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Effects of HR Practices on Firm Performance: A Study of Asian Collaborates in India

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ABSTRACT

The current study investigates the impact of HR practices prevailing in the Indian companies and the Asian collaborates operating in India on the firm performance. The primary data was collected through survey method from 428 employees of 170 organizations (Indian companies and collaborates from Japan, China and South Korea). Additionally, the study examines the mediating role of affective commitment between HR practices and firm performance. Statistical techniques like multiple mediated regressions were applied to test the stated hypotheses. One-way ANOVA, standard deviations, means and grand means were also used to assess the significant differences in the HR practices across the Asian collaborates. The results revealed that the HR practices of the Indian companies and Asian collaborates operating in India effect the firm performance significantly. Also it was found that the employees' perceptions of HR practices lead to affective commitment among the employees and enhance the firm performance. Therefore, affective commitment partially mediates the relationship between the HR practices and the firm performance.

Keywords: HR practices, affective commitment, firm performance, collaborates, India, Japan, China, South Korea.

1. INTRODUCTION

In the 90s, Asian countries like Japan, China, South Korea and India had faced substantial downfall in their economy because of increased inflation, decreased per capita income, unemployment, restricted trade practices, etc. (Budhwar, 2001; Rowley, Benson and Warner, 2004). As a remedy to these problems, these four Asian countries followed the path of globalization and thereafter, relaxed the trade barriers, opened

doors for new markets and welcomed enormous amount of FDI (foreign direct investment) from all over the world (Zhu, Warner and Rowley, 2007; Rowley and Warner, 2007; Budhwar, 2001). Globalization has brought Asian countries much closer to rest of the world by transforming them into open economies holding a prominent place in the international trade market (Lee and McNulty, 2003). The combination of Asian countries selected for this study had same set of economic problems when their economy started to renew itself (Bae, Chen, Wan, Lawler and Walumbwa, 2003). They all followed the open economy approach and moved towards Western style “best practices” approach for managing their people as over the time they had realized that human resources are the focal point of an organization’s success (Kramar and Parry, 2014; Kundu and Gahlawat, 2016a). In the globally competitive scenario and presence of Western MNCs in the market, Asian model of HR will no more be suitable for the Asian countries (Rowley and Warner, 2007). Therefore, the HR practices followed by Asian countries currently is not an Asian model purely, but a hybrid model of Eastern and Western style of HR practices (Zhu *et. al.*, 2007; Rowley *et. al.*, 2004; Warner, 2002).

Researchers have widely explored that the theories on which Western HR models are based are not relevant in the Asian countries, therefore, the same HR practices and models cannot be transferred to the Asian countries, they need to be redesigned according to Asian HR theories (e.g., Bae and Rowley, 2001; White, 2002; Tsui, 2004; Meyer, 2006; Warner and Rowley, 2007). Our sphere of knowledge is only restricted to comparative HR studies of Asian countries and Western countries (Chia, Egri, Ralston, Fu, Kuo, Lee, Li and Moon, 2007). In the past studies, Asian cluster is mainly represented by Japan, South Korea, Taiwan and China (Chia *et. al.*, 2007; Rowley and Warner, 2007; Chang and Chen, 2011). The studies encompassing the HR practices of Asian countries including India are very rare. However, keeping in mind the growing economic performance of India, presence of India in the Asian market cannot be ignored (Kanungo, 2006; Cho and McLean, 2009). The current study aims to fill this gap and tries to reframe the Asian cluster by including India along with Japan, China and South Korea.

In the light of the above background, our study primarily tries to understand the transformation in the HR practices of Asian collaborates and their contribution in the improvement of firm performance while operating in the emerging economies like India. Further, the study tries to assess the variations in the HR practices among Indian companies and collaborates from Japan, China and South Korea. Such type of studies have not been conducted in Indian setting covering collaborates from different countries simultaneously. This study will definitely cover this gap and add to management literature.

2. CONCEPTUAL BACKGROUND AND HYPOTHESES FORMULATION

HR Practices in Asian Countries

All Asian countries (except India) in the study are rooted to the national philosophy of either Confucianism or Buddhism and hence, believe in family and social values (Warner, 2003). Whereas, India derives its cultural base from the philosophies of Hindu culture that believes in spirituality, forgiveness and strengthening the social bond (Sinha, 1994; Sinha and Kanungo, 1997; Kundu, 2008). Culturally, all four countries score high on power-distance, masculinity, uncertainty avoidance, collectivism and long term orientation (Hofstede, 1980; Hofstede, 2001), and hence, share similarities in HR practices also (Kundu, 2008). Guided by the common cultural base Japanese, Chinese and Korean HR models are similar to each other and popularly

known for their traditional HR practices like long term employment, seniority based pay system and promotion, and the prominent role of employee trade unions (Sano, 1995; Koch, Nam, and Steers, 1995; Warner, 1995; Warner, 2004; Kishita 2006).

The Asian financial crisis, 1997 totally revitalized the traditional business models like Japanese Keiretsu, South Korean Chaebols and dominance of China's State owned enterprises, and pushed these economies towards globalization (Warner, 2000). In India, economic reforms of 1991 persuaded Indian economy to enter the global market by liberalizing the restricted trade barriers (Warner, 2000; Budhwar, 2001; Rowley and Warner, 2007; Cho and McLean, 2009).

Considering the case of Japan, the traditional Japanese HR model was unable to protect it from Asian crisis, 1997 (Kramar and Parry, 2014). Therefore, suiting to the globalized market requirements, new HR practices like performance based incentives, bonuses and merit based appraisals, contract based recruitment system instead of life long employment, relaxed working conditions, reduced role of trade unions, empowering HR manger to take HR related decisions freely, abolition of overtime and voluntary redundancies were specially introduced in the collaborates operating out of Japan (Zhu, 2004; Kishita, 2006).

Chinese economy is a transitional economy which entered in the phase of industrialization in mid 1980s (Chia *et. al.*, 2007). And this was the time when major changes took place in Chinese HR model like introduction of contract based labor system which vanished the old practice of lifetime employment (Warner and Ng, 1999) and shedding away the government control from the organizations and giving decision making power to the management of individual organizations (Zhu *et. al.*, 2007). Due to the influence of foreign trade relations, Chinese HR practices adopted the practices like wages linked with employee performance, initiating performance bonuses, introducing social insurance system for employee welfare and redesigning employee-management relationships (Norlund, 1993; Zhu and Fahey, 1999).

Likewise, South Korean old HR practices were replaced by newly designed HR practices like performance based pay, flexible employment, ability and competency based recruitment, early retirements, recruiting young professionals, team work, downsizing, etc. (Bae, 1997; Bae and Rowley, 2001). The fundamental dogma of collectivist approach towards organization was taken a back seat and individualistic approach came in the limelight by promoting individuals' equality and respect (Bae and Rowley, 2001).

In Indian context, with the insurgence of LPG (Liberalization, Privatization and Globalization) in the economy, the Indian organizations transformed their HR systems (Rao, 2007). Further, Rao (2007) explains that the Indian companies were facing performance pressure due to the globalized market scenario, which in return pressurized the HR managers and employees to improve their performance. Therefore, HR managers in Indian companies started to focus on performance evaluation of the employees, identification of training needs, providing individual training if requires, choosing employees for promotion on the basis of performance, involving employees in their performance appraisal process, assisting employees in setting individual goals etc. in order to improve the firm performance in the light of internationalized market (Grote, 1996; Bjorkman and Budhwar, 2007).

HR Practices and Firm Performance

The transformation of HR practices in Asian collaborates was very essential for improving the performance of the employees as well as the organization (Bae *et. al.*, 2003). A study of Chinese managers from 463

firms reveals that the linkage between HR practices and firm performance is unavoidable. Various authors have repeatedly examined the relationship between HR practices and firm performance (Arthur, 1994; Huselid, 1995; Bae and Lawler, 2000; Paauwe, 2004; Jiang, Lepak, Hu and Baer, 2012). The study of 204 firms operating in India has revealed that HR practices like selective selection, rigorous training, employee participation, pay for performance, team building are some crucial HR practices which help in achieving better organizational outcome (Kundu and Gahlawat, 2016b). Similar findings were disclosed by a study of Korean collaborates in USA, Europe and Japan that HPWS (high performance work systems) had a positive impact on the overall organizational effectiveness and led to an increase in the organizational performance (Bae *et. al.*, 2003). Therefore, relying on the past studies which have established a linkage between HR practices and firm performance (Arthur, 1994; Huselid, 1995; Ichniowski, Shaw and Prensushi, 1997; MacDuffie, 1995), we devise our first hypothesis:

Hypothesis 1: HR practices in Asian collaborates operating in India are significantly related to firm performance.

HR Practices and Affective Commitment

Allen and Meyer (1996) define affective commitment as an extent to which an employee feels emotionally attached to the organization. Researchers in past have revealed that the bundle of HR practices like performance based pay, financial incentives (Meyer and Allen, 1997; Rhoades, Eisenberger and Armeli, 2001), investment in training and employee development (Lincoln and Kalleberg, 1996; Meyer and Allen, 1997), encouraging teamwork and employee empowerment (Gardner, Moynihan and Wright, 2007), selective hiring and selection (Caldwell, Chatman and O'Reilly, 1990) are capable of generating affective commitment among employees (Gardener *et. al.*, 2007). Therefore, we formulate our second research hypothesis:

Hypothesis 2: HR practices in Asian collaborates operating in India are significantly related to affective commitment.

Affective Commitment and Firm Performance

An affectively committed employee shows an 'extra behavior' while performing his job related tasks and dedicatedly contributes in the accomplishment of organizational goals (Arthur, 1994). The past studies have revealed that high level of commitment from an employee leads to an improved overall performance of the employee in terms of customer handling, production, decision making, creativity, etc. which collectively leads to better performance of the organization (Meyer, Paunonen, Gellately, Goffin and Jackson, 1989; Jose and Mampilly, 2012). The highly committed employee shows sincerity in achievement of organizational goals and contributes in firm performance (Kundu and Gahlawat, 2016b). On the basis of the above literature, we propose following hypothesis:

Hypothesis 3: Affective commitment in Asian collaborates operating in India are significantly related to firm performance.

HR Practices, Affective Commitment and Firm Performance

Various studies have emphasized on the causal linkage of HR practices with the firm performance (Gong, Chang and Cheung, 2010; Bello-Pintado, 2015). This linkage strengthens in the presence of positive views

of the employees about the HR practices of their organization (Kundu and Gahlawat, 2016b). As suggested by Gong, Law, Chang and Xin (2009), the organization can improve its performance by developing positive attitude among employees and improving their perception towards organization's HR policies and practices. A positive opinion of employees regarding HR practices generates a sense of commitment in them and works in favor of promoting organizational outcomes (Wright and Nishii, 2013). Likewise, the studies of Zhang and Morris (2014), and Kundu and Gahlawat (2015) reveal that employee outcomes are capable of mediating the relationship between HR practices and the organization's performance. In view of the above, the following hypothesis can be generated:

Hypothesis 4: The relationship between HR practices and firm performance in Asian collaborates operating in India is mediated by affective commitment.

3. RESEARCH METHODOLOGY

Sample

To test the hypotheses, the primary data were collected by using questionnaire survey method from the employees of the Indian companies and foreign collaborates of China, Japan and South Korea operating in India. The foreign collaborates operating in NCR (National capital region), Mumbai, Chennai, Pune and Ahmedabad were targeted for the survey as these cities hold offices of majority of foreign collaborates operating in India. During the data collection, it was ensured that a minimum of three and maximum of five employees filled the questionnaire from each organization. A total of 850 employees from foreign collaborates of different regions and industries were approached. Out of them 470 respondents replied back with filled questionnaires. However, on scrutiny of the questionnaires it was observed that 42 questionnaires were incomplete and therefore, were rejected. A total of 428 questionnaires were retained which accounted for a response rate of 50.35 % which was quite higher than the adequate response rate of 47% as recommended by Roth and Craig (1998). The sample distribution can be seen through Table 1.

Table 1
Characteristics of the Sample

	<i>Variables</i>	<i>Categories</i>	<i>Numbers</i>	<i>Percentage</i>	<i>Average</i>
1	Gender	Male	287	67.1	
		Female	141	32.9	
		Total	428	100	
2	Marital status	Married	252	58.9	
		Unmarried	176	41.1	
		Total	428	100	
3	Age	Under 25 yrs	39	9.1	33.3 yrs
		26-30 yrs	122	28.5	
		31-40 yrs	232	54.2	
		41-50 yrs	33	7.7	
		Above 60 yrs	2	0.5	
		Total	428	100	

	<i>Variables</i>	<i>Categories</i>	<i>Numbers</i>	<i>Percentage</i>	<i>Average</i>
4	Nature	Manufacturing	228	53.3	
		Service	200	46.7	
		Total	428	100	
5	Experience in the corporate sector	Upto 5 yrs	84	19.6	9.4 yrs
		5-10 yrs	84	42.3	
		10-15 yrs	103	24.1	
		15-20 yrs	41	9.6	
		20-25 yrs	13	3	
		25 yrs and above	6	1.4	
		Total	428	100	
6	Experience in the present organization	Upto 5 yrs	348	81.3	3.5 yrs
		5-10 yrs	74	17.3	
		10-15 yrs	5	1.2	
		15-20 yrs	1	0.2	
		Total	428	100	
7	Number of respondents	India	115	26.9	
		Japan	100	23.4	
		China	111	25.9	
		South Korea	102	23.8	
		Total	428	100	
8	Number of organizations		170	100	

Source: Primary survey.

Table 1 shows that the sample covered employees from the Indian companies and three Asian collaborates namely Japan, China and South Korea, with 115 respondents (26.9%) from the Indian companies, 100 respondents (23.4%) from Japan, 111 respondents (25.9%) from China, and 102 respondents (23.8%) were from South Korea. The sample consists of 53.3% of the respondents from manufacturing and 46.7% of the respondents from service industry. Out of 428 respondents, 67.1% were male and 32.9% were female respondents. Considering the marital status of the sample, 58.9% of the respondents were married and 41.1% were unmarried. The age distribution of the sample was categorized as under 25 years (9.1%), 26-30 years (28.5%), 31-40 years (54.2%), 41-50 years (7.7%), and above 60 years (0.5%). The average age of the sample was 33.3 years with an average experience of 9.4 years in corporate sector and 3.5 years of average experience in the present company.

Measures

HR Practices (Independent Variable)

HR practices were taken as a combined scale of eight HR practices namely: human resource planning (6-items), hiring (3-items), training (6-items), team building (5-items), performance appraisal (5-items), compensation and benefits (4-items), work life balance (3-items), and HR development (5-items). The total of 37-items was chosen from the past studies to arrive at a representative bundle of HR practices. The responses were received on 5 point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The

questionnaire was tested for internal consistency and reliability and found to be reliable with Cronbach alpha value as 0.915. The items related to these HR practices were taken from a number studies and modified for the purpose of the current study. The sources of the items of various HR practices are mentioned in Table 2. Further, the items under each HR practice can be seen through Table 3.

Table 2
Sources of HRM practices

<i>Items related to</i>	<i>Sources</i>
<i>I. HRM practices</i>	
1. Human resource planning (HRP)	Khatri (2000); Thite (2004); Kim and Gray, (2013)
2. Hiring	Thite (2004); Modified from Steinmetz, Schwens, Wehner and Kabst (Cranet Survey, 2011)
3. Training	Delaney, Lewin and Ichniowski, (1989); Pfeffer (1994); Terpstra (1994); Huselid (1995); MacDuffe (1995); Hiltrop (1999); Nitsche (2003); Modified from Som (2008); Steinmetz, Schwens, Wehner and Kabst (Cranet Survey, 2011)
4. Team building	Bae and Lawler (2000)
5. Performance appraisal	Kravetz (1988); Roberts (1995)
6. Compensation & benefit	Delaney, Lewin and Ichniowski, (1989); Pfeffer (1994); MacDuffe (1995); Hiltrop (1999); Agarwala (2003); Modified from Nitsche (2003); Rao (2007); Som (2008)
7. Work life balance	Modified from Nitsche (2003)
8. HR development	Khatri (2000); Modified from Wright, McMahan, Snell and Gerhart, (2001); Som (2008)
<i>II. Affective commitment</i>	Ellemers, De Gilder and Van Den Heuvel (1998)
<i>III. Firm performance</i>	Khandwalla (1977); Som (2008)

Affective Commitment (Mediating Variable)

Affective commitment scale was measured with the help of 3-item scale (see Table 2 for source and Table 3 for items). The responses were received on 5 point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The scale was found to be reliable with 0.920 Cronbach alpha value.

Firm Performance (Dependent Variable)

In the present study, we have adopted perceived firm performance measures to assess the firm performance. A composite of 9 items scale (see Table 2 for source and Table 3 for items) was used to define the firm performance. The items were measured on a 5-point Likert scale ranging from 1 = ‘much lower,’ to = ‘much higher.’ The respondents were asked to mark their response considering the performance of their organization in comparison with its competitors from the same industry in the last 3 years. The Cronbach alpha for this scale was found to be 0.923.

Control Variables

The variables like gender, marital status, age and nature of the organization were considered as the control variables in this study because they were capable of determining the employee behavior (Chiu

and Francesco, 2003; De Moura, Abrams, Retter, Gunnarsdottir and Ando, 2009; Ramoo, Abdullah and Piaw, 2013). Also experience in the corporate sector and experience in the present organization were included as control variables. Gender was classified as male and female; marital status was categorized as married and unmarried; age was categorized as upto 25 years, 26–30 years, 31–40 years, 41–50 years, 51–60 years and above 60 years and nature of the organization was segregated as manufacturing and service. Further, categorization of experience in the corporate sector was done as upto 5 years, 5-10 years, 10-15 years, 15-20 years, 20-25 years, 25 years and above, and experience in the present organization was classified as upto 5 years, 5-10 years, 10-15 years, and 15-20 years categories. These can be seen through Table 1.

Statistical Methods

The data collected from primary survey were analyzed by applying statistical tools like standard deviations, correlations, exploratory factor analysis (EFA), multiple regression analysis, one-way ANOVA, means, and grand means score. Correlation was adopted to check the relationship among the variables. EFA was applied to reduce the data into factors which can present broader dimensions of the variables. Further, mediation regression analysis was used to study the impact of HR practices on firm performance when affective commitment is introduced as a mediator. The mediation results were confirmed by using the conditions suggested by Baron and Kenny (1986). One-way ANOVA was applied to study the significant differences in HR practices of Asian collaborates operating in India. The means and grand means were calculated to check the direction and extent of the difference between the means. Also, Scheffe test was used for comparing the multiple means. The scales used in the study were tested for their reliability by using Cronbach alpha values. The analysis was done with the help of SPSS version 18.0.

4. RESULTS AND DISCUSSION

Exploratory Factor Analysis (EFA)

In the initial data analysis, EFA was applied. A total of 49 statements related with HR practices, affective commitment, and firm performance were together exposed to principal components factor analysis and rotated by using varimax rotation to check whether all the statements were loaded to their respective latent constructs or not. As a result, ten factors clearly emerged namely human resource planning, hiring, training, team building, performance appraisal, compensation and benefits, work life balance, HR development, affective commitment, and firm performance. All the factors had factor loadings greater than 0.5 and eigen values greater than 1. The first eight factors (37 statements) belonged to HR practices with their eigen values ranging from 2.054 to 13.102 explaining 77.046% of the total variance. The ninth factor represented affective commitment (3 statements) with eigen value 1.675 explaining 3.418% of the total variance. The tenth factor denoted the 9 statements of firm performance with 1.158 as its eigen value explaining 1.158% of variance. The Cronbach alpha values for the factors were ranging from 0.785 to 0.942 (see Table 3) which were higher than the recommended value of 0.70 (Hair, Anderson, Tatham and Black, 1998). Table 3 presents the EFA results in detail.

Table 3
Factor analyses and reliability results regarding HRM practices, affective commitment, and firm performance

<i>Factors and measurement items (37 items)</i>	<i>Loadings</i>	<i>Eigen value</i>	<i>Percentage of variance</i>	<i>α</i>
<i>HRM Practices</i>			71.264	0.915
<i>Human resource planning (6 items)</i>		13.102	26.738	0.927
Our company follows a well-documented Human Resource Planning Policy.	0.757			
Our company structures the HRP in accordance to the Job Analysis.	0.841			
HRP is well aligned with the overall business strategy of the organization.	0.870			
HRP is done by both HR managers and line managers.	0.819			
HRP is an integrated part of the corporate plan and is done on a continuous basis.	0.845			
Organization considers its long-term perspective while planning human resources.	0.789			
<i>Hiring (3 items)</i>		4.884	9.968	0.908
The company targets and attracts best people irrespective of gender, minority groups, ethnicity etc.	0.944			
Our company follows a well-documented recruitment policy and standards for hiring employees.	0.942			
Our company prefers hiring qualified employees.	0.958			
<i>Training (6 items)</i>		3.784	7.723	0.900
Our company has a formally designed training programme budget.	0.519			
Our organization conducts “Training Need Analysis (TNA)” before designing Training Schedule?	0.825			
Our company uses multiple training methods/tools.	0.779			
Our employees are also continuously nominated to external training institutions for training purpose.	0.527			
The company regularly evaluates the Training Programs to determine whether training objectives are met.	0.806			
Our employees are given training in quality management systems such as CMM, PCMM, ISO 9000, ISO14000, etc.	0.844			
<i>Team building (5 items)</i>		3.226	6.583	0.884
In our company self-managed work teams and semi-autonomous work groups are encouraged.	0.858			
Jobs are designed around groups/teams not by individuals.	0.899			
Groups are involved in making decisions that affect their work.	0.940			
There is cooperation among team members.	0.917			
Management motivates employees to work as a team.	0.930			
<i>Performance appraisal (5 items)</i>		2.743	5.597	0.785
Self-appraisal is also given due importance in our organization.	0.611			
Performance appraisals are based on Individual’s “quantifiable” results.	0.637			

<i>Factors and measurement items (37 items)</i>	<i>Loadings</i>	<i>Eigen value</i>	<i>Percentage of variance</i>	<i>α</i>
Performance appraisals are based on Individual's "qualitative" results.	0.672			
Performance appraisals are based on Group output targets.	0.726			
Performance appraisals are based on Individual's competencies.	0.761			
<i>Compensation & benefits (4 items)</i>		2.641	5.389	0.942
Our company has a well-documented compensation policy for determining compensation package.	0.857			
Compensation packages are linked to the performance of the Employee.	0.852			
Our company has a proper blend of financial and non-financial rewards.	0.898			
Variable pay component is included in compensation policy to differentiate among high performers and non-performers.	0.946			
<i>Work life balance (3 items)</i>		2.487	5.075	0.931
The company gives leaves to women employees in the form of Maternity Leaves (ML), Child Care Leaves (CCL) etc.	0.867			
The company supports New Mothers by giving them half day, half work week or crèche facilities.	0.893			
The company offers practices like flexi timing and work from home to its employees.	0.887			
<i>Human resource development (5 items)</i>		2.054	4.191	0.928
HR department has played an important role in the success of this organization.	0.675			
The HR department makes an explicit effort to align business and HR strategies.	0.777			
HRM is proactive in this organization and anticipates changes and corporate dissatisfaction.	0.731			
The HR department is actively involved in firm's strategic planning process.	0.697			
The HR managers of our company are viewed as the partners in the management of the business and agents for the change by the non-HR manager.	0.674			
<i>Affective commitment (3 items)</i>		1.675	3.418	0.920
I would be very happy to spend the rest of my career with this organization.	0.809			
I feel emotionally attached to this organization.	0.800			
I feel "part of the family" in this organization.	0.814			
<i>Firm Performance (9 items)</i>		1.159	2.364	0.923
Quality	0.732			
Productivity	0.800			
Profitability	0.831			
Customer service	0.661			
Market share	0.721			
Return on equity	0.788			
Financial strength	0.819			
Revenue/Sales	0.791			
Innovation	0.656			

Table 4
Descriptive statistics and Cronbach alpha values

Variables	No. of items	Mean	S.D.	1	2	3	4	5	6	7	8	9
1. Gender	-	1.33	0.469	1								
2. Marital	-	1.41	0.492	0.182 ^{***}	1							
3. Age	-	33.27	5.546	-0.093	-0.184 ^{***}	1						
4. Experience in corporate sector	-	9.30	5.311	-0.066	-0.095 [*]	0.268 ^{***}	1					
5. Experience in present company	-	3.50	2.249	-0.018	-0.030	0.009	0.290 ^{***}	1				
6. Nature	-	1.47	0.500	0.140 ^{**}	0.245 ^{***}	-0.209 ^{***}	-0.246 ^{***}	0.035	1			
7. HRM Practices	37	3.99	0.278	-0.131 ^{**}	-0.020	0.124 ^{**}	0.152 ^{**}	-0.025	-0.141 ^{**}	1		
8. Affective commitment	3	3.96	0.699	-0.065	-0.002	0.103 [*]	0.087	-0.034	-0.176 ^{***}	0.432 ^{***}	1	
9. Firm performance	9	4.21	0.528	-0.093	-0.138 ^{**}	0.073	0.208 ^{***}	-0.022	-0.226 ^{***}	0.325 ^{***}	0.439 ^{***}	1

Source: Primary survey

Notes:

(a) *** $p \leq 0.001$, ** $p \leq 0.01$, * $p \leq 0.05$

(b) S.D. stands for standard deviation.

(c) Nature stands for nature of organization's operations.

Descriptive Statistics and Correlations

Table 4 shows the means, standard deviations, and correlation values calculated in this study. The mean value of 3.9 states that there is a prominent presence of HR practices in the Indian companies and Asian collaborates operating in India. The results of correlation analysis are in alignment with the hypothesized linkages between the variables of the current study (refer the hypotheses formulation section). Results mentioned in Table 4 clearly exhibit a significant and positive relationship between the HR practices (independent variable), affective commitment (mediating variable) and firm performance (dependent variable). Also affective commitment also shows a positive association with firm performance. High degree of correlations was observed among some variables; therefore, there might be a possibility of existence of multicollinearity among the variables. The existence of multicollinearity leads to change in the significance and signs of the regression values. Therefore, it was important to check the multicollinearity with the help of variation inflation factors (VIFs) and tolerance statistics among the independent variables before applying regression analyses. The values of VIF statistics of the predictors were found to be ranging between 1.055 to 1.271 which were clearly within the permissible range (Hair *et. al.*, 1998) and very less than 10.0. The VIF value more than 10.0 shows the existence of multicollinearity issue (Bowerman and O'Connell 1990; Myers, 1990). The tolerance values related to the predictors were also examined and found to be much higher than 0.7, which was very far from the lowest acceptable tolerance value of 0.2 (Menard, 1995). The tolerance values ranged from 0.787 to 0.948, hence, clearly depicting the absence of multicollinearity issues among the variables. Therefore, the regression analyses can be carried out for further analyses.

Table 5
Summary of results of means, grand means and one-way ANOVA

HR practices	Asian collaborates				Grand mean	F-value (sig.)
	Indian companies	Japanese collaborates	Chinese collaborates	South Korean collaborates		
Human resource planning	3.765	4.103	4.207	4.369	4.103	25.575*** (0.000)
Hiring	3.753	3.950	4.138	3.775	3.904	9.862*** (0.000)
Training and development	3.874	3.992	4.0135	4.053	3.980	2.691* (0.046)
Team building	3.994	3.950	4.013	3.873	3.960	2.494 (0.060)
Performance appraisal	3.981	4.038	3.629	4.153	3.944	21.800*** (0.000)
Compensation and benefits	3.928	3.810	4.041	3.814	3.902	3.291* (0.021)
Work life balance	4.107	4.187	4.033	4.163	4.120	2.046 (0.107)
Human resource development	3.878	4.020	4.011	4.033	3.983	2.368 (0.070)
Grand Mean	3.910	3.490	4.010	4.030		

Source: Primary survey

Notes: *** $p \leq 0.001$, ** $p \leq 0.01$, * $p \leq 0.05$

Table 6
Summary results of Scheffe Test for multiple comparisons of means

<i>Variables</i>	<i>MD (1, 2)</i>	<i>MD (1, 3)</i>	<i>MD (1, 4)</i>	<i>MD (2, 3)</i>	<i>MD (2, 4)</i>	<i>MD (3, 4)</i>
Human resource planning practices	-0.338*	-0.442*	-0.604*	-0.104	-0.266*	-0.162
Hiring practices	-0.196	-0.384*	0.021	-0.188	0.175	0.364*
Training and development practices	-0.118	-0.140	-0.180	-0.022	-0.062	-0.040
Team building practices	0.045	-0.018	0.122	-0.062	0.077	0.140
Performance appraisal practices	-0.057	0.352*	-0.172	0.409*	-0.115	-0.524*
Compensation and benefits practices	0.118	-0.112	0.114	-0.231	-0.004	0.227
Work life balance practices	-0.079	0.074	-0.056	0.154	0.023	-0.130
Human resource development practices	-0.142	-0.133	-0.155	0.009	-0.013	-0.023

Note:

- (a) *The mean difference is significant at the 0.05 level.
- (b) MD (1, 2), mean difference between India and Japan; MD (1, 3), mean difference between India and China; MD (1, 4), mean difference between India and South Korea
- (c) MD (2, 3), mean difference between Japan and China; MD (2, 4), mean difference between Japan and South Korea
- (d) MD (3, 4), mean difference between China and South Korea

Analysis of Variance (ANOVA)

Table 5 shows the means, grand means and results of one-way ANOVA which indicates the significant differences among the individual HR practices across the Asian collaborates. The significant F-values show human resource planning ($p \leq 0.00$), hiring ($p \leq 0.00$), and performance appraisal ($p \leq 0.00$), and compensation and benefits ($p \leq 0.021$) differ across the Asian collaborates of all four regions namely, India, Japan, China, and South Korea. However, team building ($p \leq 0.060$), work life balance ($p \leq 0.107$) and human resource development ($p \leq 0.070$) do not vary significantly across the regions.

The perusal of Table 5 reveals that human resource planning is widely practiced in South Korean collaborates ($x = 4.369$), Chinese collaborates ($x = 4.207$), Japanese collaborates ($x = 4.103$), and Indian companies ($x = 3.765$). However, India is lowest on human resource planning than foreign collaborates. The results point out the existence of hiring practices in Chinese collaborates ($x = 4.138$), Japanese collaborates ($x = 3.950$), South Korean collaborates ($x = 3.775$), and Indian companies ($x = 3.753$). Further Chinese collaborates are comparatively strong in adoption of the practice of hiring. Training and development is stronger in South Korean collaborates ($x = 4.053$), and Chinese collaborates ($x = 4.0135$) than Japanese collaborates ($x = 3.992$) and Indian companies ($x = 3.753$). Further, the results show the more presence of performance appraisal practices in collaborates of Japan ($x = 4.038$), South Korea ($x = 4.153$), and Indian companies ($x = 3.981$) than China ($x = 3.629$). Similarly, findings highlight that compensation and benefits practices are prominent in Chinese collaborates ($x = 4.041$) followed by Indian companies ($x = 3.928$), South Korean collaborates ($x = 3.814$), and Japanese collaborates ($x = 3.810$). Whereas, team building, work life balance, and human resource development are not found to be widely practiced in Asian collaborates.

To compare the multiple means, Scheffe test was applied. Table 6 shows the results of Scheffe test. Scheffe test shows the significant differences among multiple means regarding three HR practices i.e. human resource planning, hiring, and performance appraisal. See Table 6 for detailed results of Scheffe test.

Regression Analysis

Table 7 summarizes the results of mediated regression analysis. Model 1 is the base model showing effect of only control variables on firm performance. Model 2 presents the direct effect of HR practices on affective commitment and the coefficient of HR practices showed a positive and significant impact on affective commitment ($\beta = 0.412, p \leq 0.001$) and 20.3% of the variance explained in affective commitment by the HR practices. Therefore, hypothesis 2 was supported. Our results are in alignment with findings of the past studies of Meyer and Smith (2000), Appelbaum, Bailey, Berg and Kalleberg (2000), Boselie (2010), and some recent studies like Park (2015), and Kundu and Gahlawat (2016b). These studies show positive relationship between HR practices and affective commitment. Model 3 illustrates the direct effect of HR practices on firm performance. The coefficient of HR practices showed a positive and significant relationship with firm performance ($\beta = 0.284, p \leq 0.001$) and 16.6% of the total variance in firm performance were explained by HR practices. Accordingly, these results supported the Hypothesis 1. Similar results have been presented in studies done in past showing that HR practices significantly impact the firm performance (Bae and Lawler, 2000; Parker, Williams and Turner, 2006; Jiang *et. al.*, 2012; Esch, Wei and Chiang, 2016). Model 4 represents a significant and positive effect of affective commitment on firm performance ($\beta = 0.409, p \leq .001$) with 25% of the variances in firm performance explained by affective commitment. Hence, the hypothesis 3 was also supported. Similarly, the study conducted on financial professionals of 14 financial services firms in North African Arab country; Tunisia (Meyer, Stanley, Herscovitch and Topolnytsky, 2002) had reported that financial performance bears a significant impact from affective commitment. Further, the HR practices and affective commitment were entered together in the regression equation (refer Model 5). The β coefficient of HR practices was reduced in size but remain significant (from $\beta = 0.284, p \leq 0.001$ to $\beta = 0.139, p \leq 0.05$). The affective commitment still had a significant and positive impact on firm performance ($\beta = 0.353, p \leq 0.001$). It means that affective commitment partially mediates the relationship between the HR practices and firm performance, therefore, hypothesis 4 was also supported. The findings of our study are similar to the findings of Mansour, Gara, & Gaha (2014) who suggest that firm performance bears both direct and indirect effects from HR practices when overall organizational commitment (affective commitment, continuance commitment and normative commitment) increases. In this model, 26.5% of the variances in firm performance were explained by firm performance and affective commitment. Further, we used Sobel test (1982) as recommended by Baron and Kenny (1986) to establish the results of mediation analysis. The results confirmed that the mediation effect of affective commitment was significant ($Z = 5.85, p \leq 0.000$). Hence all the hypotheses were fully supported.

The findings of the study gives an overview about how Asian collaborates are relying on HR practices for the achievement of organizational outcomes. Driven by the drastic economic changes and inclusion of globalization, Asian collaborates are constantly in the mode of transforming their HR practices because they have understood that in an organization, employees are the main drivers of firm performance. The study explores that the HR practices in Asian collaborates are able to derive commitment from the employees which further leads them to achieve organizational goals and contribute in improving the firm performance. Additionally, findings reveal that the HR practices across the companies/collaborates from different regions (India, Japan, China, and South Korea) differ from each other. Further, it was observed that HR practices like human resource planning, hiring, performance appraisal and compensation and benefits were widely practiced in Asian collaborates. Our findings are in line with the findings of a study on Indian and Multinational banks which also revealed the existence of above mentioned HR practices (human resource

planning, selection, performance appraisals, and rewards and pay) in Indian as well as Multinational banks (Kundu and Malhan, 2011).

Table 7
Results of multiple regression analysis testing the proposed association among study variables

Independent variables	Dependent variables				
	Firm performance	Affective commitment	Firm performance		
	Control variables				
	Model 1	Model 2	Model 3	Model 4	Model 5
Gender	-0.048	0.001*	-0.016	-0.029	-0.016
Marital	-0.080	0.041	-0.093*	-0.105*	-0.108*
Age	-0.029	0.036	-0.048	-0.055	-0.061
Experience in corporate sector	0.188***	-0.006*	0.152**	0.169***	0.154***
Experience in present company	-0.074*	-0.017	-0.057	-0.057	-0.051
Nature	-0.157**	-0.122**	-0.131**	-0.092*	-0.089
HRM practices	-	0.412***	0.284***	-	0.139*
Affective commitment	-	-	-	0.409***	0.353***
R ²	0.089	0.203	0.166	0.250	0.265
Adjusted R ²	0.076	0.190	0.152	0.237	0.251
F Statistic	6.888***	15.285****	11.902***	19.970***	18.865***
N	428	428	428	428	428

Source: Primary survey

Note:

- (a) *** $p \leq 0.001$, ** $p \leq 0.01$, * $p \leq 0.05$
- (b) Nature stands for nature of organization’s operations.

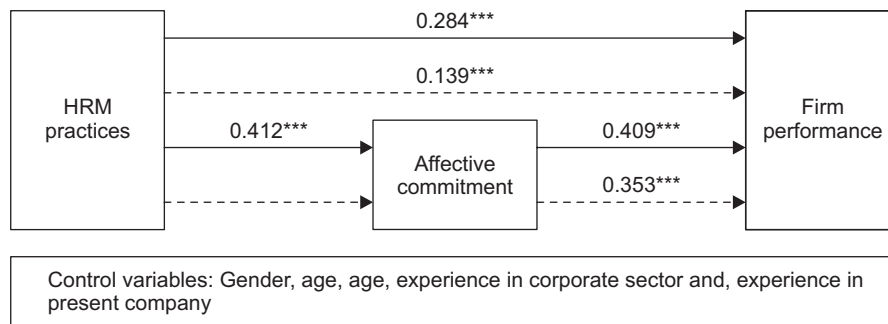


Figure 1: The results of regression analysis for the derived model

Notes:

- (a) The standardized *b* coefficients are presented in Figure 1.
- (b) *** $p \leq 0.001$, ** $p \leq 0.01$, * $p \leq 0.05$
- (c) — line depicts the direct relationships between predictor and dependent variables.
- (d) - - - line shows the mediating effect of affective commitment.
- (e) + Sign represent the direction of relationships between predictor and dependent variables.

5. CONCLUSIONS AND IMPLICATIONS

The findings of the study present a significant relationship of HR practices adopted in Asian collaborates operating in India with the firm performance. The studies conducted in past have studied Asian countries

separately only to understand the relationship of culture and HR practices or transformation of HR practices in those Asian countries. However, in this study, a bundle of HR practices of four Asian countries (Japan, China, South Korea and India) was considered together. The empirical findings of the current study exhibit HR practices as a predictor of organizational performance in Asian collaborates operating in India. The study also highlights the mediating role of affective commitment between HR practices and firm performance. Results reveal that HR practices and affective commitment both bear a strong impact on firm performance.

In the light of above findings, the study is able to give some important implications to the HR managers and policy makers of the Asian collaborates operating in India in order to improve their firm's performance by strengthening the HR practices in the collaborates (Purcell, Kinnie, Hutchinson, Rayton and Swart, 2003; Hutchinson, Purcell and Swart, 2006). Understanding the vital role of HR practices in improved firm performance will guide managers towards better policy making. To deal with the changing work environment and cultural values, the HR managers can ensure improved firm performance by relying majorly on the robustness of the HR practices and overall commitment portrayed by the employees towards the firm. HR managers are advised not to ignore the role of affective commitment as an employee outcome as it contributes in the organization's performance (Zhang and Morris (2014). Further, the study theoretically contributes in the literature related to HR practices of Japan, China, South Korea and India; and the drivers of firm performance. The findings lay a firm base for academicians who are willing to conduct research work in Asian countries in context of HR practices, employee outcomes and organizational performance.

6. LIMITATIONS AND FUTURE RESEARCH

The study faced some limitations also. First limitation is the method of data collection adopted. We used questionnaire survey method and distributed questionnaires to the employees of the collaborates of all the four regions namely, Japan, China, South Korea and India. The respondents were asked to send the responses through an email. The filled questionnaires were received from the employees after multiple reminders, therefore, wastage of time on one respondent. Secondly, as single technique of data collection was applied, there are chances of common method variance (Podsakoff, MacKenzie, Lee, and Podsakoff, 2012). The results of principal factor analysis run on measurement scale extracted 10 factors with eigen value more than 1. The total variances explained were 77.046%, out of which, 26.738% were explained by the first factor. As the one factor did not explain all the variances, common method variance is not an issue in this study (Podsakoff and Organ 1986). In future, researcher can use longitudinal data collection technique and collect the data at different time intervals from the same respondents or can devise a different questionnaire for independent and dependent variables. Thirdly, we used affective commitment as the mediating variable. In future, researchers can use organizational citizenship behavior, intention to quit, trust etc. as a mediators. The curious researchers can also expand the current study by adding Western countries to the current data set and making a comparative analysis between Eastern and Western countries. Also, in future, the same analysis can be repeated to check the mediating impact of affective commitment between individual HR practices and the firm performance.

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