complex. Finally, this study contributed to our understanding on complex structural model particularly, as well as reflective and formative models.

#### **5.4.4 Limitations and Directions for Future Research**

Despite the number of contribution rendered by this study both in theoretical, practical, and methodological parts, as in many analytical studies, numerous limitations must be considered. Nevertheless, limitations usually give room for further study. Precisely, one of the main limitations of this study is cross-sectional study in which data collected in one period from PESA in Nigeria. As such, care should be applied when sketching causal inferences. Therefore, future research may address this limitation by applying longitudinal research that collects data for a several periods of time, so that compare may be draw with this study's findings and can draw cause-effect interference properly.

Secondly, even though it has been stated in the earlier parts of this study that the concept of EC as mediating variable was used as HCM model, it may be of importance to



investigate the influence of each of the three dimensions (i.e., benevolence, egoism, and principled) between internal resources (HRM practices) and OP. Henceforth, future study may investigate the mediating role of each of the dimension benevolence, egoism and principled between the internal resources (HRM practices) and OP, as well as the effect of each dimension on hierarchical order component.

Thirdly, the performance concept of this study was measured as unidimensional construct comprising efficiency, effectiveness and fairness of OP (Brewer & Selden, 2000). Also, it may be of high significance to incorporate the components of performance such as (financial and non-financial) individually in a study model. Subsequently, future study may address this stated limitation by investigating the effect of EC on the link between existing internal resources (HRM practices) of this model and financial and non-financial components of OP as two sole endogenous latent constructs.

Fourthly, as the link between COMP and OP has found to be insignificantly related in this study, this finding is similar with some prior related studies as they have discovered the same results (Abdullah *et al.*, 2009; Newton, 2015) but not consistent with others which revealed significant relationship (Amin *et al.*, 2014; Ko *et al.*, 2013; Prieto & Pérez-Santana, 2014). Therefore, these inconsistencies of the literature and mixed findings may need to be addressed in future study. Precisely, future research may propose a moderating variable that can interact with the COMP to explain a specific situation in which it has influence on OP. In this regards, future study can consider applying the recommendation of Baron and Kenny (1986) who stated that if there is inconsistencies in the literature moderating variable is suggested.

Additionally, the reason for the insignificant result on the relationship between compensation practice and OP, compensation practice and EC, and the mediation of EC on the link between compensation practice and OP may be due to some problems of the instruments measuring the main construct (compensation practice). Therefore, future study may consider measuring compensation practice with different measures to be adapted or adopted from another source different from Arthur (1994); Delaney and Huselid (1996); Delery and Doty (1996). Similarly, some inconsistency noted in terms of use of the referrals for OP instruments that is, between the “work unit, work group and organization” and for promotion opportunity items, for instance; “job and organization” were all considered as limitation.

Fifthly, the concepts of EC used in this study was earlier tested in the United States (Hijal-Moghrabi *et al.*, 2015), Europe (Guerci *et al.*, 2015; Nieves & Haller, 2014), Asia (Shafer, 2009) with little in African context (Unal, 2012) therefore, more empirical studies need to be conducted globally so that to re-confirmed both the direct and indirect impacts of this construct on OP in under-studied environment. Finally, scope of this study may also be another added limitation that needs to be squarely addressed. Hence, a future work is required to reproduce similar findings in different places so as the generalization can be extended.

## 5.5 Conclusions

The main objective of this study is to examine the mediating effect of ethical climate (EC) on the relationships between HRM practices (recruitment and selection, training and development, compensation practice, promotion opportunity) and organizational performance (OP) in Nigerian PESA. The findings empirically supported 13 out of 16 hypotheses developed, by so doing, majority of the research questions were answered despite some little limitations highlighted, also supported the fundamental theoretical ideas upon which this study has been drawn. Still, this study finding is consistent with a numeral earlier empirical research that are conducted in this study underpinning theories.

While there are some little studies that investigated the influence of EC on the link between some external and internal resources and performance, present study precisely addressed the identified theoretical gaps by considering best internal resources as antecedents of OP. In addition, the study also tested why and how such antecedents could be utilized through EC to create and sustain OP. Such results are theoretically supported by RVB, as well as OCT. Particularly, the empirical findings added to the body of knowledge especially on how EC of (benevolence, egoism and principled) shows effect on the relationships between HRM practices (RS, TD, PA, PRO and OP).

In another perspective, the study also added more light on how to assess a complex structural model with hierarchical component (HCM) and comprises reflective and formative model using PLS-SEM path modeling, (SmartPLS 3.2.6. v) Additionally, the study findings also recommend and suggested ways on how Nigerian PESA can improve their performance, and can serve as a guide in achieving the Nigerian educational system

objectives as well as policies implementation to meet the global competition. Finally, the study concluded with some identified limitations that gave ways for future study directions.



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## Appendix A



SCHOOL OF BUSINESS MANAGEMENT

UNIVERSITI UTARA MALAYSIA

06010 Sintok, Kedah Darul Aman

Email: [sbm@uum.edu.my](mailto:sbm@uum.edu.my)

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Sir / Madam

I am a Doctor of Philosophy student at Universiti Utara Malaysia, Kedah. Currently I am conducting a research on '**Human resource management (HRM) practices, Ethical climate and performance**'. The objective of this study is to examine the mediating role of ethical climate on the relationship between HRM practices and organizational performance in Nigerian Public Educational Sector Administration.

Your help is requested in this research by completing the questionnaire survey instrument received. The information you provide will remain strictly anonymous and confidential. You may receive a summary of the results by writing "copy of results requested" at your own wish.

Your participation in completing the questionnaire is very important to the success of this research. It will be a honour if you are able to return the completed questionnaires.

I would appreciate your returning the questionnaire at your earliest convenience. Thank you in advance for your cooperation. Should you have any enquires, please do not hesitate to call me at +2348035493734/+60143835667.

Sincerely,  
Malam Salihu Sabiu  
PhD. Research Candidate,  
Universiti Utara Malaysia  
06010 Sintok, Kedah  
e-mail: [sabiumsalihu@yahoo.com](mailto:sabiumsalihu@yahoo.com)  
H/P no: +2348035493734/+60143835667

'Academic' Supervisors

Dr. Tang Swee Mei  
SBM Building, College of Business  
Universiti Utara Malaysia  
06010 Sintok, Kedah  
e-mail: [smtang@uum.edu.my](mailto:smtang@uum.edu.my)  
H/P no: +6013-423 4988

Dr. Mohd Hasanur Raihan Joarder  
SBM Building, College of Business  
Universiti Utara Malaysia  
06010 Sintok, Kedah  
e-mail: [hasanur@uum.edu.my](mailto:hasanur@uum.edu.my)  
H/P no: +8801743331857

## SECTION A: HUMAN RESOURCE MANAGEMENT PRACTICES

The statements in this section are related to the extent of HRM practices implemented in your organization. Please circle the relevant number based on the rating scale provided.

	1	2	3	4	5
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. In this organization, extensive selection procedures are used in the selection of the employees (eg. use several rounds of screening).	1	2	3	4	5
2. In this organization, recruitment and selection system focuses on the potential of the candidates to learn and grow with the organization.	1	2	3	4	5
3. This organization uses structured and standardized interviews for selection of the employees.	1	2	3	4	5
4. In this organization, senior staffs are involved in recruitment and selection of the employees.	1	2	3	4	5
5. This organization uses work values and cultural fit as a criterion in employee recruitment and selection.	1	2	3	4	5
6. This organization uses behavioral attitudes as a criterion in employee recruitment and selection	1	2	3	4	5
7. This organization uses test and interviewing techniques for employee selection.	1	2	3	4	5
8. In this organization, recruitment and selection process of potential employees are often provided with a realistic picture of the job and the organization, including the negative aspects.	1	2	3	4	5
9. Extensive training programs are provided for employees in this organization.	1	2	3	4	5
10. This organization provide training focused on team building and team work skills training.	1	2	3	4	5
11. In this organization, there are formal training programs to teach new employees the skills they need to perform their jobs.	1	2	3	4	5
12. Formal training programs are offered to employees in order to increase their promotability in this organization.	1	2	3	4	5
13. This organization have a mentoring system to help develop those employees.	1	2	3	4	5
14. This organization offer an orientation program that trains employees on the history, mission, values, and processes of the organization.	1	2	3	4	5

15.	In this organization, training programs are consistently evaluated to determine whether the training objectives are met.	1	2	3	4	5
16.	In this organization, employee bonuses or incentive plans (e.g., stock option plan) are based primarily on the performance of the organization/group.	1	2	3	4	5
17.	In this organization, job performance of an individuals played an important role in determining the earning of employees.	1	2	3	4	5
18.	In this organization, employees are rewarded for participation in teams.	1	2	3	4	5
19.	This organization constantly updates & reviews the range of benefit to meet the needs of employees.	1	2	3	4	5
20.	In this organization, salaries for employees are higher than those of our competitors.	1	2	3	4	5
21.	In this organization, performance appraisals are based on objective, quantifiable results.	1	2	3	4	5
22.	In this organization, employees regularly or at least once a year receive a formal performance appraisal.	1	2	3	4	5
23.	In this organization, team played an important role in performance appraisals.	1	2	3	4	5
24.	In this organization, superior officers discuss performance with subordinate.	1	2	3	4	5
25.	In this organization, performance appraisals are used primarily to set goals for personnel development.	1	2	3	4	5
26.	Performance appraisals are used to plan skill development and training for future advancement within this organization.	1	2	3	4	5
27.	Employees in this job have clear career paths within this organization.	1	2	3	4	5
28.	Employees in this job have very little future within this organization.	1	2	3	4	5
29.	Employees' career aspirations within this organization are known by their immediate supervisors.	1	2	3	4	5
30.	Employees' in this job who desire promotion have more than one potential position they could be promoted.	1	2	3	4	5
31.	This organization, ensure that all employees in these positions are made aware of internal promotion opportunities.	1	2	3	4	5
32.	In this organization, internal candidates are given consideration over external candidates for job opening.	1	2	3	4	5

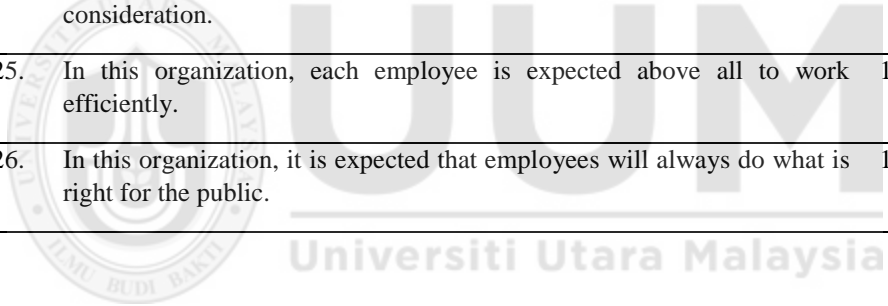
33.	This organization, use of performance based promotion.	1	2	3	4	5
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**SECTION B: ETHICAL CLIMATE**

Listed below are statements describing organizational ethical standards. Please indicate the degree of your agreement to each of the statement by circling the rating provided.

		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
		<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
1.	In this organization, employees are mostly out for themselves.	1	2	3	4	5
2.	The major responsibility for employees in this organization is to consider efficiency first.	1	2	3	4	5
3.	In this organization, employees are expected to follow personal and moral beliefs.	1	2	3	4	5
4.	In this organization, employees are expected to do anything to further the organization's interest.	1	2	3	4	5
5.	In this organization, employees look out for each other's good.	1	2	3	4	5
6.	There is no room for one's own personal morals or ethics in this organization.	1	2	3	4	5
7.	In this organization, employees strictly follow rules and procedures.	1	2	3	4	5
8.	In this organization, work is considered sub-standard only when it hurts the organization's interests.	1	2	3	4	5
9.	Each employee in this organization decides for himself what is right or wrong.	1	2	3	4	5
10.	In this organization, employees protect their own interest above other considerations.	1	2	3	4	5
11.	The most important consideration in this organization is each employee has sense of right and wrong.	1	2	3	4	5
12.	The most important concern is the good of all the employees in this organization.	1	2	3	4	5
13.	In this organization, the first consideration is whether a decision violates any law.	1	2	3	4	5
14.	In this organization, employees are expected to comply with the legal and professional standards over and above other consideration.	1	2	3	4	5

15.	In this organization, employees are expected to stick by organization rules and procedures.	1	2	3	4	5
16.	In this organization, our major concern is always what is best for the other people.	1	2	3	4	5
17.	In this organization, employees are concerned with the organization's interests to some extent.	1	2	3	4	5
18.	Successful employees in this organization go by the book.	1	2	3	4	5
19.	In this organization, the most efficient way is always the right way.	1	2	3	4	5
20.	In this organisation, employees are expected to strictly follow legal and organisation's standards.	1	2	3	4	5
21.	What is best for everyone, is the major consideration in this organization.	1	2	3	4	5
22.	In this organization, employees are guided by own personal ethics.	1	2	3	4	5
23.	Successful employees in this organization strictly obey the organization policies.	1	2	3	4	5
24.	In this organization, the law and ethical code of profession is the major consideration.	1	2	3	4	5
25.	In this organization, each employee is expected above all to work efficiently.	1	2	3	4	5
26.	In this organization, it is expected that employees will always do what is right for the public.	1	2	3	4	5



**SECTION C: ORGANIZATIONAL PERFORMANCE**

Listed below are statements asks you about your organizational performance base on efficiency, effectiveness and fairness. Please indicate the degree of your agreement to each of the statement by circling the rating provided.

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
1. This organization has made good use of employee's knowledge and skills in looking for ways to become more efficient.	1	2	3	4	5
2. In the past 2 years, the productivity of this work unit has improved.	1	2	3	4	5
3. The work performed by this work unit provides the public a worthwhile return on the organization mission.	1	2	3	4	5
4. People of different race/ national origin group are treated with respect in this organization.	1	2	3	4	5
5. The quality of work performed by the current co-workers in this immediate work group is satisfactory.	1	2	3	4	5
6. This organization provides fair and equitable treatment to the public	1	2	3	4	5
7. This organization uses performance measurement in program management.	1	2	3	4	5
8. This organization has strong citizen orientation.	1	2	3	4	5
9. In this organization, top executive set high performance expectations for employees.	1	2	3	4	5
10. This organization compares employee's performance against similar organization.	1	2	3	4	5

**SECTION D: DEMOGRAPHIC INFORMATION**

*Please tick (/) in the appropriate box.*

**MINISTRY/BOARD/PARASTATAL/AGENCIES:** .....

**Gender**

Male

Female

**Marital status**

Married

Single

Divorced

Widowed

**Age**

18-29

30-39

40-49

50-59

60-and Above

**Position Grade Level**

GL 07-10

GL 12-14

GL 15-17

**Work Experience**

Less than 2 years

2 to 5 years

6 to 9 years

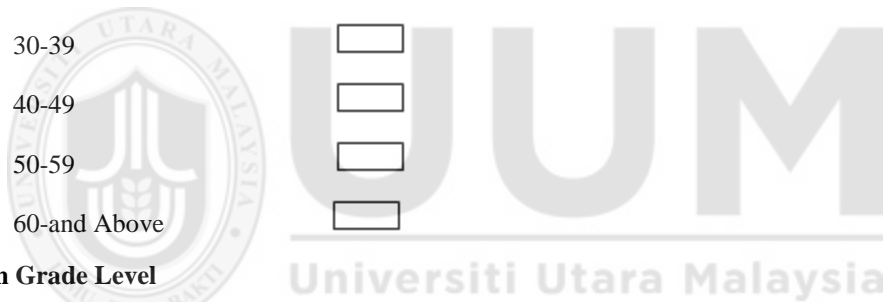
10 years and above

**Educational Level**

Diploma/ NCE

Degree/HND

Postgraduate Degree



**SECTION E : COMMENTS**

The researcher would welcome any suggestion which might benefit this study.

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**Thank You**

**ALL INFORMATION WILL BE KEPT CONFIDENTIAL**



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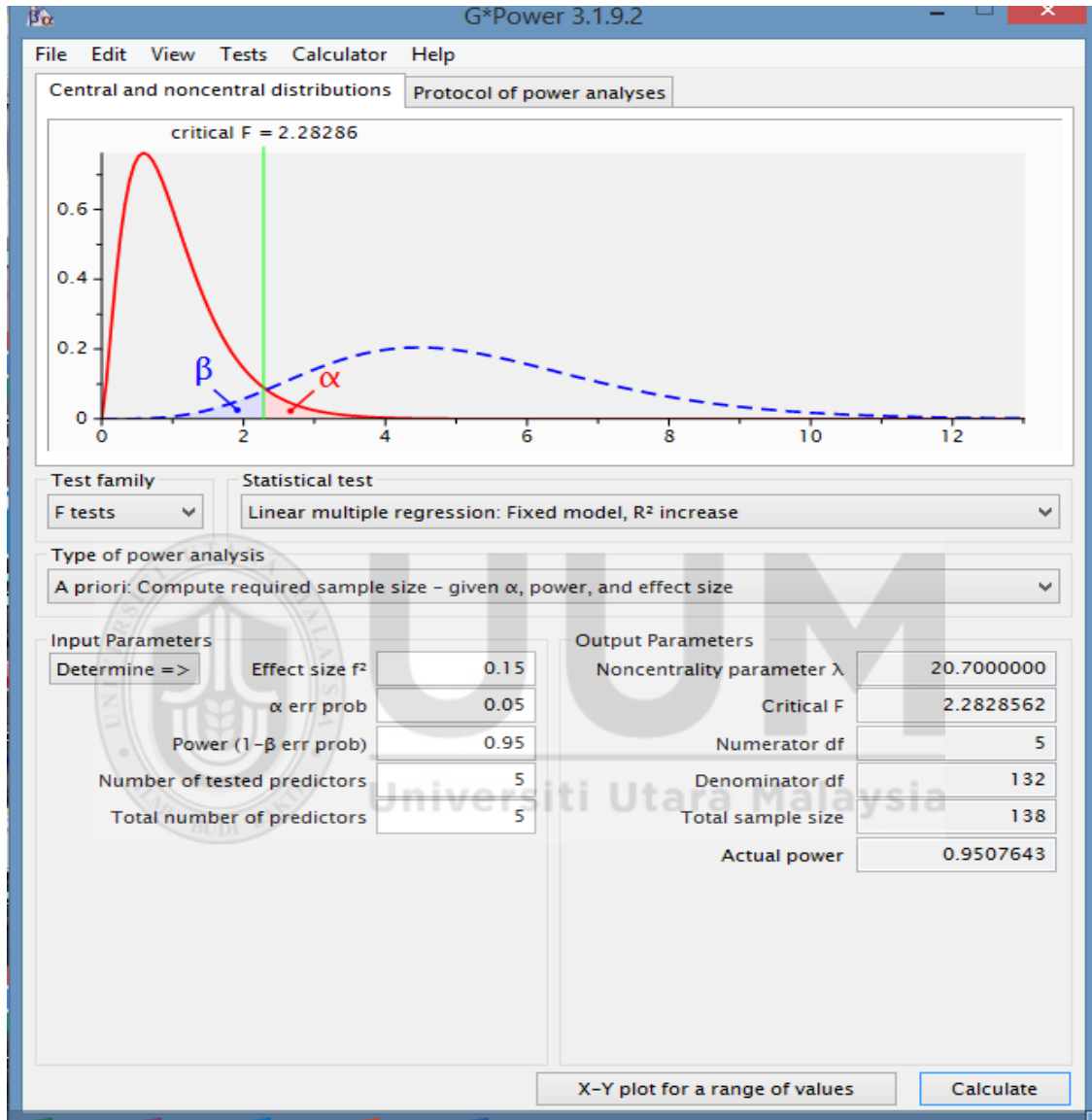
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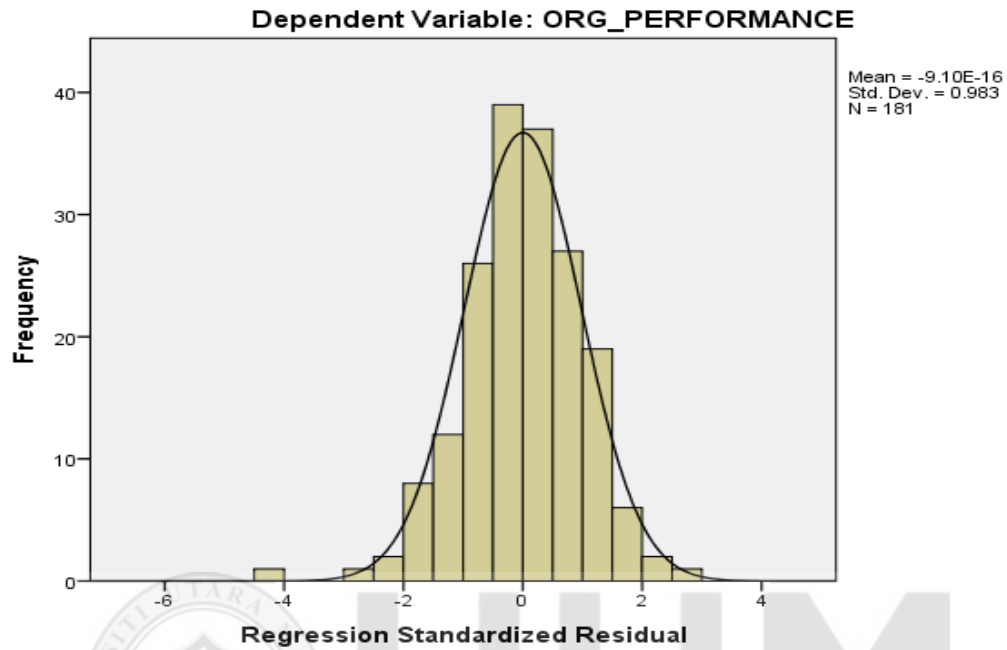
## Appendix B

### G\*power of Analysis

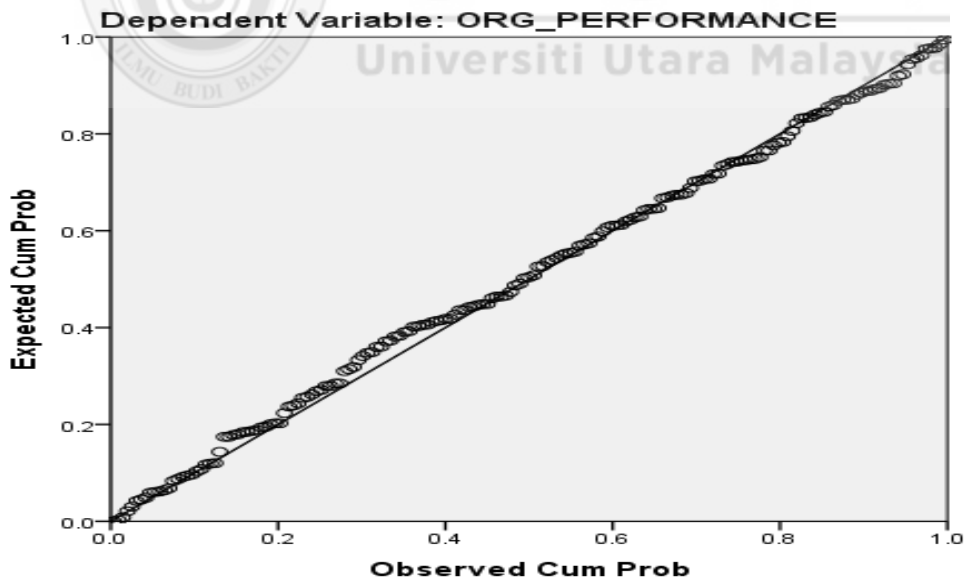


## Appendix C Normality Test

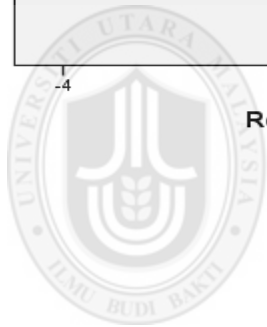
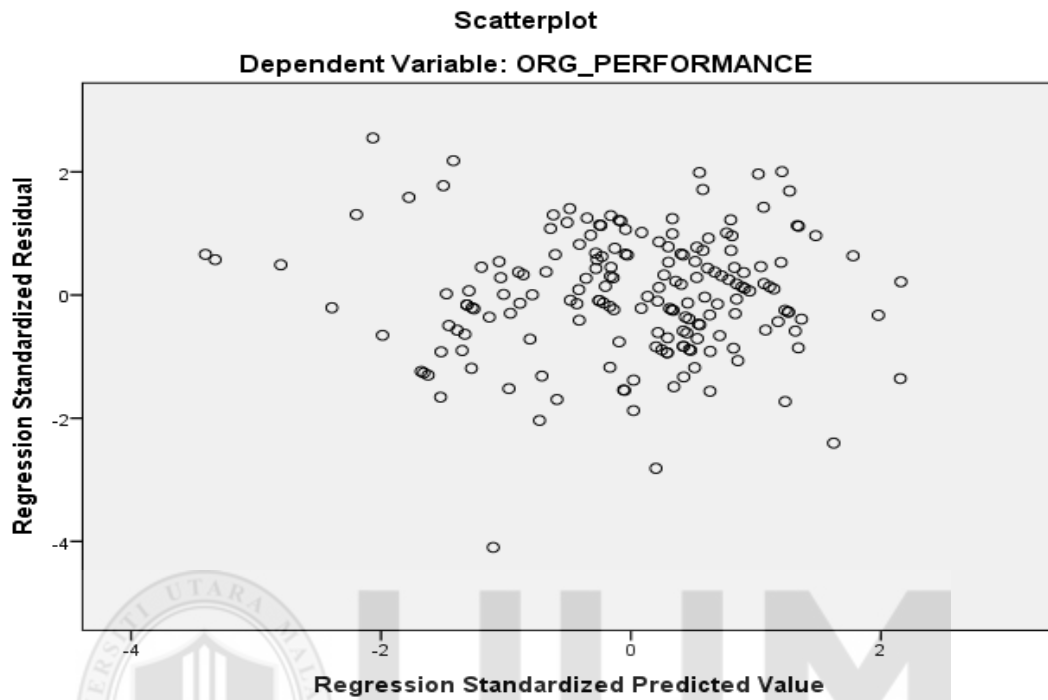
### Histogram



### Normal P-P Plot of Regression Standardized Residual



**Appendix C: continued.....**



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## Appendix D

### Harman's Single-Factor (Common method bias)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	16.023	23.221	23.221	16.023	23.221	23.221
2	3.473	5.034	28.255	3.473	5.034	28.255
3	2.721	3.944	32.198	2.721	3.944	32.198
4	2.494	3.614	35.812	2.494	3.614	35.812
5	2.455	3.557	39.370	2.455	3.557	39.370
6	2.187	3.170	42.540	2.187	3.170	42.540
7	2.003	2.903	45.442	2.003	2.903	45.442
8	1.844	2.673	48.115	1.844	2.673	48.115
9	1.611	2.335	50.450	1.611	2.335	50.450
10	1.467	2.126	52.576	1.467	2.126	52.576
11	1.430	2.072	54.648	1.430	2.072	54.648
12	1.362	1.975	56.623	1.362	1.975	56.623
13	1.334	1.933	58.556	1.334	1.933	58.556
14	1.235	1.790	60.347	1.235	1.790	60.347
15	1.182	1.712	62.059	1.182	1.712	62.059
16	1.168	1.692	63.751	1.168	1.692	63.751
17	1.097	1.589	65.341	1.097	1.589	65.341
18	1.077	1.561	66.902	1.077	1.561	66.902
19	1.051	1.523	68.425	1.051	1.523	68.425
20	1.025	1.486	69.911	1.025	1.486	69.911
21	.978	1.417	71.328			
22	.936	1.357	72.685			
23	.902	1.307	73.992			
24	.895	1.297	75.289			
25	.794	1.151	76.440			
26	.779	1.129	77.568			
27	.766	1.110	78.679			
28	.752	1.090	79.769			
29	.708	1.026	80.795			
30	.679	.984	81.779			
31	.665	.963	82.742			
32	.645	.935	83.677			
33	.633	.918	84.595			
34	.596	.864	85.459			

35	.578	.838	86.296		
36	.552	.801	87.097		
37	.509	.738	87.835		
38	.486	.705	88.539		
39	.465	.673	89.212		
40	.440	.637	89.850		
41	.437	.633	90.483		
42	.416	.603	91.086		
43	.404	.586	91.672		
44	.374	.543	92.215		
45	.362	.525	92.739		
46	.349	.505	93.244		
47	.323	.467	93.712		
48	.322	.466	94.178		
49	.307	.444	94.622		
50	.297	.430	95.053		
51	.279	.404	95.457		
52	.260	.376	95.833		
53	.257	.373	96.206		
54	.249	.361	96.567		
55	.241	.349	96.916		
56	.228	.331	97.247		
57	.222	.322	97.569		
58	.187	.272	97.840		
59	.183	.266	98.106		
60	.179	.259	98.366		
61	.168	.244	98.609		
62	.157	.228	98.837		
63	.145	.210	99.048		
64	.130	.189	99.237		
65	.127	.184	99.421		
66	.116	.169	99.589		
67	.105	.153	99.742		
68	.096	.140	99.882		
69	.082	.118	100.000		

Extraction Method: Principal Component Analysis.

## Appendix E

### Heterotrait Monotrait ratio (HTMT)

Constructs	1	2	3	4	5	6
RS						
TD	0.642					
COMP	0.522	0.696				
PA	0.510	0.623	0.708			
PRO	0.494	0.617	0.574	0.777		
OP	0.610	0.626	0.488	0.744	0.785	0.787

### Mediation Predictive Relevance out put

Constructs	SSO	SSE	Q <sup>2</sup> (=1-SSE/SSO)
EC	543	298.095	0.451
OP	905	681.21	0.247
RS	724	724	
TD	543	543	
COMP	905	905	
PA	905	905	
PRO	1,267.00	1,267.00	



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