AN EMPIRICAL ANALYSIS OF HRM PRACTICES AND ORGANISATIONAL PERFORMANCE RELATIONSHIP IN THE CONTEXT OF DEVELOPING NATION: THE MODERATING EFFECT OF ETHICAL CLIMATES

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ABSTRACT

The purpose of this study is to examine the moderating effect of ethical climates (ECs) on the relationship between HRM practices and organizational performance (OP). Based on the Resource Based View (RBV) perspective, HRM practices are the best internal resources influencing performance in organization. Some scholars used individual practice while others used bundles. Despite these studies, however, few studies have attempted to consider the influence of HRM practices on organizational performance. Even if any, they have reported mixed findings; therefore, a moderating variable is suggested. This paper proposes ethical climates (ECs) as potential moderator on the relationship between HRM practices and organizational performance to enhance the relationship. A quantitative survey method was used; the data were collected from the heads of department in selected ministry of education Nigeria. A total of 105 questionnaires administered, 81 questionnaires were collected. PLS SEM was used for the data analysis. Based on the statistical findings, recruitment and selection and training and development were found to be significantly related to organisation performance. While ethical climates found to moderate on the relationship between recruitment and selection and training and developments and OP. The study also suggested for future research.

Keywords: HRM practices, recruitment and selection, training and development, ethical climates, organizational performance.

1. INTRODUCTION

According to Osborne, Radnor, and Nasi (2013), public sector of different countries are shaped by many factors, but they share common challenges. For instance, the issue of poor performance makes public sector management more complex than it is in the private sector. Under performance issues give opportunity for others to study factors that leads to organizational performance more specifically in educational sector. In the present world, education is extensively perceived to be the main system for advancing nation economic development (Tilak, 2003) for African nations, for education is certain if the continent has any hope to wipe out of poverty (Bloom, Canning, & Chan, 2006) and for Nigeria specifically, education gets to be unavoidable for the nation to stay alive and recapture her lost greatness being it the Africa's most populace and the third wealthiest African nation as far as economy (WorldBank., 2010). Generally, education is essential and basic to human and

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global societal development which in turn makes its recipient self-sustaining and self-reliant. The degree of development of any society has been linked to the point of the level of education of its public. In this respect, the establishment of higher education institutions globally with a task of promoting the life of the mind stock and transmit generalized knowledge, culture, sophisticated enterprise, and ethical origin of conduct, can never be toyed with if there has to be sustainability and national development (Uwazie, 2003). However, organizational performance (OP) is considered to be the consequences of adapting suitable management methods. OP can be measured using a numeral of criteria’s; includes efficiency, effectiveness, productivity, and growth (Man, 2009). Similarly, OP encompasses the proficiency of an activity, ability to carry out an activity at the minimum cost possible. It is also include effectiveness whether the target set for the entire business are being accomplished (Ali, Ali, & Raza, 2011). Again, OP is about the procedure in which organizational achievement is measured concerning the quality it makes and convey to internal and external users (Antony & Bhattacharyya, 2010).

A number of factors have been considered as factors influencing OP, includes; organisational support (Randall, Cropanzano, Bormann, & Birjulun, 1999; Rhoades & Eisenberger, 2002), organisational politics (Ogbonna & Harris, 2000; Randall et al., 1999; Vigoda-Gadot & Kapun, 2005), environment (Chandrasekar, 2011), organisational culture (Hartog & Verburg, 2004; Homburg & Pflesser, 2000; Scott, Mannion, Marshall, & Davies, 2003; Shahzad, Luqman, Khan, & Shabbir, 2012), organizational learning (Aragón, Jiménez, & Valle, 2014; García-Morales, Jiménez-Barrionuevo, & Gutiérrez-Gutiérrez, 2012; Jiménez-Jiménez & Sanz-Valle, 2011; Tippins & Sohi, 2003). While other scholars considered HRM practices includes; (Azhdar Karami, Samira Saheb, & Sarani, 2015; Karimi, Sahebalzamani, & Sarabi, 2015; Khawaja, Azhar, & Arshad, 2014; Moideenkutty, Al-Lanki, & Sree Rama Murthy, 2011; Obi-Anike & Ekwe, 2014; Suthar, Chakravarthi, & Pradhan, 2014; Theriou & Chatzoglou, 2014; Trehan & Setia, 2014) among others. In general, while these aforementioned studies help us to understand the factors influencing OP, however, literature indicates that less attention has been paid to the HRM practices and OP more specifically in public sector. Among the few, there are mixed reporting and inconsistency findings. Some of these studies include (Abdullah, Ahsan, & Alam, 2009; Akhtar, Azeem, & Mustafa Mir, 2014; Akhtar, Ding, & Ge, 2008; Moideenkutty et al., 2011; Phelan & Lin, 2001) among others. Despite the fact that, Resource Based View (RBV) highlights that internal factors leads to competitive advantage and performance in organisation.

Baron and Kenny (1986), highlights that if there is inconsistencies in previous findings moderating variable is suggested to stimulate the relationship. The present study proposed ethical climates (ECs) as moderator to test the moderating effect of ECs empirically between HRM practices and OP. According to Victor and Cullen (1987) ECs is all about sharing perceptions of what ethically correct behaviour is and how ethical issues should be handled in the organization. Furthermore, ECs signifies the organization’s, procedures, policies and practices on ethical issues, and it influences member’s attitudes and serves as a reference for employee behaviour, at the same time, changing the unethical behaviour of employees in an organization through the help of ECs may have significant impact on OP and entire system (Arulrajah, 2015; Schluter, Winch, Holzhauser, & Henderson, 2008).
Therefore, the objective of this paper to be examine the moderating effect of ECs on the relationship between HRM practices (recruitment and selection and training and development) and OP. The paper is divided into five parts. The first part is introduction, the second part is literature review which includes, the underpinning theory. Part three is methodology which comprises, the study population; sample; measurement and techniques for data analysis, while part four is statistical analysis and result which includes, research framework; measurement model; structural model; and the final part is discussion and conclusion.

2. LITERATURE REVIEW

OP is used generally as dependent variable in academic literature today, and yet, at the same time, it consider as one of the most influential and essential constructs that encountered so much attention by number of researchers (Shook, 2005). That is the reason scholars and practitioners give much consideration regarding find determinants of OP and the mechanisms that through which a few variables can influence, negatively or positively the performance in an organization. (Jing & Avery, 2011).

Prior empirical studies were conducted using a number of HRM practices to determined OP. For instance, the study carried out recently by Karami et al. (2015) in Asian context specifically in Iran banking industry using a number of HRM practices includes; training and development, teamwork, performance appraisal, HR planning, and employment security as mediators on the relationship between cost reduction, innovation, quality enhancement and OP, the used 220 sample a quantitative approach SPSS 17v were utilized in the data analysis, result shows that all the HR practices used are significant related to OP. Similarly, the study conducted by Akhtar et al. (2014) in Pakistan higher education, used (7) seven HRM practices that is staffing, training, compensation, performance appraisal, grievances procedure, empowerment and promotion with 50 sample used SPSS techniques for data analysis, result of the study revealed that all variables are found positively significant except promotion. Again, another study by Ko, Hur, and Smith-Walter (2013) in Western context specifically in USA public sector organisation used selection, training and development, rewards, performance appraisal, communication, empowerment, participation, and work attitudes as moderator on the OP relationship, the study used SPSS technique with 1,114 samples, result shows that the practices are indirectly related to OP. Moreover, the study of Moideenkutty et al. (2011) look different where they used High involvement HRM practices as one, on the relationship between HRM practices and organizational performance in Oman, 87 samples used through SPSS techniques, the statistical analysis result indicates that high involvement HRM practices has positive relationship with subjective organizational performance and objective measure of performance. Additionally, Chow, Teo, and Chew (2013) carry out one study in Asian context specifically in Singapore companies 190 samples and SPSS techniques were used, the variables used includes, involvement, inducement, and investment on OP relationship, result explained that involvement found positive significant related to OP, while inducement and investment found with indirect effect.
However, other earlier studies tested the moderating effect of some variables on the HRM practices, OP relationship to clear the doubt in the literature, but still the moderation did not supported (see, Triguero-Sánchez, Peña-Vinces & Sánchez-Apellániz, 2013; Vanhala & Stavrou, 2013). However, some of the variables used in testing the moderating effect on the relationship between HRM practices and OP are not capable of moderating. However, this study considered ECs as potential moderating variable in the relationship between recruitment and selection and training and development and OP. In addition, this paper chooses to study HRM practices as the best internal factors that influence performance in organisation. According to Wernerfelt (1984) RBV theory, asserted that human capital asset creates competitive advantage and improve performance through employees behavior. Therefore, employees can perform through effective utilization of internal resources base on HRM best practices.

2.1 HRM practices and organisational performance

The practices to be discussed in relation to OP are recruitment and selection and training and development.

2.1.1 Recruitment and Selection and Organizational performance

As a fundamental HRM practice, recruitment is a procedure of discovering and securing the right candidates into an organization. Essentially, the procedure includes looking for and drawing in the most qualified candidates utilizing a few achievable recruitment approaches (Tong, 2009), while selection is the process of settling on the decision of the most suitable candidate from the group of candidates enrolled to fill the appropriate job position (Opatha, 2009). Similarly, recruitment and selection are considered as the fundamental HRM practices that facilitate the obtaining of applicants into the organization. It is actually fundamental practice that muddles together the organization with existing positions with suitable candidates for a possible future relationship (Rynes & Cable, 2003).

Many empirical studies were carried out and found recruitment and selection as strong predictor of OP. For example, one study conducted by Alsughayir (2014) in Asian context, specifically in Saudi Arabian organizations with 270 samples got 92.9% respond rate, SEM techniques were used in the data analysis, the result found recruitment and selection positively significant to OP. Similarly, another study by Beh and Loo (2013) in Asian context, specifically in Malaysian insurance companies 312 samples were used in SPSS tool for multiple regression analysis considered in testing the relationship between recruitment and selection and OP, result confirmed that recruitment and selection positively related to OP. Again, the study conducted by Chand (2010) in Indian hotel a quantitative approach with total of 439 samples using SPSS technique, result of the study revealed that recruitment and selection were found positively related to performance.

However, the study of Tan and Nasurdin (2011) in Asian context particularly in malaysian reported contrary to the above aforementioned studies, the used large manufacturing sectors, with 171 sample. The regression analysis result shows recruitment is low and insignificant related to organisational innovation and performance. Despite many evidences in Asian
countries literature is lacking on the relationship between recruitment and selection and OP in African countries particularly in Nigeria. Therefore, this study proposed the following hypothesis:

Hypothesis 1: There is significant relationship between recruitment and selection and OP

2.1.2 Training and Development and Organisational performance

Training and development practice is considered an important component of human resource management, its plays a vital role for increasing talent, flexibility, work adaptability, motivating and sustaining necessary competence of employees. Similarly, training and development is the vibrant area of HRM, and considered the fastest growing part of personnel activities (Tai, 2006; Vlachos, 2008). Jauhar, Abdul Ghani, Joarder, Subhan, and Islam (2015), argued that training and development considered important because, most of the country used it to develop the skilled and intellectual of its personnel to achieve both employee and OP. One of main focus of training and development in an organization improve individual, groups, team, and organizational, effectiveness and efficiency (Kraiger & Ford, 2007).

Prior studies established that training and development is significantly related to OP. For instance, one studies by Arshad, Azhar, and Khawaja (2014), in Asian context specifically in Pakistan organization 50 samples were used using SPSS techniques, the regression and correlation analysis result shows that training and development as one with the highest predictor of performance. Similarly, another study conducted by Triguero-Sánchez et al. (2013) in European context specifically in Spanish small and medium enterprises 102 samples used in second generation analysis techniques (PLS SEM), the result revealed that training is found positively significant to OP. Again, Abdullah et al. (2009). Carried out study in Asia, Malaysia in particular, private firms were the targeted population of the study with 153 respondents, SPSS tool were utilized in quantitative analysis, and the regression result explained training and development is positively related to OP.

However, some studies report contradicting findings in the aforementioned studies. Some studies have shown that there are indirect and insignificant relationship between training and OP. For example, a study by Aragón et al. (2014) in European context specifically Spanish firms, used 1600 samples in quantitative analysis, the result shown that training has indirect effect on performance, its became significant through the organizational learning. So also, the study of Osman, Ho, and Carmen Galang (2011) in Asian context Malaysia 233 sample used in the data analysis, the regression analysis result explained that training and development is not significantly related to OP and the study recommended for moderation. Furthermore, Vlachos (2008) carried out research in European context, specifically in Greece private organizations, 372 questionnaires distributed, but only 71 were returned and used in the analysis that is 19.1% response rate the regression analysis result shows that training has indirect relationship with the performance. Despite several evidences in European and Asian countries literature is lacking on the relationship between training and development and OP in African countries particularly in Nigeria. Therefore, this study proposed the following :-
Hypothesis 2: There is significant relationship between training and development and OP

2.1.3 Ethical climates and Organizational Performance

According to Victor and Cullen (1987), ECs can simply be defined as the sharing opinions of what ethically correct behaviour is and how ethical issues should effectively handle. ECs denotes how an organization responds to ethical issues. ECs also considered as determining the right or wrong of what individuals trust and shapes their ethical decision making and conduct (Johnson, 2008). Similarly, Schluter et al. (2008) argued that ECs represents the organization’s policies, procedures and practices on ethical issues, and it influences employees attitudes and behaviour and serves as a reference for employee behaviour. Likewise, ECs play a fundamental role in improving OP. It is indeed essential that, organizations set ethical principles for its personnel alongside providing an atmosphere that promotes ethical behaviour, trust, capable leadership, commitment and creates workforce value to improve OP (Hijal-Moghrabi, Sabharwal, & Berman, 2015).

However, prior studies indicated that there has been a growing concern about the incidence of unethical behaviours within the public sector organization. It is created and has exposed a lot of issues like, abuses, scandals, mismanagement, poor service delivery lack of performance, and corruption. Equally, changing the unethical behaviour of employees in an organizational with the influence of ECs may have a significant impact on OP and entire system (Arunrajah, 2015). So, organizational ethics are considered to be one of the most commanding factor that influence organizational success as well as survival (Bartels, Harrick, Martell, & Strickland, 1998; Buller & McEvoy, 2000). In general, ECs encourages and enforces the members to acquire appropriate ethical behaviour within organization. In return, ethical behaviour of the members is fundamental to achieve best organizational objectives and performance (Brown & Stilwell, 2005; Winstanley & Hartog, 2002). Numerous studies were conducted by different number of scholars and established the relationship between ECs and OP. For example, one study recently by Hijal-Moghrabi et al. (2015), in Western context, specifically in four states from USA, states includes, Washington, Oregon, Utah and Florida 1,695 respondents engaged in quantitative research, ECs is found positively related to OP. Another study, study also by Bowman and Knox (2008) in America, managers in public organization were the targeted population, result revealed that ECs positively predict OP. Others studies includes; (Haines, 2004; Zajac & Al-Kazemi, 2000). However, RBV, highlighted that human resource systems can directly influence OP with the help of resources that are involved woven in organization’s history and culture, like of ECs (Barney, 2001; Reed & DeFillippi, 1990; Wright & McMahan, 1992). This study hypothesizes that :-

Hypothesis 3: There is significant relationship between EC and OP

Furthermore, literature indicates that studies were carried out to test the moderating effect of ECs in the various field of academics. Recently, Nafei (2015) conducted one study in African context specifically in industrial companies with 295 samples representing 79%, employed EC to moderate the relationship between job satisfaction (JS) and organizational commitment (OC), the Multiple regression analysis result shown that ECs moderates the relationship
between job satisfaction (JS) and organisational commitment (OC). The study also recommend that ECs should be considered further studies, because it is one of the key sources leads to competitive advantage in organization considering the positive relationship found between the JS and OC. Similarly, a study by Zehir, Muceldili, and Zehir (2012) in Asian context specifically in Turkish large companies with 192 samples, study tested the moderating effect of ECs between the JS and OC, result revealed that ECs moderate the relationship between JS and OC including the dimensions of JS. However, some of the studies between recruitment and selection, training and development and OP reported mixed finding includes, (Abdullah et al., 2009; Akhtar et al., 2014; Akhtar et al., 2008; Moideenkutty et al., 2011; Phelan & Lin, 2001). According to Baron and Kenny (1986), if there is inconsistencies in the findings moderating variables is suggested. Based on the suggesting of Baron and Kenny, this study proposed ECs as moderating variable on the relationship between HRM practices (recruitment and selection, training and development) and OP. Despite the number of evidences in America, Africa, Asian countries literature in West African context on the relationship between ECs and OP is scarce, particularly in Nigeria. Therefore, this study proposed the following :

Hypothesis 4: ECs moderates the relationship between recruitment and selection and OP. specifically; the relationship will be stronger for organization with higher ECs than those with lower ECs.

Hypothesis 5: ECs moderates the relationship between training and development and OP
Specifically; the relationship will be stronger for organization with higher ECs than those with lower ECs.

2.2 Underpinning Theory

Resource- Based view (RBV) is the underpinning theory in this study. The main focus is how organizational resource are developed and affect its performance (Kamyabi & Devi, 2012). The RBV’s improvement happened somewhere around 1984 and the mid-1990’s. The RBV argued that organizations have resources, a subset of which empowers them to achieve competitive advantage, and a subset of those that prompt predominant long haul performance. RBV highlighted that human capital asset generates competitive advantage and improve performance through employees behavior. Therefore, employees can perform through effective utilization of internal resources base on HRM best practices. Similarly, as cited in Manroop, Singh, and Ezzedeen (2014) in RBV perspective stated that ECs has been linked to add valued to HRM practices and OP in terms of playing a vital role to attain organizational success, emphasizes on ECs considers having strategic value for organization and how human resource systems may influence that value. In general, RBV collected works points out that organization could obtain resources as the basis of unique performance that are valued, rare, difficult to imitate and non-compatible with other resources (Barney, 1991; Conner, 1991).

3. METHODOLOGY

A structured questionnaire was used in collecting the data from heads of department in the ministry of education Sokoto, Kebbi, Zamfara Nigeria. The study used stratifying sampling,
stratified the respondents into three strata, and determines from each stratum the number of respondents that represent it from the total population, choosing disproportionate sampling is considered appropriate as it allowed the stratum with large number of departments to have high number of representation over stratum with small number of departments (Sekaran & Bougie, 2013).

Similarly, items used in the questionnaire were adapted from different scholars, with few modifications includes; OP items from Brewer and Selden (2000), ECs items adapted from Elçi, Şener, and Alpkan (2013), Hijal-Moghrabi et al. (2015), originated from Victor and Cullen (1987), recruitment and selection items adapted from Demo, Neiva, Nunes, and Rozzett (2012), while training and development items adapted from Lam, Chen, and Takeuchi (2009) all in 5-likert scale. 105 questionnaires were administered 81 copies represent 85.5% returned and used in the analysis. SPSS 22v and PLS SEM were used in the data analysis.

4. STATISTICAL ANALYSIS AND RESULT

An initial test of validity and reliability using smart PLS 2.0 was conducted. The model that involved recruitment and selection, training and development, ECs and OP.

![Research Framework](image)

**Fig. 1: Research Framework**

4.1 The Measurement Model

Constructs validity and reliability were evaluated and confirmed in an attempt to determine the accuracy of the measurement; convergent validity as well as the discriminant validity were run respectively. After calculating PLS algorithm the first thing to consider is indicators reliability. According to Hulland (1999), any item indicator with loading less than 0.4 should be deleted based on this justification the model is filtered by deleting all the items that are below 0.4. For instance, the Dependent variable OP is run with eleven 11 items but 5 out of 11 have been deleted includes, OP1, OP2, OP9, OP10, and OP11 other items deleted in ECs includes, ECs4, ECs8, ECs9, ECs10, ECs11, ECs12, and ECs13 also, in RS (3) it elms were deleted includes, RS1, RS5, and RS6 while in TD no item was deleted, all the items loading meet the requirement. Furthermore, the composite reliability and cronbach alpha for internal consistency reliability of the entire construct meet the requirement range from 0.7
and 0.8 respectively recommended by Hair, Ringle, and Sarstedt (2011), and Bagozzi and Yi (1988). Similarly, the average variance extracted (AVE) for convergent validity of all the constructs are considered accepted as all the AVE meet the minimum threshold of 0.5 as recommended by Bagozzi and Yi (1988). In conclusion, to justify the discriminant validity the square root of AVE is compared to correlation square of the interrelated variables of concern constructs which indicates adequate discriminant validity. Table 1 and Table 2 present factor loading present and discriminant validity.

Table 1: Factor loading

<table>
<thead>
<tr>
<th>Items</th>
<th>Factor Loading</th>
<th>Composite Reliability</th>
<th>Cronbach's Alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC1</td>
<td>0.667</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC2</td>
<td>0.732</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC3</td>
<td>0.677</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC5</td>
<td>0.857</td>
<td>0.868</td>
<td>0.820</td>
<td>0.525</td>
</tr>
<tr>
<td>EC6</td>
<td>0.760</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC7</td>
<td>0.632</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP3</td>
<td>0.548</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP4</td>
<td>0.716</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP5</td>
<td>0.842</td>
<td>0.872</td>
<td>0.824</td>
<td>0.543</td>
</tr>
<tr>
<td>OP6</td>
<td>0.910</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP7</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP8</td>
<td>0.485</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RS2</td>
<td>0.702</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RS3</td>
<td>0.742</td>
<td>0.772</td>
<td>0.674</td>
<td>0.531</td>
</tr>
<tr>
<td>RS4</td>
<td>0.741</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD1</td>
<td>0.769</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD2</td>
<td>0.816</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD3</td>
<td>0.453</td>
<td>0.854</td>
<td>0.792</td>
<td>0.501</td>
</tr>
<tr>
<td>TD4</td>
<td>0.788</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD5</td>
<td>0.706</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD6</td>
<td>0.651</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Discriminant validity

<table>
<thead>
<tr>
<th>Variables</th>
<th>EC</th>
<th>OP</th>
<th>RS</th>
<th>TD</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC</td>
<td>0.725</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP</td>
<td>0.399</td>
<td>0.737</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RS</td>
<td>0.306</td>
<td>0.539</td>
<td>0.728</td>
<td></td>
</tr>
<tr>
<td>TD</td>
<td>0.683</td>
<td>0.496</td>
<td>0.434</td>
<td>0.708</td>
</tr>
</tbody>
</table>
4.2 Structural Model

After satisfying the condition of the measurement model (construct validity and reliability), is followed by hypothesis testing, evaluation of R-square, effect size and predictive relevance through running PLS algorism and Bootstrapping in smart PLS 2.0 version.

Table 3: Path Coefficient and Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>Standard Error</th>
<th>T Statistics</th>
<th>P-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECs -&gt; OP</td>
<td>0.1059</td>
<td>0.1558</td>
<td>0.6796</td>
<td>0.50</td>
<td>Not supported</td>
</tr>
<tr>
<td>RS -&gt; OP</td>
<td>0.3978</td>
<td>0.1208</td>
<td>3.2935</td>
<td>0.00</td>
<td>Supported</td>
</tr>
<tr>
<td>TD -&gt; OP</td>
<td>0.2515</td>
<td>0.1101</td>
<td>2.2852</td>
<td>0.02</td>
<td>Supported</td>
</tr>
</tbody>
</table>
4.2.1 Testing the Moderating effect of Ethical Climates

This study applied a product indicator approach using PLS SEM to identify and estimate the strength of the moderating effect of ECs on the relationship between HRM practices (recruitment and selection, training and development and OP (Chin, Marcolin, & Newsted, 2003; Henseler & Fassott, 2010). Table 4 shows that ECs is found significantly related and moderate the relationship between recruitment and selection and OP at 5% significance level. At that point, ECs found insignificant and did not show any interaction between training and development and OP.

Table 4: Moderating hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Beta</th>
<th>Standard Deviation</th>
<th>Standard Error</th>
<th>T Statistics</th>
<th>P-Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>RS * ECs -&gt; OP</td>
<td>-0.2604</td>
<td>0.1385</td>
<td>0.1385</td>
<td>1.8802</td>
<td>0.06</td>
<td>SUPPORTED</td>
</tr>
<tr>
<td>TD * ECs -&gt; OP</td>
<td>-0.1206</td>
<td>0.1975</td>
<td>0.1975</td>
<td>0.6106</td>
<td>0.54</td>
<td>NOT SUPPORTED</td>
</tr>
</tbody>
</table>

Therefore, it can be established that ECs moderates the relationship between recruitment and selection and OP at 5% significance level, 1.8802 1-tail. Statistically the moderating effect is significant, hypothesis supported. While there is no moderating effect on the relationship between training and development and OP which is statistically insignificant.
4.3 Evaluation Of Predictive Relevance Of The Model, Effect Size, And R²

In PLS SEM, across-validated redundancy measure is used in evaluating the predictive relevance of this research model by running PLS blindfolding procedure. According to Chin (1998), Geisser (1974), and Stone (1974), any model with $Q^2$ above 0 has predictive relevancy, in line with this assertion this model has 0.1964 which above the threshold. Similarly, Chin (1998), provided criteria of judging research model predictive relevance by identifying some values which includes; i) 0.02 is small; ii) 0.15 is medium; and ii) 0.35 is Large. Therefore, based on the views from Chin (1998); Geisser (1974), and Stone (1974), the research model has medium predictive relevance.

**Fig. 5: Predictive Relevance**

5. DISCUSSION AND CONCLUSION

The objective of this study is to examine the moderating effect of ECs on the relationship between HRM practices (recruitment and selection (RS), training and development (TD) and OP. The statistical result of the study revealed that three of the hypotheses were supported, while two hypotheses were rejected. The first hypothesis, ECs–OP relationship is not significant ($\beta = 0.1059$, $t = 0.6796$, P-Value=0.50), while the second hypothesis RS –OP is positively significant related ($\beta = 0.3978$, $t = 3.2935$, P-Value=0.00), this study is consistent with the previous finding (see, Alsughayir, 2014; Beh & Loo, 2013; Chand, 2010) which is all positively significant. Similarly, third hypothesis, TD–OP the relationship found significant ($\beta = 0.2515$, $t = 2.2852$, P-Value=0.02), this study is consistent with the prior studies conducted in Asian, European context by Arshad et al. (2014), Triguero-Sánchez et al. (2013) and Abdullah et al. (2009) they found training and development positively related to OP. Therefore, the two HRM practices recruitment and selection and training and development have significant influence on OP. Furthermore, fourth hypothesis supported the argument that ECs moderate the relationship between RS and OP, while the fifth hypothesis was rejected were ECs found not statistically significant on the relationship between TD and
OP. Therefore, RS *ECs->OP is significant at (β = 0.2604, t = 1.8802, P-Value=0.06), while, TD*ECs->OP is not significant at (β = 0.1206, t = 0.6106, P-Value=0.54). Similarly, the $R^2$ included is 0.382 as the two HRM practices (recruitment and selection, training and development) contributed 38% to the model while the remaining 62% will be in the hands of other variables that are not included in the model. Similarly, effect size values of the constructs are, 0.1958, 0.0405, 0.0129 which are medium, small and none as recommended by Cohen (1988).

The contribution of this study is both in theory and practice, in the theoretical part of this study is the extension of the existing literature about HRM practices (RS and TD). Moreover, this study is among the few studies that examine the moderating effect of ECs on the relationship between HRM practices (RS and TD) OP. While on the other hand, practically, finding of this study will offer an important insight to academics, policymakers and practitioners into the significant effect of ECs on HRM practices and OP particularly in Nigerian educational sector. ECs can help in influencing the organizations in achieving performance. Finally, this study suggested that large sample and other practices like compensation, performance appraisal, promotion opportunity should be use for the future research using PLS-SEM in order to re-validate the model which we intent to carry out in the near future.

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