

INTRODUCTION

Iqra Journal of Business & Management is a peer reviewed journal initiated by the Business Administration Department, Iqra National University, Peshawar, Pakistan in year 2017. The aim of the journal is to publish latest research related to the field of management, business administration, marketing, finance, entrepreneurship and so on. The main contributors of the journal are academics, researchers, practitioners, consultants, and undergraduate and postgraduate students. The journal has a diverse advisory board consist of experts from developed countries as well as well-known universities at national level. The journal provides a platform for sharing diverse research work in the field and aims to reduce the gap between the industry and academia. The journal is abstracted and indexed in high ranking abstracting and indexing agencies. The journal does not charge any fee to authors and is freely available to the readers through its web site.

AIMS AND SCOPE

The Iqra Journal of Business & Management provides an excellent outlet for research and scholarship on management-related themes and topics. The journal contributions comes from all over the country as well as from abroad, and include empirical and methodological articles across the full range of business and management disciplines including;

- General management
- General administration
- Accounting and finance
- Human Resource Management
- Marketing and supply chain management
- Strategic Management
- Operations Management
- Entrepreneurship
- Corporate Social Responsibility
- Public Sector Management
- Organizational Behavior
- Business Ethics
- Research methods

CHIEF EDITOR MESSAGE

Pakistan is going through a transitional period having long lasting impact on its economy, politics, culture, and social structure of the society. Key drivers of the transition include CPEC project, changing International and national political dynamics, globalization, climate change, and new public management. The transitional period is also putting greater pressure on organizations across the diverse range of industries/sectors to adopt according to the changing needs of the environment. In this dynamic environment, there is urgent need for research and development of indigenous new methods, techniques, and tools for the growth of businesses and industry in Pakistan. It is a matter of great pride, enthusiasm, and anticipation that Iqra National University is launching its management science journal named 'Iqra Journal of Business & Management'. The journal aims to provide a platform to the researchers belongs to the management and administration discipline. The journal will disseminate the latest research to the research community, academics, industry, government and social sector. The aim of the journal is to provide industry and businesses within Pakistan the latest research and bridge the gap between the industry and academia. In current era, best scholarship requires the qualitative as well as quantitative methodology so the journal will publish research articles on both type of research along with insightful commentary, field reports on contemporary management practice, all of which will make the journal highly beneficial for its readers.

The development of journal required a lot of hard work and I appreciate the work of managing editor, co-managing editor and associate editors. On behalf of Iqra Journal of Business & Management, I am thankful to the university administration for its support of this effort. I am thankful to the Chancellor, INU Obaid ur Rehman, and all the academic and administrative staff in supporting this research endeavour.

Prof. Dr. Shahjehan

Chief Editor

EDITORIAL BOARD MEMBERS

Chief Editor

Prof. Dr. Shahjehan

Managing Editor

Dr. Khurshed Iqbal

Co-Managing Editor

Muhammad Tahir

IQRA JOURNAL OF BUSINESS & MANAGEMENT ADVISORY BOARD MEMBERS

S.NO	NAME	AFFILIATION
1	Prof. Dr Kubilay Ozyer	Tokat Gaziosmanpasa University, Turkey
2	Assoc. Prof. Dr. Yucel Erol	Tokat Gaziosmanpasa University, Turkey
3	Assist. Prof. Dr. M. Said Döven	Eskişehir Osmangazi University, Turkey
4	Assist. Prof. Dr. Muslume Akyuz	Tokat Gaziosmanpasa University, Turkey
5	Yasin Bilim	Necemettin Erbakan University, Turkey
6	Dr. Razaq Raj	Leeds Beckett University, UK
7	Kalim Siddiqui	University of Huddersfield, UK
8	Tahir Rashid	Salford Business School, UK
9	Russ M. Miller	Chairman, Performance Institute, LLC, Malaysia
10	Dr Aurangzeb Zulfiqar Khan	Assistant Professor, COMSATS Islamabad

TABLE OF CONTENTS

Effect of Time Pressure on Organizational Citizenship Behavior: Moderating Role of Agreeableness	1
<i>Dr. Tariq Iqbal Khan, Dr. Imran Saeed, Dr. Muhammad Junaid, Dr. Saima Urooge</i>	
A Study of the Effects of High-Performance Work Practices on Staff Perception of Psychological Contract Breach.....	15
<i>Adnan, Dr. Muhammad Tahir, Muhammad Farooq Jan</i>	
Green HRM- Introduction, Predictors, Outcomes, and Future Prospects in Pakistan	24
<i>Muhammad Tahir, Zakir Rahim, Raza Ahmed Khan</i>	
Working Capital Management And Firm Profitability: Evidence From Pakistan.....	33
<i>Maqbool Hussain, Dr. Khursheed Iqbal, Aqsa Siddiq, Sharif Ullah Jan, Dr Abid Usman</i>	

LETTER FROM THE EDITORS

Warmly Welcome to Iqra Journal of Business & Management (IJBM) Volume 1, Issue 1, 2017, the official journal of the Iqra National University Management Science Department. This University providing Management Science, Engineering, Allied Health Sciences, Fashion & Design & Mass Media Communication Discipline Bachelors, Masters & Ph.D degrees. A non-profit association of scholars whose ambitious to come up with challenging and encouragement ideas to support and transfer of knowledge throughout the world.

The editorial mission of the IJBM is to publish pragmatic and hypothetical research articles which improve and introduce the core values of Information System and Management Science. All research articles are double blind referred. The manuscript in this issue have a good enough acceptance rate, which is keeping with our editorial mission. Versatility of thoughts will always be welcomed.

Please explore the Iqra National University website at <https://www.inu.edu.pk/iqra-journal-of-business-management/> for on-going information about the university and Journal, and about Management Sciences academics and our collective conferences. Submission suggestion instructions and guidelines for publication are also provided on the provided website.

Prof. Dr. Shahjehan
Vice Chancellor
Iqra National University, Peshawar

EFFECT OF TIME PRESSURE ON ORGANIZATIONAL CITIZENSHIP BEHAVIOR: MODERATING ROLE OF AGREEABLENESS

Dr. Tariq Iqbal Khan

Assistant Professor, University of Haripur

Dr. Imran Saeed

Lecturer, IBMS, University of Agriculture, Peshawar

Dr. Muhammad Junaid

Assistant Professor, IMS, University of Peshawar

Dr. Saima Urooge

Assistant Professor, Islamia College University, Peshawar

ABSTRACT

The aim of this study was to find the impact of time pressure on organizational citizenship behavior. This study also finds the moderating role of Agreeableness on the relationship between time pressure and organizational citizenship behavior. Data was collected from service sector of different cities located in Pakistan. Time lag research design was used in this study. Data on time pressure and Agreeableness were collected at time 1 (Self-Reported). While data of organizational citizenship behavior was collected at time 2 (Supervisory-Rating Method). Sample size of this study was (n=300) and convenience sampling technique was used. Results of this study revealed that time pressure negatively and significantly related to organizational citizenship behavior, while agreeableness was positively and significantly related to organizational citizenship behavior. Furthermore, it was found that agreeableness moderates the relationship of time pressure with organizational citizenship behavior. This study also contributed in the area of organizational behavior.

Keywords: *Time Pressure, Conscientiousness, Organizational Citizenship Behavior*

INTRODUCTION

The nature of jobs, across the globe, are becoming more complex and demanding since last few decades (Dunnette, 1998). Today, the technological innovations, growing competition and pressure of performance at workplace are inducing the organizations to take necessary steps to make their workforce more productive. These changes have also affected the overall work environment ultimately affecting the human functioning in the workplace. At times, organizations

themselves create hurdles and obstacles in the way of their employees by exposing them to stressful events (Jamal, 2007; Jex, 1998; LePine et al., 2005; Malik, Nawab, Naeem, & Danish, 2010). Scholars suggest that pressure to perform better induces stress among the employees resulting in negative consequences for both the organizations and the individuals (Hancock, Williams, & Manning, 1995; Robert & Hockey, 1997).

Past studies show inconsistent evidence regarding the relationship between time pressure and a varieties of job outcomes. For example, time pressure was found to be positively related to pre-emptive behavior in different type of professions and occupations across the organizations (Fay & Sonnentag, 2002; Sonnentag, Binnewies, & Mojza, 2010). People working under deadlines not only use it as time management skill, but also for enhancing the performance at work (Labianca, Moon, & Watt, 2005). LePine et al. (2005) also reported positive consequences of time pressure with outcomes and when employees are performing under time pressure there are more chances that they will also achieve the other organizational work related goals.

In contrast, many studies found that time pressure had negative consequences at the workplace. For example, Ohly and Fritz (2010) found time pressure as dangerous and unfavorable to human health and well-being, and also negatively related to job performance. Semmer, Jacobshagen, Meier, and Elfering (2007) proposed that time pressure might be harmful or dangerous when individuals find it unlawful or illegitimate such as working experience in bad atmosphere or irrationally high expectation from higher management. Recently, Gilboa et al. (2008) in their meta- analysis observed time pressure as a stressor. These authors suggested that time pressure might have both positive and negative effects on job performance. In another study Hui, Organ and Crooker, (1994) conducted a laboratory experiment and found that time pressure had a negative effect on OCB. Furthermore, Organ and Hui (1995) replicated the same study using field surveys. These authors found that time pressure did not inhibit organization citizenship behavior.

In the meanwhile, another stream of research suggests that the strategies adopted to cope up with stress vary across individuals (Carver, Scheier, & Weintraub, 1989; Watson & Hubbard, 1996) thereby suggesting the possibility of the presence of moderators in stressors-outcomes relationships. Past studies suggest that conscientiousness has the capacity to buffer against workplace stressors. For example, Hochwarter, Witt, and Kacmar (2000) found that conscientiousness buffers against the harmful effects of organizational politics which is an acute workplace stressor. Similarly, Grant and Langan-Fox (2007) also found that conscientiousness weakens the harmful effects of occupational stressors on outcomes.

However, unfortunately the moderating role of agreeableness in the relationship between time pressure and OCB has not been investigated.

Meta-analysis by Tubre & Collins, (2000) found that stressors such as workload and time pressure were unable to explain a significant amount of variance in performance. These authors proposed future research to examine the moderators between stressors and performance.

Similarly, Ohly and Fritz (2010) called for future research to explore the possible moderators in the relationship between time pressure and various job outcomes. Since agreeableness is theoretically related to OCB (Chiaburu, Oh, Berry, Li, and Gardner (2011) therefore, we believe that agreeableness may possibly buffer against the effects of time pressure on OCB.

Moreover, recently scholars have raised concerns about the generalizability and boundary conditions of the studies developed and tested in Western settings. Researchers suggest that unless these theories are tested in non-Western settings researchers and practitioners will have little confidence about their generalizability and applicability in the non-Western settings (Tsui, Nifardkar, Ou, 2007).

Therefore, the objectives of the current study are three folds. Firstly, the study examines the effect of time pressure and agreeableness on OCB. Secondly, the study examines the moderating role of agreeableness in the relationship between time pressure and OCB. Thirdly, the study tests these relationships in a new (an Eastern) context thereby providing evidence for external validity of the theories developed and tested in Western settings.

Theory and Hypotheses

Time Pressure and OCB

Baer and Oldham (2006) defined time pressure as degree to which employees' sense that they have inadequate time to perform their tasks related to job or requirement to perform work at faster speed than it should be. Kinicki and Vecchio (1994) also defined time pressure in term of insufficient time to perform certain tasks.

Time pressure has been discussed in many studies as a form of stress particularly in decision-making scenario (MacRae, 2002), auditing (Solomon & Brown 1992), marketing (Heroux, Laroch, & McGown, 1988) and business management (Bronner, 1982). Scholars argue that working under high time pressure may have negative effect on the well-being and human functioning (Hancock et al., 1995; Hockey, 2011). Past studies found time pressure to be negatively related to a variety of job outcomes (Choo & Firth, 1998; Solomon & Brown, 1992).

For coping with time pressure in work environment, one should increase the efforts, if they manage the situation successfully, they feel a sense of achievement and accomplishment and will be able to gain formal appreciation and recognition (Podsakoff et al., 2007). Different researchers (Kelly & McGrath, 1985; Shergold, 1995; Turnage & Spielberger, 1991) reported meeting work deadlines and other conditions of time pressure as most common things that create stress in different types of occupations and work tasks in organizational setting. This means organizations are working to cope up with this type of stress because it has dual effect, on one side it may motivate employees but on other, it may cause health and well-being problems. (Jeanie, 2005). Gilboa et al. (2008) observed time pressure as stressor, and determined that it might have both positive and negative effects related to job performance.

In a recent study, Ohly and Fritz (2010) found that time pressure is perceived as challenging and challenging appraisal is associated with creativity and preemptive behavior. Similarly, LePine et al. (2005) also reported positive consequences of time pressure on desirable job outcomes. These scholars suggested that when employees are performing under time pressure there are more chances that they will also achieve other organizational work related goals. Other studies also found time pressure to be positively related to pre-emptive behavior in different type of professions and occupations (Fay & Sonnentag, 2002; Sonnentag, Binnewies, & Mojza, 2010). Ohly, Sonnentag, and Pluntke (2006) also found positive relationship between time pressure and proactive behavior. Accordingly empirical evidence also proposes that challenge related stressors such as time pressure usually have a positive impact on work performance and job enjoyment (Freedman & Edwards, 1988).

In contrast, Ohly and Fritz (2010) described time pressure as dangerous and unfavorable to human health and well-being, and also negatively related to job performance. Semmer, Jacobshagen, Meier, and Elfering (2007) proposed that time pressure might be harmful or dangerous when individuals find it unlawful or illegitimate such as working experience in bad atmosphere or irrationally high expectation from higher management. Other researchers studied time pressure and performance relationship in context of decision makers and found U-shaped association which is again negative consequence (Anderson, 1976; Bronner, 1982; Easterbrook, 1959). Moreover, Hui, Organ and Crooker, (1994) conducted a laboratory experiment to examine the effect of time pressure on OCB, these author found that time pressure had negative effect on OCB. Later on, Organ and Hui (1995) replicated the same study using field surveys. These authors found that time pressure did not inhibit organization citizen behaviors.

In the face of these controversial findings regarding the effects of time pressure on various job outcomes, I believe that time pressure may cause individuals to avoid extra role behaviors. Individuals exposed with high time pressure may find no time to demonstrate citizenship behaviors as these individuals themselves are occupied with heavy workload with deadlines.

According to transactional theory of stress and coping by Lazarus and Folkman (1984), individual evaluate the situation according to their own cognition and resources i.e. either the situation is harmful or not, or they have enough resources to tackle the situation. As time pressure is the threat to one's job and ability to perform up to the extent in the limited amount of time individual consider this situation as a threat and restrain their resources to indulge in other sort of activates that is OCB. Therefore, it is reasonable to believe that time pressure will have a negative effect on citizenship behaviors. Consequently, I develop the following hypothesis:

Hypothesis 1. Time pressure is negatively related to OCB.

Agreeableness and OCB

Agreeableness is among the big five personality traits and it is associated with kindness, sympathy, cooperation, and warmth. Agreeable individuals care and understand the emotions of others and are empathetic (Graziano, Habashi, Sheese, & Tobin, 2007), helpful and friendly (John and Srivastava, 1999), and have the capability to constrain and control their negative emotion (Graziano et al., 2007). Agreeable persons get less frustrated and annoyed on the wrong doing and misbehavior of other people as compared to others who have low score in agreeableness (Meier, Robinson, & Wilkowski, 2006) and have less aggression and hostility (Meier et al. 2006). These individuals are able to maintain good and healthy relationships with other colleagues at the workplace (Jensen-Campbell & Graziano, 2001). Agreeableness is important for better performance at job (Hancock et al., 1995; Moberg, 1999). Tett et al. (1991) found positive and strongest association between agreeableness and job performance. Chiaburu, Oh, Berry, Li, and Gardner (2011) in a meta-analysis found that agreeableness had stronger relationship with OCB. Past research suggests that agreeable individuals are more likely to engage in citizenship behaviors at the workplace. According to Hertz & Donovan (2000) individuals who are high on agreeableness perform better. Highly agreeable individuals are more likely to assist their peers than those low on agreeableness (Organ & Ryan, 1995). Ashton et al. (2004) found a significant relationship between agreeableness and OCB. Furthermore, Berry, Ones, & Sackett, (2007) and Ones & Viswesvaran, (2001) also found positive relationship between agreeableness and OCB.

Therefore, we also expect that individuals high on agreeableness will demonstrate high levels of citizenship behaviors in the workplace. Correspondingly to Lazarus and Folkman (1984) Transactional theory of stress and coping, appraisal of situation largely depend on the cognitive cognition of the employee. And agreeableness individuals are able to maintain good and healthy relationships with other colleagues at the workplace (Jensen-Campbell & Graziano, 2001). As Hertz & Donovan (2000) state that individuals who are high on agreeableness perform better. As they appraise the situation less stressful due to their personality trait. So in the light of transactional theory of stress and coping it can be said the personality trait agreeableness is more likely to show helping behavior and indulge in OCB. Consequently, we develop the following hypothesis: Hypothesis 2. Agreeableness is positively related to OCB.

Moderating Role of Agreeableness

Past studies suggest that personality characteristics may help to explain whether an individual perceives work deadlines as either positive or negative. The current study proposes that agreeableness may moderate the relationship between time pressure and OCB.

Agreeable individuals care and understand the emotions of others and are empathetic (Graziano, Habashi, Sheese, & Tobin, 2007), helpful and friendly (John and Srivastava, 1999) and have the capability to constrain and control their negative emotion (Graziano et al., 2007). High agreeable individuals get less frustrated and less annoyed on the wrong doing and misbehavior of other people (Meier, Robinson, & Wilkowski, 2006) and have less aggression and hostility (Meier et al., 2006).

We believe that agreeableness will buffer the negative effects of time pressure on OCB. Individuals who are exposed with time pressure may exhibit low levels of OCBs. However, those who are highly agreeable may buffer against the negative effects of time pressure on citizenship behaviors. Particularly, individuals high on agreeableness may demonstrate high levels of OCB, even under high time pressure. Since agreeable individuals care and understand the emotions of others and are empathetic, helpful and friendly and have the capability to constrain and control their negative emotions, we expect that these individuals may easily handle time pressure and demonstrate citizenship behaviors under situations where time pressure and work load is high.

As agreeable individuals care and understand the emotions of others and are empathetic (Graziano, Habashi, Sheese, & Tobin, 2007), helpful and friendly (John and Srivastava, 1999), and have the capability to constrain and control their negative emotion (Graziano et al., 2007).

Furthermore, their social support seeking ability is high, and their ability to seek positivity in every situation help them reevaluate the situation according to their personality trait. As Park & Folkman, 1997 state that personality trait also play a vital role in assessment of situation as individual who have faith in their ability and of generous nature, has the ability to avoid negativity will be more prospective to see the stressful situation as challenge rather than hindrance or stress. Consequently, we develop the following hypothesis:

Hypothesis 3. Agreeableness moderates the relationship between time pressure and OCB such that the negative effects of time pressure on OCB will be weaker for individuals high on agreeableness.

METHODOLOGY

Sample and Data Collection Procedures

We collected data from full time employees working in private and public sector organizations located in four different cities of Pakistan. Unfortunately, majority of previous studies in the domains of stress have used cross sectional design to test theoretically causal models, thereby reducing efficacy in their findings. Recently, scholars suggest that time lagged or longitudinal designs should be used to test theoretically causal models (e.g. Wallace, Edwards, Arnold, Frazier, and Finch (2009). Therefore, we used a time-lagged design to collect the data. Data on time pressure and Agreeableness personality trait were collected in time 1 through self-reports whereas data on OCB were collected in time 2 (one month later) using supervisory-reports. Data were collected from white collar employees working at different levels including training officers, Assistant Managers, Managers and Directors. The questionnaires were distributed in English as English is the official language and is commonly understood among all white collar workers. Past studies conducted in Pakistan have also distributed surveys in English language (e.g. Abbas, Raja, Darr, and Bouckenoghe, 2014; Butt, Choi, & Jaeger, 2005; Khan, Abbas, Gul, and Raja, 2013).

A cover letter was attached that explained the purpose of research and the respondents were ensured strictest confidentiality of their responses. We distributed 500 questionnaires among employees working in different private and public sector organizations. These organizations included three telecom companies, seven manufacturing firms, and one banking firm. Of these 500 surveys we received 360 surveys back in time 1. One month later the supervisors of these 360 employees were contacted to provide data on OCBs. Some of the supervisors did not respond to the surveys.

Finally, 300 subordinate-supervisor paired responses were collected yielding a response rate of 60%.

Measures. Time pressure and agreeableness were measured using self-reports whereas OCB was measured using supervisory-reports to avoid self-report bias issues. All the responses were taken on a 5-points Likert scale ranging from 1 for strongly disagree to 5 for strongly agree.

Time pressure. We used 9-items time pressure scale by Dapkus (1985) to measure time pressure. Example includes, 'I feel pressed for time' and 'There just does not seem to be enough hours in a day'. This scale had good internal reliability with a Cronbach's alpha of 0.892.

OCB. Organizational citizenship behavior was assessed with a 14-items measure developed by Williams and Anderson (1991). Example includes, "helps others who have been absent". "This scale had good internal reliability with a Cronbach's alpha of 0.85"

Agreeableness. Agreeableness was measured with 10 items from the IPIP scale by Goldberg (1981). Example includes, "I sympathize with others' feelings". "The reliability was above the conventional standards i.e. 0.82"

In demographic part of self-reported questionnaire, each respondent provided information on his/her age, gender, education, position in the organization, tenure, and nature of employment.

RESULTS

Descriptive Statistics

The descriptive statistics such as Means and Standard Deviations suggest that about 90% of the respondents were male. About 43% of the sample was entry level officers, 39 % were Assistant/Deputy managers and remaining respondents were at General Manager/Director level positions. The sample included 54% from manufacturing sector and 46 % from service sector. About 92 % of the respondents were undergraduate, and 8% had graduate degrees.

Regression Analyses

We conducted multiple linear regression analyses to examine main effect hypotheses and moderating effects as recommended by Cohen, Cohen, West, and Aiken (2013). Simple slope tests as recommended by Aiken and West (1991) were used to observe the significance of slopes for high and low levels of moderator.

Results shows that for the main effects of Time Pressure on Organization Citizenship Behavior (OCB). Time Pressure was negatively and significantly related to OCB ($\beta = -.15, p < .05$). Individuals who experienced high time pressure demonstrated low OCBs. This relationship is

consistent with finding of previous studies (e.g., Choo & Firth, 1998; McDaniel, 1990; Solomon & Brown, 1992) that time pressure found to be negatively related to desirable job outcomes (Choo & Firth, 1998; McDaniel, 1990; Solomon & Brown, 1992). These results render support for hypothesis 1. In addition, the findings also suggested that agreeableness was positively related to OCB ($\beta = .18, p < .01$). In other words, individuals high on agreeableness demonstrated higher levels of OCBs than those low on agreeableness. These finding are consistent with findings of some past studies (Ashton et al., 2004; Graziano et al., 2007; John & Srivastava, 1999). These result support hypothesis 2.

For moderated regression analyses we centered the independent and moderating variables. We also attained the tolerance statistics and variance inflation factor (VIF) scores (Hair, Anderson, Tatham, & Black, 1998; Tabachnick & Fidell, 2001), which measure the degree to which collinearity between predictors affects the accuracy and precision of a regression model. Scores of VIF less than 5 (Chatterjee & Price, 1991) and scores for tolerance above than .10 (Hair et al., 1998) are normally considered acceptable. The scores of VIF were below 2 and scores of tolerance were greater than .5 in all analyses, clearly demonstrating that multicollinearity was not a problem.

The results revealed that the interaction term of agreeableness x time pressure was significant for OCB ($\beta = 0.11, p < .07; \Delta R^2 = .02, p < .07$). Furthermore, time pressure had a strong negative relationship with OCB for individuals low on agreeableness. However, time pressure had no effect on OCB for high agreeableness. Simple slope tests as suggested by Aiken and West (1991) showed that the negative slope for low levels of agreeableness was significant ($\beta = -.22, p < .01$); however, the slope for high levels of agreeableness was insignificant ($\beta = -.05, ns$).

Discussion

The pressure to perform better induces stress among the employees resulting in negative consequences for both the organizations and the individuals (Hancock, Williams, & Manning, 1995; Robert & Hockey, 1997). Generally, the previous literature provides inconsistent evidence regarding the relationship between time pressure and a varieties of job outcomes. Particularly, the effect of time pressure on OCBs has gained some controversy in OB literature. Some scholars suggest that time pressure has a positive effect on OCB whereas other suggest that time pressure is harmful for the demonstration of citizenship behaviors at the workplace.

The current study examined the effect of time pressure and agreeableness on employee citizenship behaviors. This study found good support for the proposed hypotheses. Our

findings suggested that time pressure had a negative effect on citizenship behaviors. Particularly, employees who were exposed to high time pressure demonstrated low levels of OCBs than those who were exposed to low time pressure. The research finding suggest that in Pakistan's work context the effect of time pressure is adverse and it prohibit employees to demonstrate OCB. This finding is consistent with findings of past studies which suggest a negative relationship between time pressure and desirable job outcomes (Choo & Firth, 1998; McDaniel, 1990; Solomon & Brown, 1992).

Similarly, the study found that agreeableness had a positive effect on OCBs. In other words, individuals high on agreeableness demonstrated higher levels of OCBs as compared to those low on agreeableness. This finding is also consistent with prior theory that suggests that individuals high on agreeableness keep concerns for others and are trust worthy. Such individuals are more likely to exhibit citizenship behaviors in the workplace.

Moreover, the findings also suggested that agreeableness moderates the relationship between time pressure and OCB. Consistent with the hypothesis, time pressure had a negative effect on OCB for low agreeableness than for high agreeableness. In other words, when exposed to time pressure, low agreeable individuals demonstrated low OCB as compared to high agreeable individuals. It appears that high agreeable individuals keep on exhibiting citizenship behaviors even when they are exposed with high time pressure at their jobs.

Future Research Directions

This study provides suggestions on several avenues for future research. As this study only focused on the effects of time pressure, future study may include other stressors to understand their harmful effects, if any, on desirable job outcomes. Future research may replicate our findings in other work settings to see if cultural differences explain any difference in how individuals perceive work stressors. Future studies may directly examine culture as an explanatory mechanism to explore the harmful and/or beneficial effects of various work-related stressors on job attitudes and behaviors.

REFERENCES

- Abbas, M., Raja, U., Darr, W., & Bouckennooghe, D. (2012). Combined effects of perceived politics and psychological capital on job satisfaction, turnover intentions, and performance. *Journal of Management*, 40(7), 1813-1830. doi: 10.1177/0149206312455243.
- Aiken, L. S., & West, S. G. (1991). *Multiple regression: Testing and interpreting interactions*: Sage.
- Anderson, C. R. (1976). Coping behaviors as intervening mechanisms in the inverted-U stress-performance relationship. *Journal of Applied Psychology*, 61(1), 30.
- Ashton, M. C., Lee, K., Perugini, M., Szarota, P., De Vries, R. E., Di Blas, L., De Raad, B.

- (2004). A six-factor structure of personality-descriptive adjectives: solutions from psycholexical studies in seven languages. *Journal of personality and social psychology*, 86(2), 356.
- Baer, M., & Oldham, G. R. (2006). The curvilinear relation between experienced creative time pressure and creativity: moderating effects of openness to experience and support for creativity. *Journal of Applied Psychology*, 91(4), 963.
- Berry, C. M., Ones, D. S., & Sackett, P. R. (2007). Interpersonal deviance, organizational deviance, and their common correlates: a review and meta-analysis.
- Bronner, R. (1982). *Decision making under time pressure: an experimental study of stress behavior in business management*: Lexington Books Lexington, MA.
- Butt, A. N., Choi, J. N., & Jaeger, A. M. (2005). The effects of self-emotion, counterpart emotion, and counterpart behavior on negotiator behavior: a comparison of individual-level and dyad-level dynamics. *Journal of Organizational Behavior*, 26(6), 681-704.
- Carver, C. S., Scheier, M. F., & Weintraub, J. K. (1989). Assessing coping strategies: a theoretically based approach. *Journal of personality and social psychology*, 56(2), 267.
- Chatterjee, S., & Price, B. (1991). *Regression diagnostics*. New York.
- Chiaburu, D. S., Oh, I. S., Berry, C. M., Li, N., & Gardner, R. G. (2011). The five-factor model of personality traits and organizational citizenship behaviors: a meta-analysis.
- Choo, F., & Firth, M. (1998). The effect of time pressure on auditors' configural information processing. *International Journal of Auditing*, 2(1), 21-33.
- Cohen, J., Cohen, P., West, S. G., & Aiken, L. S. (2013). *Applied multiple regression/correlation analysis for the behavioral sciences*: Routledge.
- Dapkus, M. A. (1985). A thematic analysis of the experience of time. *Journal of Personality and Social Psychology*, 49(2), 408.
- Dunnette, M. D. (1998). Emerging trends and vexing issues in industrial and organisational psychology. *Applied Psychology*, 47(2), 129-153.
- Easterbrook, J. A. (1959). The effect of emotion on cue utilization and the organization of behavior. *Psychological review*, 66(3), 183.
- Fay, D., & Sonnentag, S. (2002). Rethinking the effects of stressors: A longitudinal study on personal initiative. *Journal of Occupational Health Psychology*, 7(3), 221.
- Freedman, J. L., & Edwards, D. R. (1988). Time pressure, task performance, and enjoyment.
- Gardner, D. G. (1986). Activation theory and task design: an empirical test of several new predictions. *Journal of Applied Psychology*, 71(3), 411.
- Gilboa, S., Shirom, A., Fried, Y., & Cooper, C. (2008). A meta-analysis of work demand stressors and job performance: examining main and moderating effects. *Personnel Psychology*, 61(2), 227-271.
- Goldberg, L. R. (1981). Language and individual differences: The search for universals in personality lexicons. *Review of personality and social psychology*, 2(1), 141-165.
- Grant, S., & Langan-Fox, J. (2007). Personality and the occupational stressor-strain relationship: The role of the Big Five. *Journal of Occupational Health Psychology*, 12(1), 20.
- Grant, S., Langan-Fox, J., & Anglim, J. (2009). The big five traits as predictors of subjective and psychological well-being 1. *Psychological reports*, 105(1), 205-231.
- Graziano, W. G., Habashi, M. M., Sheese, B. E., & Tobin, R. M. (2007). Agreeableness, empathy, and helping: A person \times situation perspective. *Journal of personality and social psychology*, 93(4), 583.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. (1998). *Multivariate data analysis*, 1998.

- Hancock, P., Williams, G., & Manning, C. (1995). Influence of task demand characteristics on workload and performance. *The International Journal of Aviation Psychology*, 5(1), 63-86.
- Heroux, L., Laroch, M., & McGown, K. L. (1988). Consumer product label information processing: an experiment involving time pressure and distraction. *Journal of Economic Psychology*, 9(2), 195-214.
- Hochwarter, W. A., Witt, L. A., & Kacmar, K. M. (2000). Perceptions of organizational politics as a moderator of the relationship between consciousness and job performance. *Journal of Applied Psychology*, 85(3), 472.
- Hockey, G. R. J. (2011). A motivational control theory of cognitive fatigue. *Cognitive fatigue: Multidisciplinary perspectives on current research and future applications*, 167-87.
- Hui, C., Organ, D. W., & Crooker, K. (1994). Time pressure, Type A syndrome, and organizational citizenship behavior: A laboratory experiment. *Psychological Reports*, 75(1), 199-208.
- Hurtz, G. M., & Donovan, J. J. (2000). Personality and job performance: The Big Five revisited. *Journal of applied psychology*, 85(6), 869-879.
- Hurtz, G. M., & Donovan, J. J. (2000). Personality and job performance: The Big Five revisited. *Journal of applied psychology*, 85(6), 869-879.
- Jamal, M. (2007). Job stress and job performance controversy revisited: An empirical examination in two countries. *International journal of stress management*, 14(2), 175.
- Jeanie, C. (2005). Stress causing psychological problems in IT professionals, Mumbai, *Hindu Business Times*. Retrieved Feb 16th 2007, from Jeanie, C. [http:// www.The Hindu.com /2005/01/31/Stories/html](http://www.TheHindu.com/2005/01/31/Stories/html)
- Jensen-Campbell, L. A., & Graziano, W. G. (2001). Agreeableness as a moderator of interpersonal conflict. *Journal of personality*, 69(2), 323-362.
- Jex, S. M. (1998). *Stress and job performance: Theory, research, and implications for managerial practice*: Sage Publications Ltd.
- John, O. P., & Srivastava, S. (1999). The Big Five trait taxonomy: History, measurement, and theoretical perspectives. *Handbook of personality: Theory and research*, 2(1999), 102-138.
- Kelly, J. R., & McGrath, J. E. (1985). Effects of time limits and task types on task performance and interaction of four-person groups. *Journal of Personality and Social Psychology*, 49(2), 395.
- Khan, K., Abbas, M., Gul, A., & Raja, U. (2013). Organizational Justice and Job Outcomes: Moderating Role of Islamic Work Ethic. *Journal of Business Ethics*, 1-12.
- Kinicki, A. J., & Vecchio, R. P. (1994). Influences on the quality of supervisor-subordinate relations: The role of time-pressure, organizational commitment, and locus of control. *Journal of Organizational Behavior*, 15(1), 75-82.
- Labianca, G., Moon, H., & Watt, I. (2005). When is an hour not 60 minutes? Deadlines, temporal schemata, and individual and task group performance. *Academy of Management Journal*, 48(4), 677-694.
- Lazarus, R. S., & Folkman, S. (1984). *Stress. Appraisal, and coping*, 456.
- LePine, J. A., Podsakoff, N. P., & LePine, M. A. (2005). A meta-analytic test of the challenge stressor-hindrance stressor framework: An explanation for inconsistent relationships among stressors and performance. *Academy of Management Journal*, 48(5), 764-775.
- Malik, M. E., Nawab, S., Naeem, B., & Danish, R. Q. (2010). Job satisfaction and organizational commitment of university teachers in public sector of Pakistan. *International journal of business and management*, 5(6), P17.

- McDaniel, L. S. (1990). The effects of time pressure and audit program structure on audit performance. *Journal of Accounting Research*, 267-285.
- Meier, B. P., Robinson, M. D., & Wilkowski, B. M. (2006). Turning the Other Cheek Agreeableness and the Regulation of Aggression-Related Primes. *Psychological Science*, 17(2), 136-142.
- Moberg, D. J. (1999). The big five and organizational virtue. *Business Ethics Quarterly*, 245-272.
- Ohly, S., & Fritz, C. (2010). Work characteristics, challenge appraisal, creativity, and proactive behavior: A multi-level study. *Journal of Organizational Behavior*, 31(4), 543-565.
- Ohly, S., Sonnentag, S., & Pluntke, F. (2006). Routinization, work characteristics and their relationships with creative and proactive behaviors. *Journal of organizational behavior*, 27(3), 257-279.
- Ones, D. S., & Viswesvaran, C. (2001). Integrity tests and other criterion-focused occupational personality scales (COPS) used in personnel selection. *International Journal of selection and assessment*, 9(1-2), 31-39.
- Organ, D. W., & Hui, C. (1995). Time pressure, Type A syndrome, and organizational citizenship behavior: A field study replication of Hui, Organ, and Crooker (1994). *Psychological Reports*, 77(1), 179-185.
- Organ, D. W., & Hui, C. (1995). Time pressure, Type A syndrome, and organizational citizenship behavior: A field study replication of Hui, Organ, and Crooker (1994). *Psychological Reports*, 77(1), 179-185.
- Organ, D. W., & Ryan, K. (1995). A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. *Personnel psychology*, 48(4), 775-802.
- Park, C. L., & Folkman, S. (1997). Meaning in the context of stress and coping. *Review of general psychology*, 1(2), 115.
- Podsakoff, N. P., LePine, J. A., & LePine, M. A. (2007). Differential challenge stressor-hindrance stressor relationships with job attitudes, turnover intentions, turnover, and withdrawal behavior: a meta-analysis. *Journal of Applied Psychology*, 92(2), 438.
- Robert, G., & Hockey, J. (1997). Compensatory control in the regulation of human performance under stress and high workload: A cognitive-energetical framework. *Biological psychology*, 45(1), 73-93.
- Semmer, N. K., Jacobshagen, N., Meier, L. L., & Elfering, A. (2007). Occupational stress research: The "stress-as-offense-to-self" perspective. *Occupational health psychology: European perspectives on research, education and practice*, 2, 43-60.
- Shergold, P. (1995). *Managing Workplace Health*. Paper presented at the Proceedings of the Workplace Health Conference. Sydney.
- Smith, M., & Bourke, S. (1992). Teacher stress: Examining a model based on context, workload, and satisfaction. *Teaching and Teacher Education*, 8(1), 31-46.
- Solomon, I., & Brown, C. (1992). Auditors' judgments and decisions under time pressure: an illustration and agenda for research. Paper presented at the Proceedings of the 1992 Deloitte & Touche/University of Kansas Symposium on Auditing Problems.
- Sonnentag, S., Binnewies, C., & Mojza, E. J. (2010). Staying well and engaged when demands are high: the role of psychological detachment. *Journal of Applied Psychology*, 95(5), 965.
- Tabachnick, B. G., Fidell, L. S., & Osterlind, S. J. (2001). *Using multivariate statistics*.
- Tett, R. P., Jackson, D. N., & Rothstein, M. (1991). Personality measures as predictors of job

- performance: a meta-analytic review. *Personnel psychology*, 44(4), 703-742.
- Tsui, A., Nifadkar, S. & Ou, A.Y. 2007. Cross-National, Cross-Cultural Organizational Behavior Research: Advances, Gaps, and Recommendations. *Journal of Management*, 33: 426-478.
- Tubre, T. C., & Collins, J. M. (2000). Jackson and Schuler (1985) revisited: A meta-analysis of the relationships between role ambiguity, role conflict, and job performance. *Journal of management*, 26(1), 155-169.
- Turnage, J. J., & Spielberger, C. D. (1991). Job stress in managers, professionals, and clerical workers. *Work & Stress*, 5(3), 165-176.
- Wallace, J. C., Edwards, B. D., Arnold, T., Frazier, M. L., & Finch, D. M. (2009). Work stressors, role-based performance, and the moderating influence of organizational support. *Journal of Applied Psychology*, 94(1), 254.
- Watson, D., & Hubbard, B. (1996). Adaptational style and dispositional structure: Coping in the context of the Five-Factor model. *Journal of personality*, 64(4), 737-774.
- Williams, L. J., & Anderson, S. E. (1991). Job satisfaction and organizational commitment as predictors of organizational citizenship and in-role behaviors. *Journal of management*, 17(3), 601-617.
- Hui, C., Organ, D. W., & Crooker, K. (1994). Time pressure, Type A syndrome, and organizational citizenship behavior: A laboratory experiment. *Psychological Reports*, 75(1), 199- 208.

A Study of the Effects of High Performance Work Practices on Staff Perception of Psychological Contract Breach

Adnan

MBA Alumni, Iqra National University, Peshawar, Pakistan
Email: adnan_9262@yahoo.com

Dr. Muhammad Tahir

Assistant Professor, Iqra National University, Peshawar, Pakistan
Email: tahirkhanzaee@gmail.com

Muhammad Farooq Jan

Scholar, Gaziosmanpasa University, Tokat, Turkey

ABSTRACT

The broad aim of the study was to investigate the problem of staff turnover intention among the call centers in the city of Islamabad, Pakistan. For this purpose, the study used the high performance work practices (HPWP) as explanatory variable. The objective of the study was to measure the effects of HPWP on staff perception of psychological contract breach. The high performance work practices are adapted from previous studies and include recruitment and selection, training and development, job security, promotion, autonomy, and communication. Data is collected using the survey approach from the selected call center from the city of Islamabad. Through convenience sampling, the study generated a usable sample of 125 survey participants. Our findings indicate that HPWP practices have significant effects on staff perception of the psychological contract breach.

Keywords: *High Performance Work System, Psychological Contract Breach, Turnover Intention, Call Center, Islamabad, Pakistan*

INTRODUCTION

The call centers are playing significant role in providing employment and development opportunities to the youth. In recent decade, the call centers in Pakistan have sprung up several times thus not only creating employment opportunities but also able to earn some foreign reserves for the country as some call centers are geared towards providing services to the foreign clients. However, the problem is that so far, most Pakistani call centers are mostly focusing on the local clients such as banks, telecom companies and so on and did not achieve significant success in the International market. One reason for low success can be attributed with the low attention given to the human resource issues. Mostly, these call centers hires school or college dropout, or fresh graduates whose first possible option is to work in call

center for temporary period. These youngsters are hired at low salary, given less development opportunities, low training, and low career growth. As a result, employees work there for a small period of time, look for opportunities in other sectors, and when possible, leave the call centers and move to the other sector. Furthermore, due to small issues such as supervisory behavior, minor salary differences, and strict discipline procedure also forces employees of the call centers to keep switching from one call center to another. As a result, most call centers experience high turnover among its staff. Our argument is that if call centers gives greater attention to the HR issues, then it can result in greater retention and employee commitment, which in return will enable these call centers to be more competitive at both local and International markets.

Objectives of the Study

The objective of the study is as under.

- To measure the effects of high performance work practices on worker's perception of psychological contract breach

Significance of the Study

The study is significant for both from theoretical and practical point of view. The theoretical contribution of the study is that it fills the literature gap related to HPWP, psychological contract breach, and their relationship. Thus, the study adds to the stock of knowledge in the HR domain especially for the call service sector employees. The practical significance of the study is that its findings will be helpful for the management and leadership of call centers in Pakistani context.

LITERATURE REVIEW

High Performance Work System

According to Beardwell and Claydon (2010), HPWP is set of HR practices and policies which are mutually related and leads to the development of high quality, flexible, and committed workforce. Similarly, Guthrie (2001) describes HPWS as combination of HR practices with aim to develop empowered, informed, motivated, and skillful staff. Furthermore, Messersmith, Patel, Lepak, and Gould-Williams, (2011) defined high performance HR practices as a group of interrelated HR practices designed to enhance the skills and efforts of employees. There are other definitions also exist for HPWP, but overall, we can conclude that HPWP is about combination of HR practices

which are combined in such manner that they are not only well-aligned or integrated with each other but also relates very well with broader organizational objectives and yield favorable employee and organizational outcomes.

Defining HPWP is one thing, but determining its dimensions is a difficult task and challenging one. What comprises HPWP is answered by different experts who came up with different schemes of practices which are possibly making the HPWP. Generally, recruitment and selection, training and development, communication, performance related pay, promotion and autonomy are most common practices included in the HPWP (Iverson & Zatzick, 2007; McClean & Collins, 2011; Price, 2011). Based on the previous studies, the study selected five practices as components of HPWP including recruitment and selection, training and development, promotion, autonomy, and communication. These practices are selected since they are relevant with the call center context.

Psychological Contract

Rousseau (1989) define psychological contract as employee's belief in a reciprocal obligation between the employee and the organization. The nature of psychological contract is subjective in nature and based on the employee's perspective, varies as what obligations their organization should be fulfilling (Bellou, 2009; Rousseau, 1995). The psychological contract is started to develop from the beginning of the recruitment process when an applicant starts to develop some belief about the reciprocal relationship with the hiring organization (Hess & Jepsen, 2009). For example, during the initial interaction between the applicant and the organization, there will be some job offer and the acceptance of employment by the employee. During this process, the promise and the consideration are subjective in nature means employee perceives that contract made is based on the trust, fairness, and good faith. On the other hand, employer and the hiring manager perceive that employee will be fulfilling some responsibilities. Such initial consideration and promise set the background for the future relationship between the both. After the initial setup, expectations reciprocal in nature are developed based on mutual understanding and continue (Rousseau, 1989). This consistent reciprocal relationship shapes the relationship and both parties adjust during the process. However, it is also possible that both parties may perceive obligations quite differently. For example, it is possible that for employer, hard work may means staying beyond the normal working hours; while, for employee, hard work means working and completing all the task requirements during the normal working hours.

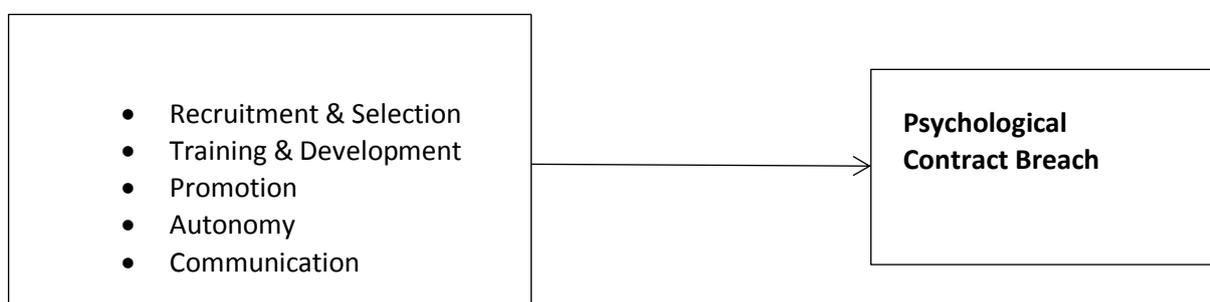
Relationship between HPWP and Employee Perception of Psychological Contract Breach

Well established evidence from past studies shows that HRM practices influence the employee psychological contract (Guest & Conway, 2004; Katou & Budhwar, 2012). Furthermore, when employees perceive positive or negative psychological contract, then they also show behavior/attitude accordingly such as job satisfaction, commitment, intention to quit, and organizational citizenship behavior (Bal, Kooji, & De Jong, 2013; Marescaux, De Winne & Sels, 2013). Past studies about the outcomes of psychological contract breach shows that an employee reaction to psychological contract breach may lead to range of behavioral and attitudinal actions (Kickul & Lester, 2001). The attitudinal outcomes means there is change in employee's attitude due to the broken psychological contract (Rousseau, 1989). Past studies show that psychological contract breach may lead to job dissatisfaction which is an attitudinal outcome (Gakovic & Tetrick, 2003; Hess & Jepsen, 2009; Suazo, 2009; Zhao, Wayne, Glibkowski, & Bravo, 2007). Furthermore, psychological contract breach also leads to employee's turnover intention as found in previous studies (Alcover, Martinez-Inigo, & Chambel, 2012; Suazo, 2009; Zhao, et al., 2007).

Theoretical Framework

For developing theoretical framework, we used the AMO theory proposed by Appelbaum, Bailey, Berg and Kalleberg's (2000). The theory proposes that employee's performance is based on employee's ability to perform certain work/task (A), motivation to perform the task (M), and opportunity to perform (O). Furthermore, according to this theory, organization and its management can use high performance work practices to improve employee's ability, motivation, and opportunity to perform (AMO). For example, training can be used to improve employee's capabilities; pay for performance can be used to improve employee's motivation; and autonomy can be used to increase employee's opportunity to perform (Appelbaum, Bailey, Berg, & Kalleberg, 2000). Based on previous studies findings, and the AMO theory, we propose the following theoretical framework of the study.

HPWP



RESEARCH METHODOLOGY

Research Design

Based on the nature of the study and its objectives, we used the quantitative approach. Furthermore, the design of the study is cross sectional using survey approach.

Population of the Study

All call centers employees located in the city of Islamabad makes the population of the study. It is estimated that there are almost 5000 employees working in the call centers in city of Islamabad. The estimate is based on the information provided by one manager from a call center firm. Since, population is large and very much inaccessible, so we resort to sampling approach.

Sampling Techniques

In our study, we used the stratified based random sampling. The reason we are using the stratified sampling is that it suits with the nature of population and also allow collecting data from different units. For stratified sampling, our procedure is that first we selected ten call center firms located in the city of Islamabad. Then we draw sample from the selected firm based on random sampling.

Calculation of Sample Size

For data collection purpose, a total of 300 surveys were floated in selected call center firms, out of which 125 usable surveys were returned thus making a response rate of 41.6%.

Research Tools

The measure for High performance work system is adapted from Kehoe and Wright (2013). Psychological contract breach is adapted from Robinson and Morrison, (2000) consist of 5 items.

Data Analysis

The study mainly relies on the quantitative approach and statistical methods for data analysis. These analyses included descriptive statistics, frequency analysis, and regression for hypothesis testing.

RESULTS

The demographic information of the participants is as under.

Table 1: *Demographic Information*

	Frequency	Percentage
Gender	91	72.8
Male	34	27.2
Female		
Age		
18 to 25 Years	37	29.6
25 to 40 Years	84	67.2
Above 40 Years	4	3.2
Qualification		
Matric or Less	8	6.4
Intermediate	71	56.8
Bachelor	42	33.6
Master	2	1.6
Above Master	2	1.6

Total of 125 employees from call centers were part of our survey. In terms of gender, 34 were female while 91 were male. In terms of age of the survey participants, mostly participants fall in the category of 18 to 25 or 25 to 40 years while only 4 participants had age of above 40 years.

Descriptive Statistics

Table 2: *Descriptive Statistics*

	Min	Max	Mean	S.D.	No. of Items	Cronbach Alpha
Recruitment & Selection	1.75	5.00	3.2020	.90345	04	.923
Training & Development	1.25	4.89	2.8114	.81883	04	.886
Promotion	2.00	4.50	3.2460	.95037	04	.952
Autonomy	2.00	4.50	2.5600	.84087	04	.924
Communication	2.00	4.75	3.3600	.97364	04	.960
Psychological Contract Breach	2.00	4.80	3.5264	.90323	05	.901

The descriptive statistics suggest that in the selected organization, there was medium level of fair recruitment and selection ($M=3.20$, $SD=.90$); medium level of training and development opportunities ($M=2.81$, $SD=.81$); medium level of promotion opportunities ($M=3.24$, $SD=.95$); very low level of autonomy ($M=2.56$, $SD=.84$); and medium level of communication ($M=3.36$, $SD=.97$). Further, the perception of psychological contract breach is also above average level ($M=3.52$, $SD=.90$). All independent variables and the dependent variable of psychological contract breach were measured by 4 items and 5 items respectively. All variables had Cronbach alpha of above 0.70 which is above the cut of value of 0.50.

Table 3: *Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	5.678	.374		15.182	.000		
Recruitment & Selection	-.243	.121	-.243	-2.011	.047	.310	3.225
Training & Development	-.200	.085	-.182	-2.356	.020	.764	1.309
Promotion	-.369	.120	-.388	-3.071	.003	.284	3.523
Autonomy	.065	.083	.061	.787	.433	.767	1.303
Communication	.066	.068	.071	.966	.336	.838	1.194

R= .678 , R-square= .460, F-stat= 20.293 (.000), DW Stat= 2.156

The coefficients suggest that for dependent variable of psychological contract breach, recruitment and selection is having negative and insignificant effects ($\beta = -.243$, $P < .05$); training and development is having negative and significant effects ($\beta = -.200$, $P < .05$); promotion is having negative and significant effects ($\beta = -.369$, $P < .05$); autonomy is having positive and insignificant effects ($\beta = .065$, $P > .05$); and communication is having positive and insignificant effects ($\beta = .066$, $P > .05$). Further, all VIF values are less than 10 which indicate that no multicollinearity assumption is satisfied in the data. The value of R-square shows that HPWP explains 46% change in the dependent variable of employee psychological contract breach. Further, the DW statistics is also close to 2 so it suggests that there is no autocorrelation problem in the data.

CONCLUSION

The objectives of the study included measuring the effects of HPWP on psychological contract breach. The study is conducted in the context of the call center in the city of Islamabad, Pakistan. Data is collected using the survey method from the call center staff from the selected call centers. The findings of the study indicate that HPWS dimensions including recruitment and selection, training and development, and communication are having negative and significant effects on staff perception of psychological contract breach. From these results, it can be concluded that call centers in Pakistan are giving less attention to the HR function. The lower attention is leading to the unfavorable relationship between staff and employer resulting in negative outcomes such as turnover, lower productivity, and perceived psychological contract breach. From these findings it can also be concluded that if call centers give attention to the HR function, it will lead to the favorable outcomes for employees and the organization.

Recommendations

- First recommendation is to the management of the call center organizations that they should take human resource issues very seriously and give attention to the human resources practices. The HR department should give attention to the proper recruitment and selection, proper training and development of staff, and job security should be provided to the staff.
- Second recommendation is that management of the call center organizations should also attempts to monitor the staff turnover and if possible, take exit interviews. Having such measure will help management to improve their practices and identify areas need improvement for retaining staff.
- Management of the call center should also attempts to develop positive psychological contract with the staff as it will likely lead to favorable outcomes.

REFERENCES

- Alcover, C., Martínez-Iñigo, D., & Chambel, M. J. (2012). Perceptions of employment relations and permanence in the organization: Mediating effects of affective commitment in relations of psychological contract and intention to quit. *Psychological Reports, 110*, 839-853. doi: 10.2466/01.07.21.PR0.110.3.839-853
- Appelbaum, E., Bailey, T., Berg, P., & Kalleberg, A. (2000). *Manufacturing advantage: Why high performance work systems pay off*. Ithaca, NY: ILR Press.
- Bal, P. M., Kooij, D. T. A. M., & De Jong, S. B. (2013). How do developmental and accommodative HRM enhance employee engagement and commitment? The role of psychological contract and SOC strategies. *Journal of Management Studies, 50*(4), 545-572.
- Beardwell, J., & Claydon, T. (2010). *Human resource management: A contemporary approach*. Essex: Pearson Education Limited
- Bellou, V. (2009). Profiling the desirable psychological contract for different groups of employees: Evidence from Greece. *The International Journal of Human Resource Management, 20*, 810-830. doi: 10.1080/09585190902770711
- Gakovic, A. & Tetrick, L. E. (2003). Psychological contract breach as a source of strain for employees. *Journal of Business and Psychology, 18*, 235-246.
- Guest, D., E. & Conway, N. (2000). *The psychological contract in the public sector: The results of the 2000 CIPD survey of the employment relationship*. London CIPD Publishing.
- Guthrie, J. P. (2001). High involvement work practices, turnover and productivity: Evidence from New Zealand. *Academy of Management Journal, 44*(1), 180-190.
- Hess, N. & Jepsen, D. M. (2009). Career stage and generational differences in psychological contracts. *Career Development International, 14*, 261-283. doi:10.1108/1362043091096643
- Iverson, R. D., & Zatzick, C. D. (2007). High-commitment work practices and downsizing harshness in Australian workplaces. *Industrial Relations, 46*(3), 456-480
- Katou, A. A., & Budhwar, P. S. (2012). The link between HR practices, psychological contract fulfillment, and organizational performance: The case of the Greek service sector. *Thunderbird International Business Review, 54*(6), 793-809.

- Kehoe, R. R., & Wright, P. M. (2013). The impact of high-performance human resource practices on employees' attitudes and behaviors. *Journal of Management*, 39(2), 366-391.
- Kickul, J. & Lester, S. W. (2001). Broken promises: Equity sensitivity as a moderator between psychological contract breach and employee attitudes and behavior. *Journal of Business and Psychology*, 16, 191-217. doi: 0889-3268/01/1200-0191
- Marescaux, E., De Winne, S., & Sels, L. (2013). HR practices and affective organisational commitment: (When) does HR differentiation pay off? *Human Resource Management Journal*, 23(4), 329-345.
- McClellan, E., & Collins, C. J. (2011). High-commitment HR practices, employee effort, and firm performance: Investigating the effects of HR practices across employee groups within professional services firms. *Human Resource Management*, 50(3), 341-363.
- Messersmith, J. G., Patel, P. C., Lepak, D. P., & Gould-Williams, J. S. (2011). Unlocking the black box: Exploring the link between high-performance work systems and performance. *Journal of Applied Psychology*, 96(6), 1105-1118.
- Rousseau, D. M. (1989). Psychological and implicit contracts in organizations. *Employee Responsibilities and Rights Journal*, 2, 121-139.
- Suazo, M. M. (2009). The mediating role of psychological contract violation on relations between psychological contract breach and work-related attitudes and behaviors. *Journal of Managerial Psychology*, 24, 136-160. doi:10.1108/02683940910928856
- Zhao, H., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, 60, 647-680.

Green HRM- Introduction, Predictors, Outcomes, and Future Prospects in Pakistan

Muhammad Tahir

Assistant Professor, Iqra National University, Peshawar, Pakistan
tahirkhanaee@gmail.com

Zakir Rahim

Lecturer Iqra National University, Peshawar, Pakistan
zakir.rahim@inu.edu.pk

Raza Ahmed Khan

Lecturer Iqra National University, Peshawar, Pakistan
raza.ahmed@inu.edu.pk

ABSTRACT

Pakistan is facing severe environmental challenges and its negative outcomes including climate changes, water pollution, deforestation, soil erosion, natural disaster and so on. In this regard, collective efforts are required to stop or at least decrease the negative impact of environmental challenges. In this paper, the objective is to introduce the concept of green human resource management. The paper is based on the findings of previous studies conducted on the topic. The concept of green HRM is about designing HRM practices in such a manner that overall HR function support organizational environmental management (EM) initiatives. Generally, green HRM consist of practices including but not limited to recruitment and selection, training and development, reward, performance management, and employee participation and involvement. Literature suggest that predictors of green HRM include external factors including regulatory and legal pressure, institutional mechanism, customer demands; and internal factors including leadership, strategy, organizational culture, structure, reporting activities, employee's knowledge of environmental issues, and demographic factors. The outcomes of green HRM include better performance of firm in terms of environment, team's collective behavior towards environment, and greener behavior of employees. Keeping in view the voluntary position of Pakistan in terms of natural environment; understanding and application of green HRM is strongly recommended to the practitioners and organizations.

Keywords: *Green HRM, Green Recruitment, Green Training, Environment, Pakistan*

INTRODUCTION

Background of the Study

Environmental challenges are increasingly influencing governments, organizations, and individuals across the globe especially Asia (Marquis, Jackson, & Li, 2015). Now there is an increased movement towards environmental issues even in less developed areas including South Asia. For example, Asia-Pacific Economic Cooperation (APEC) which is based on 21

members countries agreed to cut tariff on 54 products which were categorized as environmental friendly with the objective to improve existing technologies and facilitating the renewable energy usage in the region. To tackle the challenge of environment, organizations are also taking different steps including making use of green human resource management (GHRM). It is considered as essential for effective implementation and utilization of environmental friendly management (EM) practices (Ren, Tang, & Jackson, 2017). The theoretical background of the concept of green HRM is based on the idea of sustainable development (Howard-Grenville, Buckle, Hoskins, & George, 2014). Now green HRM is recognized as a separate entity especially during last couple of decades (Zoogah, 2011). In this paper, we attempts to provide brief introduction of green HRM, its dimensions, its main predictors, its outcomes, and future prospects of green HRM in Pakistan.

Motivation behind the Study

There is plenty of research in other areas of green management including green marketing and green management; however, there is still gaps and scarcity of understanding and research in the green HRM area (Renwick, Redman, & Maguire, 2013). Furthermore, there is greater understanding of green HRM in developed world; while, its understanding and application is relatively lower in developing countries. The motivation behind this paper is to increase understanding of the concept of green HRM, its predictors, its outcomes, and its relevance for Pakistan.

LITERATURE REVIEW

Introduction to Green HRM

The idea of green HRM started when leading companies started to integrate the environmental management practices and system in to their policies and existing systems (Jabbour & Jabbour, 2016). In consequence, environmental concerns started to influence different business functions including green operations; green marketing, and green accounting. Companies also realized that environmental management (EM) initiatives cannot be properly implemented unless and until, human resource issues are not addressed properly (Teixeira, Jabbour, & Jabbour, 2012). In other words, human resource must be prepared and willing for successful implementation of EM. In response to such needs, the field of green HRM started to emerge.

The importance of green HRM is that it supports the 'triple bottom-line' supporting three sustainable pillars of economic balance, social, and environment (Yusoff, Ramayah, & Othman, 2015). Green HRM is also found to be associated with better financial performance (O'Donohue & Torugsa, 2016); and overall corporate social responsibility and EM initiatives

(Renwick, et al., 2016). If properly utilized, it may leads to higher productivity and associated competitive advantage to the firms.

Dimensions of Green HRM

There is not much agreement about the dimensions and measurement of green HRM. One approach is to use generic HPWS index (Paille, Chen, Boiral, & Jin, 2014); however, this approach is not much accepted since HPWS is not sufficient to encompass the green HRM. For example, the Jabbour & Jabbour (2016) proposed two main dimensions including functional and competitive which were further divided. Tang Chen, Jiang, Paille, and Jia (2017) proposed 5 dimensions of green HRM including training, performance management, pay and reward, employee involvement, and recruitment and selection. Tang also developed a partially validated measure on these five dimensions; however, its limitation is that it is mainly based on Chinese context. Similarly, Gholami, Rezaei, Saman, Sharif, and Zakuan (2016) proposed 7 dimensions and accompanied measure. The dimensions included union role in involvement, training and development, attraction and selection, culture and supportive climate, pay and reward, performance management, and involvement and empowerment. Below we provide details of five green HRM practices/dimensions based on the work of Renwick, et al., (2013). These practices include recruitment and selection, training and development, performance management, and reward and compensation. Their details are as under.

Recruitment and Selection;

Renwick et al., (2013) suggest that green recruitment and selection is based on using the green criteria in the process. For example, including green criteria for employees in advertisement, preferring such employees in selection who have better understanding about the environmental issues, and possess environmental friendly values (Arulrajah, Opatha, & Nawaratne, 2015; Harvey, et al., 2013; Paille, et al., 2014; Renwick, et al., 2013). Besides the recruitment, a prior step is job analysis which should also include environmental criteria (Opatha, 2013; Renwick, et al., 2013). Accordingly, in job analysis, there should be green aspects in terms of job description (responsibilities and duties in terms of natural environment) and job specification (type of person suitable for supporting environmental friendly practices). Green HRM is important as it helps firms in recruiting potential candidates easily (Guerci & Carollo, 2016). Furthermore, green recruitment process enable firms to recruit such candidates who have higher understanding of environmental issues and have shared environmental values (Jabbour & Jabbour, 2016).

Training and Development

Organizations across the world use training and development initiatives to achieve organizational green outcomes (Teixeira, et al., 2012). Training is one of the major HRM contributors in supporting organizational EM initiatives (Jabbour, 2013). Green training is related to developing employee's knowledge, skills, expertise, and emotional involvement with green initiatives thus helps organization achieving its EM objectives (Paille, et al., 2014; Renwick, et al., 2013; Teixeira, et al., 2012). Job rotation which is also a type of training initiative can be used to train executives or future board members in green management (Renwick, et al., 2013).

Performance Management and Appraisal

Performance management is range of activities taken to ensure proper management of staff's performance. Green performance management is about designing such performance management system so that green performance of employees can be ensured using mechanisms such as recording and reporting environmental incidents, communication of environmental concerns and policy and so on (Ahmad, 2015; Renwick, et al., 2013). The idea of green performance management is to develop EM related objectives, responsibilities, EM behavior, and green rating as part of employee's performance evaluation (Kapil, 2015). Furthermore, organizations have also developed organization-wide performance standard accompanied with green information system to coordinate EP and green performance of the workforce (Marcus & Fremeth, 2009). Regular feedback from supervisor to employees regarding their EP related achievement is also very useful in improving employee's knowledge, skills, and abilities related to the EM (Arulrajah, et al., 2015).

Reward

Reward can be a motivating factor and if properly designed, can encourage employees to involve in EM related initiatives (Jabbour & Jabbour, 2016). For this purpose, organizations need to develop EM based performance indicators and should reward employees who achieve their environmental objectives (Merriman & Sen, 2012; Harvey, et al., 2013). Furthermore, non- monetary reward such as recognition can also play very important role (Ren, et al., 2017). A well- designed reward system can encourage employees to engage in environmental friendly behavior and avoid using anti-environmental related behavior (Zoogah, 2011). Past studies acknowledge the role of pay and reward for encouraging employees to follow green behavior and supporting green initiatives taken by their firms (e.g. Kapil, 2015).

Employee's Empowerment and Participation

Employee empowerment and participation is important for any managerial initiative and EP is no exception (Ahmad, 2015; Jabbour & Jabbour, 2016). A participative work environment enable employees to share their views regarding existing EP programs, make criticism, and give suggestions for improvement (Renwick, et al., 2013). Employee empowerment in terms of making voice and taking decisions is also important and helps in improving employee's commitment towards EP initiatives (Harvey, et al., 2013). When employees are given autonomy to make decisions regarding environmental problems, they are likely to be more committed towards EM initiatives (Sudin, 2011).

Predictors of Green HRM

Past studies related to the predictors of green HRM highlights three categories of predictors. These three categories include external environmental factors, organizational level factors, and the individual level factors.

External environmental factors influence organization to adapt green HRM system includes regulatory and legal pressure (Guerci & Carollo, 2016). Furthermore, the society's view of nature and the environment is also an external factor influencing adoption of green HRM (Liu, Li, Zhu, Cai, & Wang, 2014). Cultural values such as harmony, Confucianism and similar in Asian societies can also play positive role in shaping green HRM. In Pakistani context, the religious values of Islam (e.g. prohibition of *Israaf*) can also play very positive role in facilitating green behavior among staff.

Organizational level factors which predict green HRM include leadership, strategy, organizational culture, structure, and reporting activities (Dubois & Dubois, 2012). Accordingly, leadership function as a role model; strategy guide policies and practices; organizational culture influence values and norms; structure create formal channel of authority; and reporting activities provide control mechanism and thus overall organizational factors provide useful cues and guideline to the employees to follow the green HRM guidelines. Other organizational level factors which predict green HRM include competitive advantage and top management commitment (Banerjee, Iyer, & Kashyap, 2003).

At employee level, factors predicting green HRM include employee's EM knowledge (Wiernik, Ones, & Dilchert, 2013); moral understanding and consciousness (Kim, Kim, Han, Jackson, & Ployhart, 2017); environmental experience (Andersson, Jackson, & Russell, 2013); and demographic factors such as gender, education, age, income and social status (Klein, D'Mello, & Wiernick, 2012). These different individual level factors influence the employee's

acceptance of green HRM initiatives and extent of following EM initiatives. In sum, green HRM is predicted by different factors including external environment, organizational level factors, and employee level factors.

Outcomes of Green HRM

The outcomes of green HRM can be categorized in to organizational and individual level. At organizational level, the outcome of green HRM is that it improves organizational EM profile, green policies and practices, and sustainable development and performance of firms (Jabbour & Jabbour, 2016; Teixeira, et al., 2012). Additionally, literature suggests that green HRM result in better EM implementation (Jabbour, 2013). At team level, green HRM is likely to result in fostering an environmental friendly culture and team environment which is likely to facilitate EM initiatives (Jabbour, 2013). Green HRM is also found to be associated with team's collective voluntary behavior towards the environment (Pinzone, Guerci, Lettieri, & Redman, 2016; Kim, et al., 2017). The individual employee level outcomes include employee's greener behavior and voluntary green in-role performance (Harvey, et al., 2013).

Theoretical Foundations

The theoretical foundation of Green HRM is based on the idea of behavioral perspective of HRM. According to the behavioral perspective, HRM policies and practices can influence the behavior of employees including the greener behavior (Norton, Parker, Zacher, & Ashkanasy, 2015). Furthermore, the AMO model is also used to understand green HRM (Renwick, et al., 2013). The AMO (ability, motivation, opportunities) model is also a regularly used model providing theoretical foundation to the green HRM (e.g. Guerci & Carollo, 2016; Pinzone, et al., 2016). Furthermore, the resource-based view also provides foundation to the green HRM (Antonioli, Mancinelli, & Mazzanti, 2013). Additionally, the stakeholder theory by Wehrmeyer (1996) also provides support to the green HRM. According to stakeholder theory, the HRM policies and practices is influenced by the pressure from regulatory authorities and consumer shape HRM practices (Guerci & Carollo, 2016).

Future Prospects for Green HRM in Pakistan

Pakistan is a developing country having at high risk due to the climate change and environmental degradation (World Bank, 2016). In Pakistan, currently, the understanding and implementation of EM and green HRM is generally very low. However, in future, if proper efforts are made, then the concept can flourish in relatively shorter span of time. The importance of green HRM in Pakistan is that it can help organizations achieving their EM initiatives and thus can have significance for society at large. Furthermore, our values

(religious and social), economic conditions (limited resources, competition), and environmental challenges (floods, water shortage, earthquakes) can function as enabler of green HRM in Pakistan. Therefore, it is recommended that HR departments especially the HR managers should increase their awareness and understanding about green HRM. The current paper is a small effort toward this end, and more research related to the green HRM is recommended.

CONCLUSION

Green HRM is about set of HR practices aimed to improve greener performance of individuals and organizations; and supports organization's EM initiatives. The importance of green HRM for Pakistan is that it can help organizations in tackling environmental issues; however, so far, understanding and application of green HRM in Pakistan is very low. Based on its significance for organizations and society, greater efforts from academics and practitioner community is requested in order to get better understanding of the concept and subsequent application.

REFERENCES

- Ahmad, S., (2015). Green human resource management: policies and practices. *Cogent Business & Management*, 2(1), 1030817.
- Andersson, L., Jackson, S. E., & Russell, S. V. (2013). Greening organizational behavior: An introduction to the special issue. *Journal of Organizational Behavior*, 34(2), 151–155.
- Antonioli, D., Mancinelli, S., & Mazzanti, M. (2013). Is environmental innovation embedded within high-performance organizational changes? The role of human resource management and complementarily in green business strategies. *Research Policy*, 42, 975–988.
- Arulrajah, A.A., Opatha, H.H.D.N.P., & Nawaratne, N.N.J. (2015). Green human resource management practices: a review. *Sri Lankan Journal of Human Resource Management*, 15, 10-16.
- Banerjee, S. B., Iyer, E. S., & Kashyap, R. K. (2003). Corporate environmentalism: antecedents and influence of industry type. *Journal of Marketing*, 67(2), 106–122.
- Dubois, C. L. Z., & Dubois, D. A. (2012). Strategic HRM as social design for environmental sustainability organization. *Human Resource Management*, 51(3), 799–826.
- Gholami, H., Rezaei, G., Saman, M. Z. M., Sharif, S., & Zakuan, N. (2016). State-of-the-art green HRM system: sustainability in the sports center in Malaysia using a multi-methods approach and opportunities for future research. *Journal of Cleaner Production*, 124, 142–163.
- Guerci, M., & Carollo, L. (2016). A paradox view on green human resource management: Insights from the Italian context. *International Journal of Human Resource Management*, 27(2), 212–238.
- Howard-Grenville, J., Buckle, S., Hoskins, S. B., & George, G. (2014). Climate change and management. *Academy of Management Journal*, 57(3), 615–623.

- Jabbour, C. J. C., & Jabbour, A. B. L. D. S. (2016). Green human resource management and green supply chain management: Linking two emerging agendas. *Journal of Cleaner Production*, 112, 1824–1833
- Jabbour, C.C. (2013). Environmental training in organizations: from a literature review to a framework for future research. *Resource Conversation Recycling*, 74, 144-155.
- Kapil, P. (2015). Green HRM- Engaging Human Resource in reducing carbon foot-print and enhancing environment sustainability: a case study based approach. *International Journal of Engineering Technology Science and Research*, 2(5), 14.
- Kim, A., Kim, Y., Han, K., Jackson, S. E., & Ployhart, R. E. (2017). Multilevel influences on voluntary workplace green behavior: Individual differences, leader behavior, and coworker advocacy. *Journal of Management*, 43(5), 1335–1358.
- Klein, R. M., D’Mello, S., & Wiernick, B. M. (2012). Demographic characteristics and employee sustainability. In S. E. Jackson, D. S. Ones, & S. Dilchert (Eds.). *Managing human resources for environmental sustainability: 117–154*. San Francisco: Jossey-Bass
- Kramar, R. (2014). Beyond strategic human resource management: Is sustainable human resource management the next approach? *The International Journal of Human Resource Management*, 25(8), 1069-1089.
- Liu, Z., Li, J., Zhu, H., Cai, Z., & Wang, L. (2014). Chinese firms’ sustainable development—the role of future orientation, environmental commitment, and employee training. *Asia Pacific Journal of Management*, 31(1), 195–213
- Marcus, A. A., & Fremeth, A. R. (2009). Green management matters regardless. *Academy of Management Perspective*, 23(3), 17–26
- Marquis, C., Jackson, S. E., & Li, Y. (2015). Building sustainable organizations in China. *Management and Organization Review*, 11(3), 427–440.
- Merriman, K. K., & Sen, S. (2012). Incenting managers toward the triple bottom line: An agency and social norm perspective. *Human Resource Management*, 51(6), 851-871.
- Norton, T. A., Parker, S. L., Zacher, H., & Ashkanasy, N. M. (2015). Employee green behavior: A theoretical framework, multilevel review, and future research agenda. *Organization & Environment*, 28(1), 103–125.
- O'Donohue, W., Torugsa, N., (2016). The moderating effect of ‘Green’ HRM on the association between proactive environmental management and financial performance in small firms. *The International Journal of Human Resource Management*, 27(2), 239-261.
- Paille, P., Chen, Y., Boiral, O., & Jin, J. (2014). The impact of human resource management on environmental performance: An employee-level study. *Journal of Business Ethics*, 121, 451–466
- Pinzone, M., Guerci, M., Lettieri, E., & Redman, T. (2016). Progressing in the change journey towards sustainability in healthcare: The role of green HRM. *Journal of Cleaner Production*, 112, 201–211.
- Ren, S., Tang, G., and Jackson (2017). Green human resource management research in emergence: A review and future directions. *Asia Pacific Journal of Management*. 1-35. doi: 10.1007/s10490-017-9532-1
- Renwick, D. W. S., Jabbour, C. J. C., Müller-Camen, M., Redman, T., & Wilkinson, A. 2016. Contemporary developments in green (environmental) HRM scholarship. *International Journal of Human Resource Management*, 27(2), 114–128.
- Renwick, D. W. S., Redman, T., & Maguire, S. (2013). Green human resource management: A review and research agenda. *International Journal of Management Reviews*, 15, 1–14.

- Sudin, S. (2011). Strategic green HRM: a proposed model that supports corporate environmental citizenship. In: Proceedings of the International Conference on Sociality and Economics Development, IPEDR (vol. 10. pp. 79-83). IACSIT Press, Singapore.
- Tang, G., Chen, Y., Jiang, Y., Paille, P., & Jia, J. 2017. Green human resource management practices: Scale development and validity. *Asia Pacific Journal of Human Resources*, 56(1), 31-55. <https://10.1111/1744-7941.12147>.
- Teixeira, A., Jabbour, C., & Jabbour, A. D. S. (2012). Relationship between green management and environmental training in companies located in Brazil: A theoretical framework and case studies. *International Journal of Production Economics*, 140(1), 318–329.
- Wagner, M. (2011). Environmental management activities and sustainable HRM in German manufacturing firms—Incidence, determinants, and outcomes. *German Journal of Human Resource Management: Zeitschrift für Personalforschung*, 25(2), 157–177.
- Wehrmeyer, W. (ed) (1996). *Greening People: Human Resources and Environmental Management*. Sheffield: Greenleaf Publishing.
- Wiernik, B. M., Ones, D. S., & Dilchert, S. (2013). Age and environmental sustainability: A meta- analysis. *Journal of Managerial Psychology*, 28(7/8), 826–856.
- World Bank (2016). *Environmental Issues- World Bank*. Retrieved from worldbank.org
- Yusoff, Y.M., Ramayah, T., Othman, N. (2015). Why examining adoption factors, HR role and attitude towards using E-HRM is the start-off in determining the successfulness of green HRM? *Journal of Advanced Management Science*, 3(4), 337-343.

WORKING CAPITAL MANAGEMENT AND FIRM PROFITABILITY: EVIDENCE FROM PAKISTAN

Maqbool Hussain

The Bank of Khyber, Peshawar

Dr. Khursheed Iqbal

Assistant Professor, Iqra National University, Peshawar

Aqsa Siddiq

Assistant Professor, University of Peshawar, Pakistan

Sharif Ullah Jan

Comsats Institute of Information Technology, Pakistan

Dr. Abid Usman

Professor, Iqra National University, Peshawar

ABSTRACT

The purpose of this study is to investigate that how working capital is affecting Firm Profitability of non-financial firms in chemical Sector of Pakistan and how it affects the firm profitability. The sample consists of all chemical firms listed on Pakistan Stock Exchange for the period 2005-2016. According to Fixed Effect Model for chemical sector, it is found that R-Square has a value of 72

% which shows that 72% changes in the Dependent variable. The regression results show Current Ratio have no significant impact on the Profitability of the firm, while the Acid Test, Inventory Turnover and Debtors Turnover have a significant impact on the Profitability.

Keywords: *WCM, Acid Test, Inventory Turnover, Debtors Turnover, Profitability*

INTRODUCTION

Working capital (hereafter WC) is one the most important topic in finance for discussion, as it impact day to day activities of the business firms. Napompech, (2002) defined WC that it is net assets of the firm. Akinlo (2011) revealed that the variables are stationary at first difference and then he applied the Cointegration approach. He concluded that there is a long run association between WCM and Profitability. Rezazadeh and Heydarian (2010) examined the association between Profitability and WCM in the stock exchange of Iran. They used the annual data of Iranian firms for the period 1998-07. They concluded that there is a association amid WCM and Productivity. He added that account receivables have a positive association with the

Profitability. On the other hand, Shakor et al. (2012) also analyzed the association of WCM and Profitability. He used the annual data of 25 firms of manufacturing sector and applied different regression tools on it. They discovered that the firms must have a satisfactory amount of current assets for their day to day operations and due to this the firm will be able to execute the operations successfully and efficiently. In addition, Soenen and Shin (1998) studied the association between WCM and Profitability. He used a large amount of data of American firms and concluded that there is a strong and adverse liaison of WCM and Productivity. They proposed that the Shareholders wealth can be increased by dipping the amount of cash conversion cycle. Gill, Bigger, and Mathur (2010) analyzed 88 companies of Network. Plenty of your energy and effort frame of length of the study. They recommended those funds adjustment design is favorably concerning cost-effective performance.

Ali (2012) conducted a study on 160 textiles firm year 2000 - 2005 to investigate the impact WCM. WCM efficiency can be measured by cash conversion efficiency, days of operating cycle and days of working capital. While return on asset, economic value added, return on equity and profit margin on sale are used to calculate the profit. Deloof (2003) applied the correlation technique and regression and concluded that there is an adverse association between firm Profitability and WCM. He suggested that for improving the shareholder's wealth, the management should work on improving the account receivables collection. Lyroudi & Lazaridis (2000) studied the data of 131 firms and applied different regression tools and methods. They acknowledged a negative relationship between Profitability and WCM. They suggested that creation of the profit can be made easy if the managers are handling the cash, account receivables and inventory properly. Abbasali and Milda (2012) investigated the effect of WCM and Profitability in the Tehran Stock Exchange for the period 2006-2010. Return on assets was used to measure the Profitability of the firm. They concluded that there is positive and significant association between Profitability and WCM. Vida, Seyed, and Rezvan (2011) established a connection in WCM and Productivity by using the data of Tehran Stock Exchange firms for the period of 2004-2008. They used the data of 101 firms for the analysis. Their results revealed that cash conversions cycle has a positive and significant relationship with the Profitability of the firm. They also disclosed that there is an adverse affiliation in debt and Productivity.

Research Questions

What is the influence of WCM on Firm Productivity in Chemical Firms?

How working capital is affecting Firm Profitability of non-financial firms in Textile Sector of Pakistan?

Objectives of the Study

To examine the influence of WCM on the firm productivity in chemical sector of Pakistan.

To study the impact of working capital on Firm Profitability of non-financial firms from chemical sector.

RESEARCH METHODOLOGY

Sample Size and Sampling Technique

The sample consists of all Chemical firms listed on PSE (Pakistan Stock Exchange) for the period 2005-2016.

Estimated Regression Model

$$\text{Profitability: } \beta_0 + \beta_1 CR + \beta_2 QR + \beta_3 ITO + \beta_4 DTO + \epsilon \dots \dots \dots$$

Where β_0 : Constant Term, CR: Current Ratio, QR: Quick Ratio, ITO: Inventory Turnover Ratio, DTO: Debt Turnover Ratio, β_1 : Coefficient of Current Ratio, β_2 : Coefficient of Quick Ratio, β_3 : Coefficient of Inventory Turnover Ratio, β_4 : Coefficient of Debt Turnover ϵ : Error Term

Hypothesis

H₀: Current Ratio rate has no influence on Profitability.

H_a: Current Ratio rate has an influence on Profitability.

H₀: Quick Ratio has no influence on Profitability.

H_a: Quick Ratio has an influence on Profitability.

H₀: Inventory Turnover Ratio has no influence on Profitability.

H_a: Inventory Turnover Ratio has an influence on Profitability.

H₀: Debtor Turnover Ratio has no impact on Profitability.

H_a: Debtor Turnover Ratio has an impact on Profitability.

Independent Variables

Dependent Variable

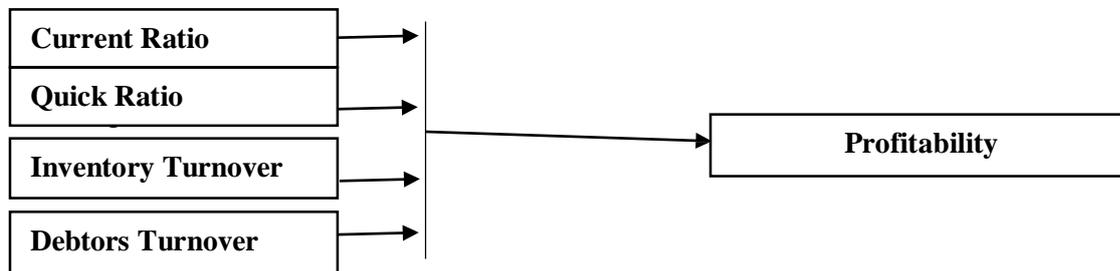


Figure 1 Conceptual Framework

RESULTS & ANALYSIS

Table 1: Correlation Matrix

	ROA	Current Ratio	Acid Test	Inventory Turn over	Debtors Turnover
ROA	1.0000	-0.3603	-0.1059	0.0619	0.0503
Current Ratio	-0.3603	1.0000	0.7883	-0.4825	-0.4678
Acid Test	-0.1059	0.7883	1.0000	-0.2206	-0.2782
Inventory Turnover	0.0619	-0.4825	-0.2206	1.000	0.0673
Debtors Turnover	0.0503	-0.4678	-0.2782	0.0673	1.0000

The association amongst variables was tested done via pair-wise correlation. The R value of less than 0.800 demonstrates that variables were not strongly correlated, and hence, no multicollinearity was found. The value for a Pearson's can fall between 0.00 (no correlation) and

1.00 (correlation). Generally, correlations above 0.80 are considered pretty high. According to Evans (1996) if the value of "r" in Pearson correlations is ".00 - .19" then the correlation between the two variables would be considered very weak. If the value of is between ".20-.39", the correlation would be weak. On the other hand, if the value of "r" is ".40-.59", the variables will have a moderate correlation with each other. In the same way, if the value of "r" is ".60-.79", the correlation would be strong. Similarly, the value of "r" is ".80-1.0", it will be named as strong correlation (Evans, 1996).

Table 2: Results of Hausman test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	81.527347 ^a	4	0.0000

a. The above table shows that Random Effect Model is appropriate.

To decide between fixed or random affects we can run a Hausman test where the null hypothesis is that the preferred model is random effects vs. the alternative the fixed effects (Green, 2008). It basically tests whether the unique errors (u_i) are correlated with the regressors, the null hypothesis is they are not. If the probability value of Cross-section random is more than 5, than we have to apply random effect model and if the P-Value of Cross-section random is less than 0.05, then Fixed effect model will be applied on the data. As the P-Value is less than 0.05, henceforth we cannot accept null hypothesis and we have to accept alternative hypothesis.

Table 3: Fixed Effect Model Results of Chemical Sector

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	3.441275	2.104276	1.635372	0.1032
Current Ratio	0.242262	0.610781	0.396643	0.6920
Acid Test	2.978244	1.020237	2.919170	0.0038
Inventory Turnover	-0.130833	0.029835	-4.385253	0.0000
Debtors Turnover	-0.679860	0.065275	-10.41539	0.0000
R-squared	0.720093	Mean dependent var		5.246439
Adjusted R-squared	0.691026	S.D. dependent var		10.94518
S.E. of regression	6.083924	Akaike info criterion		6.541342
Sum squared resid	9623.673	Schwarz criterion		6.897463
Log likelihood	-913.9533	Hannan-Quinn criter.		6.684054
F-statistic	24.77339	Durbin-Watson stat		1.331253
Prob(F-statistic)	0.000000			

R-Squared: The R-squared 72% which means that the variables we have taken to find out the relation are highly effective the remaining 28% constitutes those variables or factors that we have not taken.

F-Statistic: The overall significance of the model can be interpreted by the value of probability of F-statistic. Here a rule applies that if the probability value of F-Statistic is less than 0.05 or 5%, the model will be significant.

Individual Significance of Variables: The variables are now checked for individual significance. The significance of variables can be checked by their probability values. Probability value of Current Ratio is 69.20 which is greater than 0.05. It implies that the

variable is irrelevant. It also shows that Current Ratio has an insignificant impact over Profitability. Hence H_0 is accepted.

Probability value of Acid test ratio is 0.0038 which is less than 0.05. It implies that the variable is significant. It also shows that Acid test ratio has a significant impact over Profitability. H_a is accepted. Probability value of Inventory turnover is 0.0000 which is less than 0.05. It implies that the variable is significant. It also shows that Inventory turnover has a significant impact over Profitability. Hence H_a is accepted. Probability value of Debtors Turnover Ratio is 0.0000 which is less than 0.05. It implies that the variable is significant. It also shows that Debtors Turnover has a significant impact over Profitability. Hence H_0 is rejected, and H_a is accepted.

Coefficient Analysis of Variables

We now analyze the co-efficient of variables in order to test the hypotheses of this study. The coefficient of CA is 0.242262. It reveals that a 1-unit variation in CR will rise the Profitability by 24.22units. The coefficient of Acid Test Ratio is 2.978244. It reveals that a 1-unit change in Quick Ratio rate will increase the Profitability by 2.97units. The coefficient of Inventory turnover is - 0.130833. It reveals that a 1-unit change in Inventory turnover rate will decrease the Profitability by 13units. The coefficient of Debtors Turnover is -0.679860. It reveals that a 1-unit change in Debtors Turnover will decrease the Profitability by 67.98units.

Residuals Analysis

Table 4: *Autocorrelation Test*

Test	Statistic	Prob.
Breusch-Pagan LM	648.8400	0.0000
Pesaran scaled LM	14.84762	0.0000
Bias-corrected scaled LM	13.75671	0.0000
Pesaran CD	1.016729	0.3093

H_0 : There is no autocorrelation in residuals.

H_a : There is autocorrelation in residuals.

From the above two tests (Pesaran scaled LM & Pesaran CD), the P-value is greater than 5% so we will accept the null hypothesis and will reject the alternative hypothesis. So, there is no autocorrelation in residuals of the model.

HETEROSKEDASTICITY TEST: WALD TEST

Table 5: *Wald Test*

Test Statistic	Value	df	Probability
F-statistic	39.66614	(4, 260)	0.0000
Chi-square	158.6646	4	0.0000

The above table shows us the results for test of Heteroskedasticity. As presented in table 4.6, there is no problem of Heteroskedasticity.

Series: Standardized Residuals Sample 2005 2016	
Observations 288	
Mean	1.11e-16
Median	0.057715
Maximum	25.01104
Minimum	-37.52835
Std. Dev.	5.790679
Skewness	-0.275374
Kurtosis	12.94265
Jarque-Bera	1189.916
Probability	0.000000

The Jarque Bera test value as 1189.916 and Probability value is 0.000000 which shows that the data used in this study is normal.

CONCLUSION

This study has examined the association between different factors of working Capital management and profitability. This research used 12 years Panel data of 100 firms listed at Pakistan Stock Exchange were used for the data analysis and interpretation. The regression results show Current Ratio have no significant impact on the Profitability of the firm as the P-Value is more than 0.05. While the Acid Test, Inventory Turnover and Debtors Turnover have a significant impact on the Profitability. Acid test ratio has a significant and positive relationship with Profitability, while Inventory Turnover and Debtors Turnover have significant and negative impact on profitability.

On the other hand, results of Textile Sector show that R-square has a 0.967687, which means 96.76% changes in the Profitability is due to the independent variables that we have used. In the Hausman test, as the P-Value is less than 0.05, henceforth we cannot apply random effect

model and we have to apply fixed effect model. The regression results show that current Ratio has a significant impact over Profitability. As the Probability value of current Ratio is 0.0000 which is less than 0.05. However, Acid Test Ratio, Inventory turnover and Debtors Turnover has an insignificant impact over Profitability. Wald Test, LM Test, Pesaran CD, Correlation Test suggested that residuals have no issue of Autocorrelation and Heteroskedastic and Multicollinearity.

REFERENCES

- Abbasali, P. and Milda, E. (2012). "Impact of Working Capital Management on Profitability and Market Evaluation: Evidence from Tehran Stock Exchange", *International Journal of Business and Social Science*, 3(10), 311 – 318.
- Ali, A., & Ali, S. A. (2012). Working capital management: Is it really affects the profitability? Evidence from Pakistan. *Global Journal of Management and Business Research*, 12(17), 74-79.
- Deloof, M. (2003). Does working capital management affect profitability of Belgian firms?. *Journal of business finance & Accounting*, 30(3-4), 573-588.
- Gill, A., Biger, N., & Mathur, N. (2010). The relationship between working capital management and profitability: Evidence from the United States. *Business and economics journal*, 10(1), 1-9.
- Rezazadeh, J., & Heidarian, J. (2010). The effect of working capital management on profitability of Iranian companies. *Accounting Research*, 89(7), 20-28.
- Shin, H. H., & Soenen, L. (1998). Efficiency of working capital management and corporate profitability. *Financial practice and education*, 8 (2), 37-45.
- Shakoor, F., Khan, A. Q., & Nawab, S. (2012). The Inter-Linkages of Working Capital and Profitability in Pakistan (2001-2010). *Academic Research International*, 3(2), 562-567.
- Lyroudi, K., & Lazaridis, Y. (2000). The cash conversion cycle and liquidity analysis of the food industry in Greece.
- Uchenna, W., Mary, I., & Okelue, D. (2012). Effects of working capital management on profitability: Evidence from the topfive beer brewery firms in the world. *Asian Economic and Financial Review*, 2(8), 966-982