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**MODERATING ROLE OF TRUST IN THE RELATIONSHIP BETWEEN HUMANE
RESOURCE MANAGEMENT PRACTICES, EMPLOYEE PERFORMANCE AND E-
GOVERNMENT PERFORMANCE**

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ABSTRACT

There are enough evidences to support the linkage between HRM practices and thereby organization performance. We can conclude this linkage for e-government performance as well. The goal of this paper is to review previous research in order to justify the moderating role of the trust in the relationship between HRM practices and employee performance. At the sequel, the proposed framework will show a new combination of underlying variables.

Keywords: HRM Practices, Trust, Employee Performance, E-Government Performance

INTRODUCTION

One of the most influential factors on organizational performance is human resource. There are a lot of researches related to the impact of employee performance on organizational performance (Padsakoff and MacKenzie, 1997; Ali et al., 2010; Sadikoglu and Zehir, 2010). Thus, organizations try to increase employee performance in order to increase organizational performance indirectly. The importance of human resource for increasing the performance can

be consistent with RBV, resource based review theory. According to this theory, human resources can be utilized for reaching the sustainable competitive advantage. Hence, companies try to implement proper practices to increase employee performance. Different HRM practices including training, staffing, reward system, and performance appraisal have been studied in so many researches that usually resulted in increasing the organizational performance from

different aspects (Huselid, 1995; Cho et al., 2006; Manafi et al., 2012).

On the other hand, these days, countries try to increase their e-government performance. In this regard, there is a need to use new technologies. Using these new technologies requires some preparations inside the organization in line with human resource. For example Delone and Mclean (2004) pointed out some factors such as information quality, system quality and service quality. In addition, implementing the proper HRM practices can improve the level of using new technologies as well.

By considering the fact that HRM practices have the ability to improve the e-government performance, there will be two questions. First, how e-government performance can be measured? Second, if other factors can impact the relationship between HRM practices and performance?

The answer for the first question can be found in literature or through interviewing with the experts it can be explored. In case of second question, one of the important factors in online environment is trust that through different researches (e.g. Salo and Karjaluoto; Beldad et al., 2010; Harris and Goode, 2010) have been studied. Moreover, trust can be considered as one of those factors that can impact employee satisfaction

(Matzler and Renzl) and employee satisfaction impacts the employee performance (Harter et la., 2002).

Although trust can impact the motivation of employees, it seems that in previous researches there was less attention to this subject. In addition, this fact that how trust can impact the relationship between HRM practices and employee performance, still is a gap. Trust can be in forms of trust of organization to employee, employee to leaders and user to technology.

One of the important aspects of human resource (employee) is fostering them in line with accepting new technologies. One of the influential factors on improving the employee performance is trust that there is still ambiguity about its nature in e-government. Thus, this study attempts to discuss about the relationship between employee performance, HRM practices, trust and also e-government performance.

1. Literature review

1.1. Human Resource Management Practices

According to Jackson and Shuler in 1987, Snell and Wright in 1991 and by Mac Millan and Sguler in 1984, human resource are considered as organizational activities for managing the human resource (HR) pool and making sure that they are done at jobs in order to get the organizational goals. Table 1

shows various practices used by different experts according to the statements above.

Table1: Different Defined HRM practices

Researchers	HRM practices
Huselid (1995)	1) Personnel selection, 2) performance appraisal, 3) incentive compensation, 4) job design, 5) grievance procedures, 6) information sharing, 7) attitude assessment, 8) labor management participation, 9) recruitment efforts, 10) employee training, and 11) promotion criteria
Pfeffer's (1998)	1) employment security, 2) selective hiring, 3) participation, 4) compensation, 5) training, 6) reduced status distinctions and barriers, including dress language, office arrangements, and wage differences across levels, 7) Profit sharing
Huang (2000)	1) staffing, 2) planning, 3) compensation, 4) training and development, and 5) appraisal
Teseema & Soeters (2006)	1) recruitment and selection practices 2) placement practices, 3) training practices, 4) compensation practices, 5) performance evaluation, 6) promotion, 7) grievance procedure, and 8) pension or social security.
Shahzad et al. (2008)	1) compensation, 2) promotion, and 3) performance evaluation
Others	Other practices: 1) Safe, Healthy and Happy workplace, 2) Open House Discussions And Feedback Mechanisms, 3) Delight Employees With The Unexpected, 4) Open Management, 5) ...

1.2. Extant Research on HRM, Organizational Performance and Intermediate Outcomes

Wright and McMahan in 1992 defined Strategic Human Resource Systems as the patterns for planned deployments of HR and also a series of actions used for empowering the firms to understand the targets better. Lepak and Shaw (2008) in their macro level research tried to recognize the impacts of

strategic HRM on results of organizational performance. The strategic HRM effectiveness has been verified related to the results of different variables. From these variables the important ones are employee, organization, financial accounting and also the results of capital market as well (Dyer and Reeves, 1995). Moreover, it was understood that the impacts of HR systems

are higher than individual HRM practices (MacDuffie, 1995), (Delery, 1998), (Combs, 2006) and (Huselid, 1995).

For having the proper proof about the fact that there is a positive relationship between HRM practices and organizational performance, the main concentration of experts has been shifted toward how these practices in real context impacts the organizational performance. Another study about single stressed on external and internal fits concepts (Shaw and Lepak, 2008). In 1998, Delery stated that internal fits are congruence among interconnected acts of HRM that show fit provides more impacts to increase the organizational performance. Delery and Doty in 1996 and Youndt et al. in 1996 asserted that external fits are the alignment among HRM practices and external elements which have strategy. The prediction from this theory will be that by empowering the behaviors and attitudes crucial for the employees, the HRM system and the HRM practices along with strategy will help to get the organizational objectives (Jackson and Schuler, 1987). It is clear that external and internal fit show the critical aspects of effective HRM practices. Moreover, considering the definitions for these fits, it can be said that external fit conceptually has internal fit. While a HRM

system is aligned with a certain strategy then each of HRM practices within the system might want to have internal consistency into the strategy. Hence, by means of integration among fits, the external fit will be recognized as the pre requisite of HRM effectiveness.

The concept of external fit can be accepted as theory. By the way, this has limitations because there is few proof and the relevant studies demonstrated different results. Huselid conducted a research in 1995 in different industries and realized that external fit cannot positively impact the organizational performance. Also the other investigations on single industries revealed that external fit has a positive impact on HRM practices. For instance in a conducted research by Arthur in 1992 in 64 mini steel mills in US, he proved the impact of external fit. Mac Duffie in 1995 conducted a research in 62 international units of automobile assembly and realized that HRM practices lead to more productivity and can increase the levels of quality while they are aligned with related strategy to manufacturing process. Beechler and Bird in 1995 in their study on 64 US subsidiaries, 31 service units from Japan and 33 manufacturing units, they noted that the subsidiaries which are matched with HR strategies and also the business acted better compared to others which were

not match. Youndt in 1996, presented a match between administrative HRM practices with strategy of cost and HRM practices which increase human capital through quality strategy and flexibility. He showed that there is a relationship between HRM practices and strategies of manufacturing which can improve the performance inside 97 studied metal plants.

Assuming that concept of external fit is a theory; the empirical researches explained earlier have some issues to be considered. One of the primary reasons is that supporting empirical proof for the positive results of external fit is the least theoretically developed subject. Moreover, just a few researches provided sufficient proof for this subject. The other reason is that most of the proofs are from manufacturing context. Few number of sectors of manufacturing provided proof for total capability of the external fit.

1.3.Strategic capabilities

The strategic capabilities are known as the combination of different resources, information, technologies and HRM which are necessary in process of business and also they are critical strategically (Huselid, 2005) and (Becker, 2009). At first, the organizational ability was not seen as the single resource but instead as the characteristic and a good way to separate all

of the resources in different business processes including customer centricity, product development, supply chain and logistics (Kliesch and Eberl, 2007).

There are two aspects for the above definitions to be used. First one is allocating the specific HR in process of business which are crucial strategically and if the HR is rare and precious (Wright and Barney, 1998). It is considered as a resource which helps for competitive edge for the organization (Delery, 1998). Thus, it is a necessary consideration that the strategic ability of the firm will become strong while the rare and precious HR are provided for process of business which are critical strategically.

Second, another question generates that how a strategic HR can perform in critical strategic business process. The strategy in brief can be known as the series of actions done for getting certain customers and markets (Porter, 1996). In this regard, the strategic capability of a company can be considered as being on higher side when the key is in hands of employees for the strategic tasks for business process and using the power in an appropriate way to perform all of the activities in such an effective way.

1.4.HRM practices and Organizational Performance

The experts demonstrated there is a positive relationship among HRM practices and organizational performance. During the past years the experts focused on the impacts of HRM practices on organizational performance (Mac Duffie, 1995), (Gerhart and Becker, 1996), (Delery and Doty, 1996) and (Huselid, 1995). The scholars explained the innovative human resource management practices and then made comparison between them and for selecting the best one possible. According to Doty and Delery in 1996, a lot of firms in that moment had motivation for putting these practices into reality and when they were adapted the costs were decreased, there were more revenue and it was enough space for HRM practices.

In 1994, Bartel, noted that those organizations which employed a formal training system from 1981 to 1986 were able to improve their productivity by 20 percent. Rozell and Terpstra examined the data from 2012 total firms in 1993 in case of their staffing practices including:

1. Availability of a gauging system for recruitment source and return on investment (ROI)
2. Validity gauging of pre-employment test
3. Interviews that are structures and standardized

4. Intelligence test

5. Weighted Applications or Biographic Information

This research showed that those organizations which use the practices get more profit. Also sales growth was analyzed from the sample. They noted that there is a positive and significant relationship between implementation level of the five policies for staffing and organization's financial performance. The result was profit growth while compared to the other annual profits from other industries. The power of this relationship also was understood to be different in different countries.

According to the mentioned studies, we can conclude that HRM practices effectiveness is different in different industries. The findings of this research will contribute to hospitality industry and also in other industries when providing specific information for industries.

1.5.Trust

A lot of modern theories show that there is a mutual trust for interaction and development as the integral aspect in firms (Dwivedi, 1983; McCauley &Kuhnert, 1992). Shea (1984) explained that trust can be known as the miracle in inside the organizations which minimizes friction; also it is an agent of bonding for attaching separated parts and a good catalyst which can facilitate all of the

organizational actions. No single substitute neither promise nor threat can accomplish this job (p.2).

The theorists of the organizations wrote about critical role of organizational trust in many years. Some of the experts such as McGregor (1967), Argyris (1973) and Likert (1967) all supported the fact that trust is necessary for their work. According to these experts as well as managerial consultants the trust inside any organization has a key role.

Douglas McGregor (1967) presented two different theories for management behavior which discuss that why some of the managers use specific strategies for management. These theories are Theory X and Theory Y. The second one is desirable from individuals and the first one is helpful in theory of bureaucratic management. In this regard, management do not trust the employees and think that they do not like their work so they should be monitored with high control and precise management (McCauley and Kuhnert, 1992, p. 267). In opposite to Theory X, the managers of Theory Y always trust their staffs, reinforce them and also believe that they can integrate their own beliefs, values and goals for the firm (McGregor, 1967). Through having mutual trust and communication among the people inside the firm there will be better bases with Theory Y,

which creates a firm that has the optimum effectiveness in all of the aspects.

Argyris (1973), stated that firms should believe that growth of human beings is important. He asserted that while there is not trust inside the firm the employees will consider themselves instead of teamwork. The outcome will be less productivity because of less information flow, not effective decision making and conformity. He stated that future organizations should look for enrichment in work, decrease the unilateral dependence and improve the openness, risk taking, trust and also expressing the feelings and thoughts (p.40).

Likert (1967) presented a more complex model while compared to McGregor's. Likert here explained the existence of four systems of organizations. They are as benevolent authoritative, exploitive, participative group and consultative. The management practices which are control oriented and traditional show the strategy of separating work tasks as fixed and small jobs in which staffs are accountable. This method has association with system 1 organization of Likert. The system 4 firms are known by managerial trust and confidence, utilizing the subordinate input, solicitation, accurate and open communication, involved and integrated process of decision making, fully accepted

objectives, jointly established goals, high productivity, procedures with low control, low turnover and absence and low levels of loss and waste (McCauley and Kuhnert, 1992, p. 267).

2. Conclusion and Proposed Framework

By review extant research, we can conclude that HRM practices can affect employee performance and thereby e-government performance. Since the concept of e-government is very close to using new technologies, relationship between HRM practices and employee performance can be

affected by trust. Figure 1 shows the proposed framework of this study.

Future study needs to use qualitative approach for understand different aspects of trust. In this regard, three types of trust have been considered including (1) trust to technology, (2) trust of company to employee and (3) trust of employee to company.

In the next step, by means of the proposed framework, some hypotheses will be developed that for testing them we should employ quantitative approach. It should be noted that the relationship between variables of the framework are supported by different theories such as RBV in previous researches.

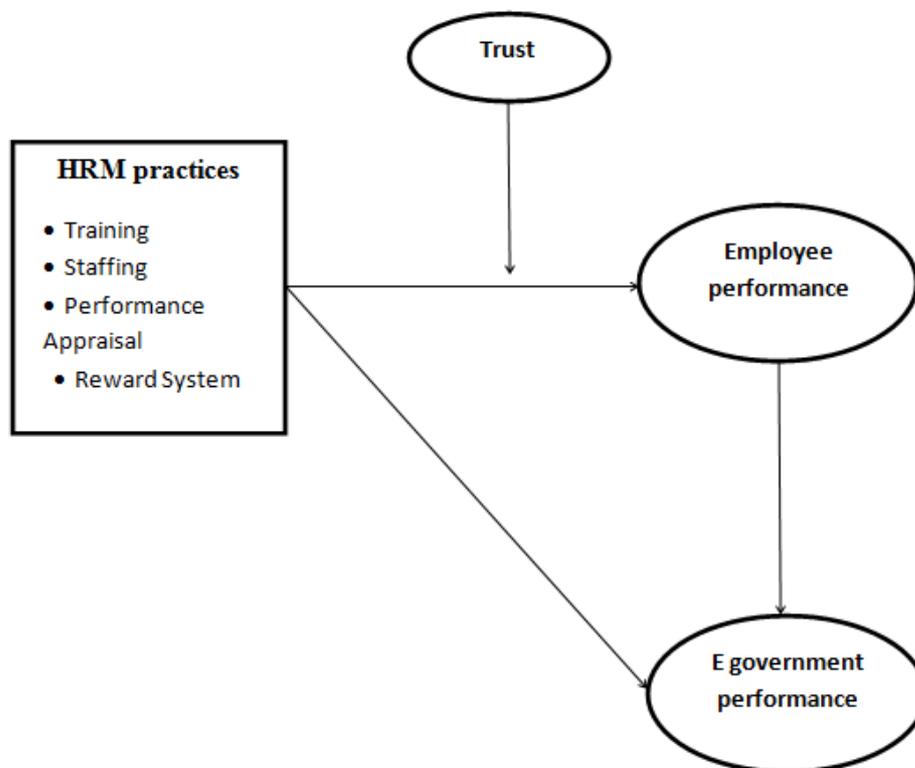


Figure 1: Proposed framework

Because of the fact that constructs of the framework need to develop items so at first, the (EFA), exploratory factor analysis should be conducted. Because of the nature of the proposed framework of this study, population of this study should all of the middle and top managers in governmental organizations. Their knowledge and experience will be efficient to improve current framework.

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