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**Editor: Nadia Jahangir Seth**

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## Contents

<b>Innovative Behavior of Women Entrepreneurs of Pakistan: Impact of Personality Traits, Gender Stereotypes and Cultural Values</b> .....	<b>7</b>
<i>Masood Ul Hassan, Sidra Sheikh</i>	
<b>Strategic HRM Practices and Knowledge Sharing in SMEs of Pakistan; the intervening role of Learning Commitment</b> .....	<b>76</b>
<i>Saba Akram, Fiza Ahmad</i>	
<b>Strategic HR Practices, Employee Empowerment and Organizational Performance: Empirical findings from small and medium enterprises of Karachi</b> .....	<b>111</b>
<i>Saba Mateen, Dr. Naveed R. Khan</i>	

## **Foreword:**

Research is the foundation for sound policy making. SMEs constitute more than 90% of enterprises in Pakistan, therefore, growth of the SME sector is vital for economic and social development. There is a litany of rudimentary research available on SMEs, however, there is a scarcity of credible empirical research on the sector in Pakistan. Promoting high quality research on the SME sector can act as a key element to delve deeper into the issues being faced by SMEs across Pakistan and can play an unparalleled role in paving the way for SME reforms.

Small and Medium Enterprises Development Authority (SMEDA) launched an SME Conference initiative in 2016, as a platform to promote and enhance collaboration between industry, academia and government, for nurturing SME focused research in Pakistani universities, learning from international best practices, and furnishing knowledge based policy recommendations to the government and international development organizations. To foster a research culture in Pakistan, SMEDA has partnered with University of Management and Technology (UMT) in the past, to co-organize the SME Conference and to mutually benefit from experiences and expertise of veteran public sector representatives, erudite scholars and successful businessmen.

The 2nd SME Conference (International) was held under the thematic areas; Developing a Conducive Business Environment for SMEs, Local & International Development for SMEs, Enterprise & Entrepreneurship Development and Access to Finance. Over 50 'SME-Focused' research papers were received from various universities of Pakistan, UK, Turkey and Malaysia. The best research papers were selected for presentation in the Conference and have been published in this Research Journal.

In order to develop public policy, empirical backing and research are vital to target areas which require support of the government. Government can play a crucial role in supporting business growth, as well as lobbying with public policy managers to bridge the gap between public and private sectors.

There is a need to fully understand the great significance of developing small and medium-sized enterprises. SMEDA Research Journal aims to encourage high quality research, in order to produce knowledge that is applicable outside of the research setting. I hope that this Research Journal manifests itself into SMEDA's goal of creating a solid foundation for policy formulation. I thank the Editorial Advisory Board of the Research Journal and the Reviewers, and acknowledge their support towards finalization of this publication. I would also like to thank and appreciate SMEDA's team and School of Business and Economics, UMT, who have worked sedulously to publish this Research Journal.

**Sher Ayub Khan**  
Chief Executive Officer  
Small and Medium Enterprises Development Authority (SMEDA)



## **Innovative Behavior of Women Entrepreneurs of Pakistan: Impact of Personality Traits, Gender Stereotypes and Cultural Values**

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### **ABSTRACT :**

The status of women in the society of Pakistan has been paradoxical. Women are generally considered to perform the role of a diligent subordinate whose duties are mostly dictated by the patriarchal culture. Women participation in the labor force is meager as compared to the men since there is a long history of gender discrimination, negative stereotypes and an overall unfavorable attitude towards them. However, with the changing landscape of the workplaces and augmented social awareness, more and more women in Pakistan are mustering up the courage to break the barriers and commence their own innovative business initiatives. Hence, for every woman who is an entrepreneur or desires to become one there are different set of reasons, motivating factors and many of these cannot be categorized or labelled. In this domain the *Theory of Planned Behavior (TPB)* is frequently used to elucidate the cognitive procedures that lead to establishment of firms. However, there is an instantaneous need to develop the understanding that the connection between *perceived behavior control, subjective norms, attitude to become women entrepreneurs* and the *innovative behavior of Pakistani women entrepreneurs* is not straightforward, there are several factors that act along to trigger the linkage between the above mentioned factors. Thereby, through quantitative research design, this study provides an opportunity for the enrichment of the TPB. The majority of the data was collected with the help of a cross section survey of 250 female entrepreneurs of Punjab, Sindh and Khyber Pakhtunkhwa during the Women Entrepreneurs' Exhibition 'Blue Fair' organized in Multan jointly by the

Women Chamber of Commerce & Industry Multan and Trade Development Authority of Pakistan. For analyzing the results, this study has employed Partial Least Squares Structural Equation (PLS-SEM) modeling.

The findings of this study bring to light factors such as Glass ceiling, Occupational stigma, masculinity and uncertainty avoidance that play a very crucial part in sculpting the innovative, proactive and visionary behavior of female entrepreneurs of Pakistan. This investigation suggests a series of implications at the academic level and from the practical perspective; this study may help to generate policies that improve the perception of entrepreneurial capabilities and increase the prominence of female role models in Pakistan, particularly those working in the Small and Medium Enterprises (SMEs) of Pakistan. The policy architects of the country shall consider all these factors along with the other constraints to draft a comprehensive as well as more effective policy for the thriving women entrepreneurs of this country so they may play to their strengths and support the troubled economy of the country.

**Keywords:** Women Entrepreneur, Theory of Planned Behavior, Glass ceiling, Occupational stigma, Masculinity & Uncertainty avoidance, SMEs, Pakistan

## 1. Introduction:

A few years into the 21st century, gender equality seems to be at the vanguard of the global humanitarian agenda. The co-recipient of the 2014 Nobel Peace Prize, Malala Yousafzai turned out to be a symbol of women rights and an explicit champion of girls' education. In conjunction with this, The United Nations propelled a powerful "HeForShe" campaign, which interprets men and boys as advocates and stakeholders in the campaign for gender equality around the globe. Worldwide, unbiased access to education and employment has been documented as not only a "women's issue" but as a clear-cut human rights issue (UN Women, 2014). This plateaued attention towards the gender equality has caused a record increase in the number of women escalating to CEO positions. As per the latest studies a majority of women and mothers are now working, and women outnumber men athwart many graduate and undergraduate programs (Pew Research Center, 2015). Furthermore, the entrepreneurial activity by women has also increased by 7% in 61 economies since 2012, according to the Global Entrepreneurship 2014 Women's Report, which now counts more than 200 million women entrepreneurs across the globe. Meanwhile, the gender gap in entrepreneurial activity has closed by 6%. Therefore, it can be safely asserted that entrepreneurship sector which was previously dominated by males has lately started to expose an increase in the number of females commencing their own businesses (Forbes, 2013). The world is slowly but surely recognizing that *women entrepreneurs*, when prosperous, act as a change maker for their families and society as a whole, they tend to inspire others to become self-sufficient and motivate them to opt for entrepreneurship. Their triumph aids societies, families, and local and regional economies by contributing to the growth of the nation. As quoted by Vanderburg (2013), women in embryonic markets plough back 90 cents of every additional dollar of their income to the "human resources", which comprises of their

families' education, health, and nutrition (compared to 30–40% for men), in this manner helping their families, communities, and nation-states.

Despite all these promising trends and shifts, the Dell Women Entrepreneurs Network conference in Austin, Texas released their second Gender (Global Entrepreneurship and Development Index report) or GEDI and discloses that the top places for a woman to kick start a business are the USA and Australia, although Pakistan and Bangladesh are considered to be the worst, due to a dearth of "basic legal rights and education for women and recognition of women's social and economic empowerment" (Gender-GEDI Index Executive Report, 2014)). A similar index is the gender empowerment measure, which takes into consideration the gender gaps in different economic and political spheres and in which Pakistan is placed at 99th slot out of 109 countries (UNDP, 2010; Human Development Report, 2010). All these indicators bracket Pakistan with many less-developed countries which have unfortunate gender disparities/discrepancies. Moreover, the earnest efforts on the part of institutions like Small and Medium Enterprise Development Authority (SMEDA), First Women's Bank, Trade and Development Authority of Pakistan (TDAP) to facilitate the women entrepreneurs of the region have not been fully materialized, since Pakistan's business environment is bereaved of a financially rigorous mechanism to upkeep women entrepreneurship as nearly 22.59 percent of the population is breathing underneath the poverty line according to the United Nations development program (UNDP, 2010).

These pooled-up facts about the female entrepreneurship advance an imperative question here that in the midst of all the recent media and policy attention, how are we i.e. the clan of management scholars contributing to the escalating and enriching conversation on gender equality and insertion? *Academy of Management Journal (AMJ)* is undoubtedly an influential



periodical in the field, encircling both micro and macro standpoints on organizational phenomena. An article named “Thematic Issue on Gender in Management” by the Editors of Academy of management reveal that the articles published in AMJ on the topic of gender equality and diversity can be viewed as broadly reflective of the research trends on the topic in the sector. Between 1958 and 2015, AMJ has approximately published 107 articles with gender as a central construct to understand the reprehensible societal stereotypes and gender roles spilled over into the workplace, and whether these stereotypes and role expectations elucidated changes in the leadership styles as well as the preferences between men and women (see e.g., Schein, 1973; Chapman, 1975; Fottler & Bain, 1980; Mobley, 1982; Sigelman, Milward, & Shepard, 1982; Stewart & Gudykunst, 1982; Ragins & Cotton, 1991; Ragins & Scandura, 1994; Powell & Butterfield, 1994; Elvira & Cohen, 2001; Joshi, Liao, & Jackson, 2006; Ladge, Clair, & Greenberg, 2012; Nishii, 2013).

However, despite all the extensive and noteworthy work done so far it seems as if the researchers are offering only a small sliver of a huge canvas. Most of these studies have been conducted in the developed Western Societies, however the Islamic societies that are frequently regarded as being collectivistic, high in power distance, and high on uncertainty avoidance, and are quite different from western culture have not been methodically taken into account. This research specifically aims to take into account the female entrepreneurs of Pakistan as the research on this topic is sparse in Pakistani journals, and makes it very difficult to unravel the extent to which theories and concepts developed in western countries can be translated across the unique cultural context of Pakistan.

The structure of the society of Pakistan is extensively recognized to be strictly patriarchal. Clearly delineated gender roles and large gender differentials in access to resources of all types exist (Durrant and Sathar 2000; Winkvist and Akhtar 2000; Jejeebhoy and Sathar 2001). At the macro-level, a feudal socio-political system is totally rooted in unequal land and resource supply (Hafeez, 1998), further reinforced by a strong Islamic ideology, it harvests a rigid class and gender hierarchies (Patel, 1991). So, the objective is to understand that for every woman who is an entrepreneur or desires to become one there is a different set of reasons, motivating factors and many of these cannot be categorized or labelled (Kamal, Wojoud and Rana, 2009). In this sense, the theory of planned behavior-TPB-(Ajzen, 1991) has been frequently applied to explain this mental process leading to firm creation. However, there is an instantaneous need to develop the understanding that the connection between the constructs of TPB and the innovative behavior of women entrepreneurs is not straightforward, there are number of factors that act along to trigger it. Thereby, giving us a chance for the enrichment of the TPB. The factors like glass ceiling (Mattis, 2004; Moore, 1997), masculinity & uncertainty avoidance (Hofstede and Bond, 1984), occupational stigma (Pinel, 2002) and personality traits (Cooper, 1998) play an important role in driving attitude, subjective norms, and the perceived behavior control as well as the innovative behavior of women entrepreneurs.

So, this background leads us to following research questions: (1) Is there a significant and positive relationship between the personality traits and attitude of a female entrepreneur? (2) Whether there is a significant and positive relationship between the attitude and subjective norms of a female entrepreneur? (3) Is there a significant and positive relationship between subjective norms and innovation behavior of a female entrepreneur? (4) Is there a significant and positive relationship between glass ceiling and attitude of a female entrepreneur? (5) Is there a

significant and positive relationship between uncertainty avoidance and glass ceiling? (6) Is there a significant and positive relationship between masculinity and occupational stigma of the women entrepreneur? (7) Is there a significant and positive relationship between occupational stigma and Perceived Behavior Control? And (8) is there a significant and positive relationship between perceived behavior control and innovative behavior of the entrepreneurs?

Accordingly, the above mentioned research questions lead us to following research objectives: (1) To understand the link between personality traits and attitudes. (2) To underscore how attitudes and subjective norms impact each other. (3) To elucidate how the subjective norms impact the innovative behavior of women entrepreneurs. (4) To explore the effects of structural barriers such as glass ceiling on the attitude of women entrepreneurs. (5) To clarify how the influence of uncertainty avoidance impacts the glass ceiling. (6) To elucidate how masculinity and occupational stigma are linked. (7) To develop the understanding of how occupational stigma impact the perceived behavior control of women entrepreneurs in the light of social structures in Pakistan. And (8) to understand fully the impact of Perceived behavior control upon innovative behavior of women entrepreneurs.

Consequently, by conducting our research in Pakistan, we view the connection between TPB and Innovative Behavior with different theoretical lenses. The main contributions of this investigation are the advances, both theoretical and empirical, in the existing literature on the women entrepreneurs of Pakistan. Understanding the entire phenomenon of women's entrepreneurship in terms of the context in which it operates can provide a comprehensive picture of the dynamics involved in the formation of women-owned enterprises in the country like Pakistan.

## 2. Literature Review:

### 2.1. Culture and Female Entrepreneurs of Pakistan:

While making a struggle to appraise the pre-established research frameworks of entrepreneurship and culture, the cross-cultural research of Hofstede is massively insightful in understanding the key differences between values, norms, beliefs and work acts (Bond and Hofstede, 1984). *Culture* basically comprises of opinions, values, laws, religion, superstitions, symbols, morals, customs, religions, superstitions and art amongst people in a society (Dodor and Rana, 2007). Furthermore, Culture has been systematically defined in many different ways. Accordingly, to Hofstede, *culture* is the cumulative programming of the mind which separates the participants of one clan or class of people from another (Hofstede, 2001). Somewhat similar to this is the description given by Swartz and Davis (1981) which states it as a form of expectations and beliefs shared by the organization's members. *Culture* is also thought as a persuasion of the behavior of individuals and groups in the organization.

The culture of Pakistan is a distinctive blend of four elements: Islamic religion, Indian heritage, British traditions and American influences. Collectivism along with the status consciousness grounded in large power distances are some of the characteristics of this society (Jamal, 1998; Khilji, 2001). Since a long time, the role and status of women in Pakistan's masculine society has always been a controversial matter and therefore has gathered immense attention of a number of researches, scholars, activists and international agencies. One noteworthy fact is that it is a society with huge diversifications of views and opinions and hence lacks the consensus on the definition of women's rights (Weiss, 2012). A girl born in this society has to face a continuous discrimination since her first breath till the last. These inequalities are entrenched on gender biased relations cultivated on extensive partiality (Isran and Isran, 2012).

Consequently, the subordination of women appears as a historic phenomenon, where the cultural norms and conventions reassure it and false interpretation of religious scripts establishes the rationalization for it. So, the gender practices inside the family do not inspire women to move about liberally and discourage mingling with men around. Consequently, women's freedom remains an enquiry all through the lives of women (Roomi and Harrison, 2010). The impacts of religious backgrounds, family norms, collective customs, and beliefs (Shah, 2002) have numerous powers upon their work and family picks.

The condition of females if compared to a male is like an efficient subordinate, irrespective of class and province, which is dictated by explicit patriarchal structures (Roomi, 2006). In many Muslim societies, such as Pakistan, the cultural standard of 'pardah' (veil) and the concept of 'izzat' (honor) are two imperative factors that have a pointedly undesirable impact on women's occupational roles (Offenhauer, 2005; Roomi and Parrot, 2008). Pardah is a holy practice of female privacy that is used to uphold sexual segregation and longitudinal margins between males and females. The norm of pardah puts up severe boundaries on females' movement in terms of economic, social and personal vocational activities (Papanek, 1982). The concept of izzat speaks of the honor and chastity as women are considered the custodians of their family's honor which has to be preserved and secured from the strangers (Essers, 2007; Shaheed, 1990). Thus, these socio-cultural rules set up a culture of patriarchy that has placed the women at a tremendously detrimental position (Jalal-ud-Din and Khan, 2008). Therefore, the women who work are not seen as the first-class citizens of the society, rather they are forced to face social disapproval (Goheer, 2003) Moreover, they are frequently restrained from availing the key resources and their individuality is never acknowledged (Jalal-ud-Din and Khan, 2008). However, to be successful, women entrepreneurs have to observe Islamic traditions, e.g. female who wore the

hijab and worked from their homes considered to be successful business entrepreneurs in Kingdom of Bahrain and Oman respectively, hence accepted in a typically male-dominated business world (McIntosh and Islam, 2010; Ghouse, McElwee, Meaton, and Durrah, 2017).

Whereas the input of total labor force in Pakistan was verified as 54.92 million in 2010–2011. Along with these statistics, it was revealed that women embrace almost 50% share of the whole population in Pakistan, however their economic participation is extremely truncated i.e. 21.7%, and conversely the male participation rate was 82.4% (Federal Bureau of Statistics, 2010–2011). These stumpy rates of women's participation in the labor force can be accredited to the socio-cultural standards of *pardah* and *izzat* (Essers, 2007; Roomi and Parrot, 2008). This invisibility might be because of the social condemnation of the working women of the country (Kamal, 1997). Moreover, in Pakistan, women are not documented as an active part of the productive human capital of the country (Khalid, 1990). Regrettably, the national database on women entrepreneurs in Pakistan is inept (Tambunan, 2009) or insufficient, which therefore generates another operational trial pertaining to the improvement of the social spot of women.

Nevertheless, due to the phenomenon of globalization and societal progression through the last two decades; the circumstances have been significantly altered. Very nearly all parts of the society of Pakistan are at the present mindful of the capabilities and aptitudes of women and their statutory rights as well as legal rights. Lately, more and more women have started struggling for income-oriented jobs to meet their financial requirements and gain independence in order to secure the same social status as that of men (Firdouse, 2005). With an aim to embolden female participation in self-employment endeavors, the Government of Pakistan has initiated several schemes to promote women-owned businesses: chiefly by boosting their managerial skills and giving them technical support and as well as the key information.

Social structures diverge significantly across all the developed and developing countries alike; the degree to which the resource availability influences women's entrepreneurial activity is dependent on the circumstances and structures of that particular country. Sometimes, in spite of having meager resources and a circumscribed environment, data suggest that the rate of women's entrepreneurship in some developing countries is greater than in other relatively developed countries (Bosma and Harding, 2007). The Global Entrepreneurship Monitor (GEM) report revealed that women's entrepreneurship activity is much higher in low-income countries than in higher income countries (Allen et al., 2007). Similarly, Brush et al. (2006) validated the conclusion that women's entrepreneurship is suggestively swelling across the globe. These increasing trends in women's entrepreneurship are linked to several benefits to economies in terms of job and wealth creation, innovation, and contribution to gross national product (Allen et al., 2007; Brush et al., 2006). Women's entrepreneurship considerably contributes to the economic and social development of all countries around the globe (Brush et al., 2006) and it is equally beneficial to males and females including those in developing countries like Pakistan, where, over the last few decades, considerable progress can be observed in women's efforts. Over the last two decades two significant changes have been observed in the organization of work and the labor force. One is that more women have become an active part of the labor force and secondly, they are striving to become financially independent to secure a social status equal to that of men (Durr-e-Nayab, 2006; Firdouse, 2005). In the developed areas of the country, women are progressively working in the occupations which were considered to be only men oriented in the past such as engineering, banking, IT, construction, media and many more (Shahid, 2007). The rate of women's participation is increasing since the very start of this decade. A major surge of 5.0 % was witnessed during the years 1999–2000 to 2006–2007,

whereas a similar trend was testified with an escalation of 3.1% in 2006–2007 to 2010–2011 (Federal Bureau of Statistics, 2010–2011).

## **2.2. Theory of Planned Behavior:**

One leading theoretical model explaining informational and motivational influences on behavior is the theory of planned behavior (TPB; Ajzen, 1985, 1991). Further, empirical reviews support the TPB across a wide range of behaviors (Armitage & Conner, 2001; Godin & Kok, 1996). The TPB suggests that the proximal determinant of volitional behavior is one's intention to engage in that behavior. Intentions are conceptualized to capture the motivational factors that influence a behavior (Ajzen, 1991). Moreover, an individual's behavioral intention (i.e., the subjective probability of performing a behavior) is the single best predictor of whether or not he/she will exhibit a certain behavior. Behavioral intention is, thereby, determined by a person's attitudes towards the behavior (i.e., positive or negative evaluation of the consequences of performing the behavior), subjective norms (i.e., perception of social pressure on performing a certain behavior) and perceived behavioral control (PBC).

Attitudes are the overall evaluations of performing the behavior by the individual. Just like the personality traits, human beings are said to have exclusive and steady sets of attitudes. Attitude is the mental and neural state of applying readiness, organized through experience, exerting a command or dynamic impact upon the individuals with regards to all objectives and situations with which it is related (Allport, 1935). However, attitude differs across individuals, they are not a permanent feature of one's personality. For example, attitude towards accomplishment in general (general object) is not the same as attitudes to an achievement in entrepreneurial setting (specific object). Person's attitudes towards a particular behavior are composed of two components: (a) his/her behavioral beliefs about the outcomes a behavior is



believed to yield to, and (b) his/her assessment of these outcomes (i.e., whether the consequences of the outcomes are favorable or unfavorable). Advantageous consequences for highly likely outcomes of a behavior increases a person's intention to engage in a particular behavior. However, societal values implicitly view female entrepreneurship as less desirable, which in turn affects the self-perceptions and individual attitudes of potential female entrepreneurs (Welter, 2004).

Subjective norms assess the social pressures on the individual to perform or not to perform a particular behavior. In contrast to attitudes towards a behavior, subjective norms are a function of normative beliefs in relation with the social expectations of significant others (e.g., spouses, parents, close friends, etc.) and an individual's motivation to comply with those significant others. In other words, subjective norms are the perceived social pressures an individual faces when deciding whether to behave in a certain way or not. Many studies report that a person's attitudes towards a behavior and subjective norms are sufficient determinants of his/her behavioral intention (e.g., Bowman & Fishbein, 1978; Goldenhar & Connell, 1992; Jaccard & Davidson, 1972; Jones, & Kavanagh, 1996; Vinokur-Kaplan, 1978). Individuals with a more collectivist approach have been found to be further influenced by other people in their community (Xu-Prior et al., 2014).

The TPB tries also to predict behaviors that are not completely volitional by incorporating perceptions of control over performance of the behavior as an additional predictor of intention and behavior (Ajzen, 1991). Therefore, Perceived Behavioral Control (PBC) is the individual's perception of the extent to which performance of the behavior is easy or difficult, and is conceptualized to capture perceived/actual resources and opportunities (Ajzen, 1991). Ajzen (2005) provided evidence that personality traits, demographic variables, or environmental factors

do not have a direct impact on behavior but are mediated by PBC, attitude, and subjective norms. Thus, this theory permits for the documentation of the specific processes by which circumstantial factors influence behavior. In terms of entrepreneurship, it means that gender variances in attitudes, subjective norms, and PBC account for differences in EI; thus, gender effects will be mediated by attitudes, subjective norms, and PBC.

### **2.3. Glass Ceiling, Masculinity, Uncertainty Avoidance & Female Entrepreneurship:**

The areas of research on women's entrepreneurship have always been very wide and established in the advanced countries (DeBruin et al., 2007), and they have laid stress on offering and criticizing a male normative model (Fielden and Davidson, 2005). Somehow the most popular research on women's entrepreneurship has been carried out in the developed countries, thus it might not sufficiently provide any explanation for the condition of the less developed countries (Bhatt, 2006). Lately, the particular topic has created a stir and is able to draw more research attention in the developing countries because of its prospective capability to contribute to the economic development, nonetheless a gap remains in understanding the experiences of women in these contexts (Al-Dajani and Marlow, 2010; Jamali, 2009; Tambunan, 2009; Welter, 2011; Benzing and Chu, 2009; World Bank, 2013; Singh and Belwal, 2008). Much of this international literature but very narrow non-western literature stresses upon the reasons of why women choose the decision to turn out to be an entrepreneur. Women entrepreneurs signify a diversity of skills and characteristics, varied social circumstances and create a diverse clan (Sarri and Trihopoulou, 2005). Thus, they are consequently motivated or triggered by numerous motives to start off their own initiatives. There is a range of different reasons that contribute to their verdict to track to the entrepreneurship; for example, the phenomenon of glass ceiling-unseen obstacle that holds women from developing outside a definite position in a hierarchy or displeasure with many corporate careers (Mattis, 2004), wish to be independent (Jamali, 2009; Mehmood et al., 2012),

financial/economic reasons (DeMartino and Barbato, 2003;; Jamali, 2009) and personal reasons (Al-Dajani and Marlow, 2010; Kirkwood and Tootell, 2008; Shabbir and DiGregorio, 1996). Particularly, *in term of glass ceiling*, Weiler and Bernasek (2001) in this regard explained that women's obstruction in terms of prejudiced behavior, especially the company "glass-ceiling," seems to be rising. Thus, accessing the highest level of jobs remains a major problem for women. The result is that talented productive women are finding that they cannot gain access to the highest levels, and as a result 27% of women-initiated business are indeed driven either by obstacles to progression or lack of innovations in present jobs (Jackson, 1998). So, consistent with this hypothesis of glass-ceiling, female workers with high potential of earnings in their jobs market enjoyed high skill profits during self-employment (Devine, 1994a).

More intensely embedded cultural standards may also be associated with entrepreneurship including masculinity, individualism and uncertainty-avoidance (Hofstede, 1980, 2001) within *aggregate psychological-traits paradigm* proposes that entrepreneurship is determined by similarity in entrepreneurial norms shared by the majority or the *social-legitimation (or dissatisfaction) paradigm* provides that entrepreneurial activities are determined by the diverse values systems shared by the majority of population (Hofstede et al., 2004; Wennekers et al., 2002; Davidsson, 1995). So, in *aggregate psychological-traits paradigm*, *high masculinity, low power distance, high individualism and low uncertainty avoidance generate entrepreneurship* (Shane, 1992, 1993). Whereas, according to *social-legitimation (or dissatisfaction) paradigm*, when people are not satisfied with current structures and not provided with entrepreneurial opportunities, they prefer to quit their jobs and initiate their own venture. Thus, results are not conclusive as to which association(s) between the cultural constructs and entrepreneurship will prevail between female and male entrepreneurship as *aggregate psychological-traits paradigm*

may establish that female are less likely to have entrepreneurial traits. Whereas, from a social-legitimation point of view, women & men both are confronted with organizational and social fabrics that do (not) provide entrepreneurial opportunities (Verheul, Stel and Thurik, 2004). Vroom (1982), as cited in Verheul, Stel and Thurik, 2004 shows that life-dissatisfaction is often positively related to job-dissatisfaction. Hence, people who are dissatisfied with their job may also be expected to be dissatisfied with life. Brayfield et al. (1957), as cited in Vroom (1982), argue that men who are dissatisfied with their jobs, are more likely to be dissatisfied with life in general than women who are experiencing job dissatisfaction. This may imply that, if men are dissatisfied with their jobs, they may be more likely to start their own business than women who experience jobdissatisfaction. However, as women may be more likely to experience gender related barriers in their market careers, it may be argued that dissatisfaction is a more important factor influencing female entrepreneurship than male entrepreneurship. So, the current study is also based upon this perspective and establishes that cultural indicators including, high uncertainty avoidance and low individualism along with high glass-ceiling and self-personality traits perceptions among Pakistani female entrepreneurs trigger them to show their innovative behavior through the constructs of TPB (see; Etzioni, 1987; Noorderhaven et al., 2003). So, this study hypothesizes:

H1: There is a significant and positive relationship between glass ceiling and attitude of a female entrepreneur.

H2: There is a significant and positive relationship between uncertainty avoidance and glass ceiling.

H3: There is a significant and positive relationship between masculinity and occupational stigma of the women entrepreneur.

#### **2.4. Personality Traits and Entrepreneurship:**

Entrepreneurship and personality studies have recently commenced extensively and they have found new signals that many entrepreneurial traits give the idea that they differ majorly from those of the managers with respect to some rudimentary elements of a personality (Thompson, 2009). Previous studies have described the personality traits theory as one of the best theories of psychology engaged in clarifying and envisaging human behavior, along with the entrepreneurship (Kautonen et al, 2009). In this logic, entrepreneurial investigation has been directed to the two main lines: the individual characteristics or the qualities of the entrepreneur; and the effects of the background factors involved in the entrepreneurship (Robinson et al. 1991). From the preceding institutional approach, some entrepreneurial models with certain cognitive basics started to explain this phenomenon: the Entrepreneurial Event Theory (EET) (Shapero and Sokol 1982) and the Theory of Planned Behavior (TPB) (Ajzen, 1991) acted as the chief theory-driven models. They have been adopted many times by entrepreneurial intention researchers who wanted to dig deep into the new venture creation. Likewise, the model presented by Shapero (1982) emphasizes on the details of the entrepreneurial event, which takes influences from the insights of appeal (individual value system and social system that the individual is part of) as well as practicability (financial support and would-be partners). Though the current research proposes that entrepreneur's traits are provocatively unlike other groups, such as executives (Zhao, H. et al., 2010). The importance of excavating the knowledge of the entrepreneurial disposition is also highlighted by Johnson (1990) who evidently indicates that the study of the role of an individual is critical, together with his or her psychological profile, given that, it is they who initiate the entrepreneurial process. In this regard, Shane, Locke and Collins (2003) stated that the entrepreneurial process depends on the decisions of entrepreneurs and these

decisions are influenced by their personal characteristics. Thus, the personality would be dynamic to realizing the intention to start an enterprise. Thus, this study further hypothesizes:

H4: There is a significant and positive relationship between the personality traits and attitude of a female entrepreneur.

### **2.5. Masculinity and Occupational Stigma as a predictor of Perceived Behavior Control:**

Gender stereotypes can exert a powerful influence on cognition and behavior (Heilman, 1983, 2001). Stereotyped Task Engagement Process (STEP) (Smith 2004; Smith et al. 2007) provides a framework for incorporating factors inside the individual (e.g., how “typical” the person is in their interpersonal relations) and factors outside the individual (e.g., if a domain is male-dominated) that influence feelings (of stigma), goals (achievement), and well-being. What is motivating, in general, can be linked to the interaction among a person’s situation and his or her personality traits (Deci and Ryan 1985; Eccles 1987; Elliot and McGregor 2001; Renninger et al. 2004). The STEP focuses specifically on situations that may trigger explicit or subtle stereotypes (Smith and White 2002). Stereotypes are generalized beliefs about a group of people that a group member may be highly aware of (or not), but can nonetheless result in feelings of stigma. Goffman (1963) writes “A stigma, then, is really a special kind of relationship between an attribute and stereotype...” (p. 4). Crocker et al. (1998) state that “a person who is stigmatized is a person whose social identity, or membership in some social category calls into question his or her full humanity—the person is devalued, spoiled, or flawed in the eyes of others” (p. 504).

Thus, stigma consciousness (Pinel, 1999) is an individual’s feeling of possibly being stereotyped irrespective of his or her behavior. Stigma consciousness is an individual difference important to study within the stereotyped task engagement process because people high in stigma consciousness may be more likely to avoid situations in which they might be stereotyped and

judged. Therefore, if women (American or otherwise) are stigma conscious they may opt out of male-dominated fields like science or if they do pursue the field, they may underperform, eventually drop out, or downplay certain aspects of their femininity (Pronin et al. 2004; see also Brown and Pinel 2003; Smith and White 2002). Similarly, prior research found that contemporary thoughts about entrepreneurs are mainly inclined toward features traditionally viewed as masculine (Ahl, 2006; Lewis, 2006), thus, these stereotypical views negatively impact the career of female as entrepreneur (Marlow & Patton, 2005).

However, Gupta, Turban and Bhawe (2008) provided that some recent evidence suggests that under certain circumstances, people may not assimilate with the stereotype but respond in a way opposite to that predicted by the stereotype (Dijksterhuis, Spears, & Lepinasse, 2001; Moskowitz & Skurnik, 1999). Gupta, Turban and Bhawe (2008)'s research extends stereotype activation theory (SAT) by redefining the masculine entrepreneurship stereotype as feminine and gender neutral to influence task performance. For instance, though entrepreneurship is a masculine stereotyped-domain, many of the features believed to be vital to entrepreneurial triumph are also conventionally feminine. For example, building & nurturing interpersonal relationships and humility are traditionally feminine features that define good entrepreneurs (Bird & Brush, 2002) posited to activate as feminine characters as being stereotypical of entrepreneurs will differentially influence men's and women's entrepreneurial intentions. Moreover, SAT provides that connecting entrepreneurship with gender-neutral features—stereotype nullification—may remove the gender-gap in entrepreneurial intentions (Ahl, 2006; Gupta et al., 2005). In other words, women and men were briefed that entrepreneurs having features common to both women and men, the variance in their entrepreneurial intentions would significantly decrease compared with when they were not provided with any stereotypical-information about entrepreneurs

(control condition). The social context in Pakistan is relatively more extreme in acceptance of and proliferation of gender based stigma than most Western nations (Kapur 2001; Khan and Reza 1998; Twenge 1997). e.g., in comparison with other South Asian SMEs, Pakistani and Nepali female entrepreneurs are more credit constrained (Wellalage and Locke, 2017). As such, Pakistan is a unique setting that has the potential to illuminate effects of ubiquitous gender stigma. Keeping in view the above discussion, this study hypothesizes:

H5: There is a significant and positive relationship between occupational stigma and Perceived Behavior Control.

## **2.6. Innovative Behavior of Women Entrepreneurs:**

Why are some entrepreneurs more innovative than others? This question surely belongs to the core of entrepreneurship research (Shane and Venkataraman 2000). Surprisingly, our knowledge about what exactly leads to innovative rather than purely imitative business ventures is still very limited. To some extent, this may be due to a lack of suitable empirical data to investigate this question. Until today, no comprehensive theory is available that answers these significant questions. Arguably, a more problematic issue is that we still lack a common understanding of what entrepreneurship, innovation, and opportunity actually mean (Davidsson 2005; Koppl 2007; McMullen et al. 2007). The question “why are some entrepreneurs more innovative than others” implicitly assumes that entrepreneurs differ in terms of the degree and type of novelty they introduce to the economy. This simple starting point is consistent with current thinking about entrepreneurship and is likely to be a basis for consensus (Aldrich 1999; Cliff et al. 2006; Davidsson 2005; Low and Abrahamson 1997; Shane 2000). By definition, innovation requires novelty. Hence, innovative ideas are characterized by limited available information about the behavior of customers, potential competitors, or “how to make things work” in the first place.



The innovator needs the courage to “conquer unknown territory”. Consequently, innovation involves Knightian uncertainty (Knight 1921) and risk for the potential entrepreneur. Keeping in view the above discussion, this study further hypothesizes the following hypotheses:

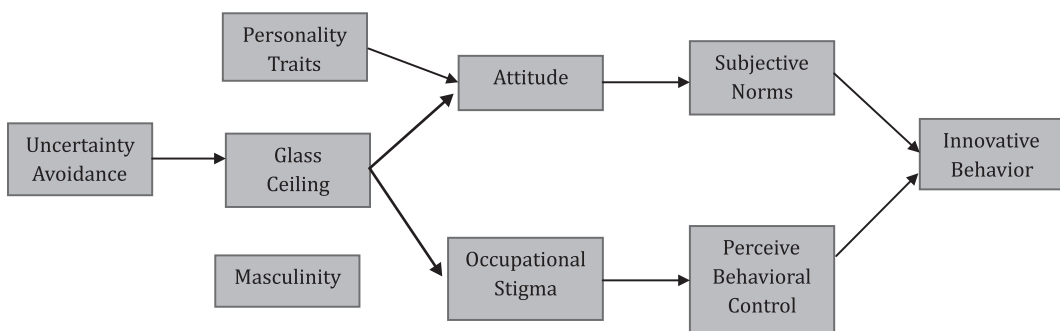
**H6:** There is a significant and positive relationship between the attitude and subjective norms of a female entrepreneur.

**H7:** There is a significant and positive relationship between subjective norms and innovation behavior of a female entrepreneur.

**H8:** There is a significant and positive relationship between perceived behavior control and innovative behavior of the entrepreneurs.

**H9:** Glass ceiling, attitude, subjective norms, occupational stigma and perceived behavior control each mediates the relationship between: *uncertainty avoidance and attitude, personality traits and subjective norms, attitude and innovative behavior, masculinity and perceived behavior control and occupational stigma and innovative behavior* respectively.

**Figure 1: Theoretical Model**



### **3. Research Methodology:**

This study is based on quantitative philosophical foundations as it aims to test the relationship between latent variables (Firestone, 1987; Sales *et al.*, 2002; Saunders, 2011). As epistemology and ontology both are regarded as the branches of philosophy concerned with the creation and testing of knowledge respectively (Bryman, 1984; Denzin & Lincoln, 1994; & Mason, 2002). Therefore, epistemologically, current study is an application of existing theories and includes the constructs which can be operationalized in different ways. Whereas, ontologically, hypothesized relationships among study variables are tested. So, based upon the particular nature, objectives and gaps of this research, a positive method has been utilized. This approach is used to address the research questions posed by the research. As from the procedural viewpoint, developments and the breaks in the content regarding women's entrepreneurship require thorough methodologies to progress & extend the sound occurrences of women's entrepreneurship (Brush and Cooper, 2012; Gracia and Brush, 2012; DeBruin *et al.*, 2007).

#### **3.1. Sample and Data Collection:**

The majority of the data was collected with the help of a cross sectional survey from Female entrepreneurs of Punjab, Sindh and Khyber Pakhtunkhwa during the Women entrepreneurs' exhibition 'Blue Fair' organized in Multan from March 3 to 5, 2016 jointly by the Women Chamber of Commerce and Industry Multan and Trade Development Authority of Pakistan. Five point likert scale (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree & 5=Strongly Agree) was used to develop research questionnaire. The original dataset comprised of a survey from random sample of 274 respondents who are solely the Female entrepreneurs of Punjab, Sindh and Khyber Pakhtunkhwa. The advantages of random sampling are that sample represent the target population and terminate sampling bias, however, the drawback is that it is very difficult

to achieve (i.e. effort, time, and money). This resulted in an encouraging participation rate of 62% while seventy three percent (73%) of the participants completed the survey in a face-to-face setting and that too in the presence of either the researcher or a trained data enumerator to make sure that the understanding of the questions was not flawed. But some of the respondents mailed the questionnaire after completion within the specified time. Nevertheless, 24 of the surveys were eliminated from the study because of some missing data, reducing the final dataset to roughly 250 surveys which is no doubt a true representation of a robust sample size. The elimination of 24 questionnaires had no extensive consequences for the reliability and validity of the results. Respondents were targeted on basis of convenient sampling (Guarte & Barrios, 2006).

In order to quantify the information respondents were required to provide demographic information on age, education, job rank and marital status Table 1 provides the relevant Demographic information of survey respondents.

**Table 1: Demographics of Respondents:**

Demographic Variables	Category	Count (N)	Percentage (%)
Age	30 years old or less	89	35.6
	30 to 50 years old	112	44.8
	50 to 70 years old	49	19.6
Education	High School	76	30.4
	College Level	128	51.2
	University Level	28	11.2
	No Response	18	7.2
Job Rank	Owner/Entrepreneur	218	87.2
	CEO	32	12.8
Marital Status	Single	149	59.6
	Married	102	40.8

### 3.2. Measurement Scale:

Second part of the questionnaire was designed to gather Psychographic information about study variables. Items scales of all these variables were adapted keeping in view the current context of the study i.e. female entrepreneurs of Pakistan from the prior studies as follows:

- **Stigma-consciousness questionnaire (SCQ):** This 6 items-scale was borrowed from Pinel (1999) who defined stigma consciousness as the extent to which people report attending to their stereotyped status. Extent to which employees are aware of the stigmatized nature of their job and believe that others treat them negatively because of it (Pinel, 1999; Pinel and Paulin, 2005).
- **Glass Ceiling:** This 10 items-scale was borrowed from U. S. Department of Labor (1992), the Glass Ceiling Commission which defined “Glass ceiling” as a phrase used to describe artificial barriers that prevent qualified individuals from advancing within their organization and reaching their full potential.
- **Constructs of TPB:** The study by Linan et al. (2009) develops and tests 15-items questionnaire to measure attitude, subjective norms and perceived behavior control aiming to measure entrepreneurial intention through the theory of planned behavior.
- **Personality Traits:** 15-items scale on personality traits was adapted from Steers and Braunstein (1976).
- **Masculinity and Uncertainty Avoidance Scale:** This 9 items scale measuring the two cultural values was adapted from Yoo, Donthu & Lenartowicz (2001).
- **Innovative, Proactive and visionary behavior of Entrepreneur:** This 14-items scale was adapted from El-Annan (2013).

## 4. Analysis and Results:

### 4.1. Data Distribution:

This particular research has employed PLS-SEM modeling. This method does not consider the assumptions related to data distribution, nonetheless it is useful for examining the distributional properties (Hair et al. 2014). Data distribution was visually estimated as well as by Skewness and Kurtosis statistical measures. Visual examination was done by normal probability plots and histograms. This examination showed that the distribution is moderately normal. Normality was assessed again by inspecting the Kurtosis and Skewness. Entire values of Kurtosis and Skewness statistics were found within the recommended range (+2.5 and -2.5). This concluded that the scale items retained for advanced analysis were fairly normally distributed. Mean, standard deviation, Skewness and Kurtosis statistics are shown in Table 2.

**Table 2: Data Normality Statistics:**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
<b>Pers. Trait</b>	250	1	5	4.41	.716	-2.594	.154	8.025	.307
<b>Attitude</b>	250	1	5	4.30	.709	-2.280	.154	7.484	.307
<b>Glass Ceiling</b>	250	1	5	4.40	.696	-2.732	.154	9.093	.307
<b>Unc. Avoid</b>	250	1	5	4.44	.710	-2.666	.154	9.415	.307
<b>Occ. Stigma</b>	250	1	5	4.18	.640	-2.939	.154	10.496	.307
<b>Sub. Norms</b>	250	1	5	4.24	.778	-1.821	.154	4.220	.307
<b>Masculinity</b>	250	1	5	4.33	.751	-2.282	.154	7.256	.307
<b>Perc. Behavior</b>	250	1	5	4.34	.703	-2.691	.154	9.577	.307
<b>Innovative Behavior</b>	250	1	5	18.30	3.002	-1.613	.154	4.530	.307
<b>Valid N</b>	250								

#### 4.2. Multicollinearity:

Multicollinearity occurs when independent variables are highly correlated to each other. A high degree of multicollinearity makes it tough to get reliable estimates for each measure (Hair et al. 2009). Variance inflation factor (VIF) is enough to assess the multicollinearity issue (Hair et al. 2009; Hair et al. 2014). Thus, the researcher studied multicollinearity through VIF estimated through SPSS v21.0. VIF was estimated by  $(1 / (1 - R^2))$  with  $p < 0.05$ . The researcher assessed following set of predictors for collinearity:

**Table 3: Multicollinearity Assessment**

First Set		Second Set	
Construct	VIF	Construct	VIF
Uncertainty Avoidance	2.085	Glass ceiling	1.967
Personality Traits	4.172	Attitude	2.75
Masculinity	3.5322	Subjective Norms	2.325
		Occupational Stigma	2.011
		Perceived Behavior	4.037

#### 4.3. Structural Equation Modelling (PLS-SEM Approach):

Structural equation modelling (SEM) has emerged as a quasi-standard medium in the management research because of its potential to analyze the cause-effect relationship between latent constructs (Bollen, 2011). This approach provides an appropriate and flexible instrument for statistical model building and examination. SEM approaches are of two types. One is the covariance-based (CB-SEM); while the other is variance-based partial least squares (PLS-SEM) approach. Essentially, both these methods carry the same basis (Wold, 1985). Formerly, CB-SEM was a more popular approach as could be seen through previous researches of the management context (Baumgartner & Pieters, 2003). In the recent years, the approach of PLS-SEM can be seen dominating in most of management research studies. The distinguishing methodological attributes of PLS-SEM make it a potential choice (Henseler et al., 2009). This is

specifically true for the exploratory modelling using SEM (Gefen et al., 2011). Furthermore, PLS-SEM is productive for smaller samples (Chin & Newsted, 1999). Because of this, it becomes capable of supporting and facilitating the examination of small and simple as well as large and complex path models.

In the current years, diversified expansions have been instituted in PLS-SEM. It includes confirmatory tetrad analysis to empirically test construct measurement models (Gudergan et al., 2008). Moreover, guiding principles to evaluate moderating effects (Henseler & Fassot, 2010), non-linear outcomes (Rigdon et al., 2010) and fixed mixture partial least squares capacity to fit and scrutinize detached models budding from the parts of the observations (Hahn et al., 2002) are also included. PLS SEM appears to be a reasonable alternative because of the reason that it does not require any distributional properties to be displayed. However, this capacity is now also offered in CB SEM packages by means of asymptotic distribution free (ADF) facility. Due to these augmentations, the utility of PLS-SEM in the capacity of management research tools has increased by many folds. Additionally, PLS also has the capability to approximate causal models in many model and data situations, in particular when it is about complex models and secondary data (Hair et al., 2011),

Using secondary data is turning out to be a frequent practice in business management research. Generally, it is gathered without having any support from a theoretical framework that is pre-established, whereas mostly it is not much suitable CB-SEM analysis. In the context of need for high quality in CB-SEM and for developed marked variables, PLS-SEM can be superior choice for the structural modelling of secondary data (Rigdon et al., 2010). In addition to that, PLS is chiefly projected for causal-predictive analysis in conditions of elevated intricacy but low theoretical information. Undoubtedly, there are numerous fractions in business management with

underdeveloped theories and therefore employing PLS-SEM appears to be reasonable as it combines attributes of principal components analysis and multiple regression.

**4.4. Reflective Measurement Model:**

The model used in the study is assessed for reliability and validity (Hair et al. 2011). The reliability was evaluated by Cronbach’s alpha because it is taken as the conventional gauge of internal consistency (Cronbach 1951). All constructs displayed adequate levels of Cronbach’s alpha ranging from 0.896 to 0.978 (see table below). Moreover, composite reliability was also employed to evaluate the internal consistency (Werts et al. 1974). It has been argued by Henseler et al. (2009) that Cronbach’s alpha is prone to offer a ruthless underestimation of the internal consistency reliability of latent variables in PLS path models. Furthermore, it was also signified by composite reliability results that the measures are vigorous with respect to internal consistency reliability (see table below). Satisfactory levels were displayed by the indices of composite reliability, showing satisfactory levels which ranged from 0.92 to 0.98, thus exceeding the threshold level of 0.8 (Nunnally & Bernstein 1994).

**Table 4: Reliability and Validity Results**

	<b>Average Variance Extracted</b>	<b>Composite Reliability</b>	<b>Square Multiple Correlations R<sup>2</sup></b>	<b>Cronbach’s Alpha α</b>
<b>Attitude</b>	0.71	0.92	0.654	0.896
<b>Glass Ceiling</b>	0.71	0.96	0.296	0.956
<b>Innovative Behavior</b>	0.79	0.98	0.607	0.978
<b>Masculinity</b>	0.79	0.94		0.913
<b>Occ. Stigma</b>	0.72	0.84	0.446	0.921
<b>Perc. Behavior</b>	0.75	0.95	0.521	0.934
<b>Personality Traits</b>	0.71	0.97		0.970
<b>Uncertainty Avoidance</b>	0.84	0.96		0.953



<b>Subjective Norms</b>	0.88	0.97	0.498	0.956
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The PLS-SEM technique used two criteria for assessing construct validity. The first was convergent validity, while the other was discriminant validity (Hair et al. 2014). The primary principle, convergent validity measured the theoretical strength of the scale items (Hair et al. 2014). The researcher examined the convergent validity by observing AVE values. The AVE values of every construct were above the least requirement or the threshold index of 0.5 (see the Table). It signified that every construct operationalized in this study have elucidated more than 50 percent of the variance (Götz et al. 2010). Discriminant validity is also employed as a criterion to view the validity of the constructs. It revealed that every construct in the research was different and significant (Bagozzi et al. 1991).

The researcher examined the reliability of individual scale items through factor loadings of the items on their respective construct. This outer loading was generated by Smart PLS software (Ringle et al. 2005). Each factor loading was reviewed against the criteria ( $\geq 0.6$ ) to retain significant scale items (Hair et al. 2014).

**Table 5: Indicators Factor Loading ( $\lambda$ )**

	<b>Attitude</b>	<b>Glass Ceiling</b>	<b>Inn. Behavior</b>	<b>Masculinity</b>	<b>Occ. Stigma</b>	<b>PBC</b>	<b>Pers. Trait</b>	<b>Unc. Avoid</b>	<b>sub. Norm</b>
<b>BH1</b>			0.8848						
<b>BH10</b>			0.8735						
<b>BH11</b>			0.8531						
<b>BH12</b>			0.8467						
<b>BH13</b>			0.7591						
<b>BH2</b>			0.8963						
<b>BH3</b>			0.9039						
<b>BH4</b>			0.9579						

<b>BH5</b>			0.9405						
<b>BH6</b>			0.9437						
<b>BH7</b>			0.9386						
<b>BH8</b>			0.9503						
<b>BH9</b>			0.8093						
<b>GC1</b>		0.8284							
<b>GC10</b>		0.7330							
<b>GC2</b>		0.8403							
<b>GC3</b>		0.8083							
<b>GC4</b>		0.8814							
<b>GC5</b>		0.8534							
<b>GC6</b>		0.9154							
<b>GC7</b>		0.8861							
<b>GC8</b>		0.8142							
<b>GC9</b>		0.8639							
<b>MC1</b>				0.9227					
<b>MC2</b>				0.9021					
<b>MC3</b>				0.8666					
<b>MC4</b>				0.8706					
<b>OSC1</b>					0.8571				
<b>OSC2</b>					0.8452				
<b>OSC3</b>					0.8332				
<b>OSC4</b>					0.7527				
<b>OSC5</b>					0.8989				
<b>OSC6</b>					0.8888				
<b>PA1</b>	0.7235								
<b>PA2</b>	0.7887								
<b>PA3</b>	0.8618								
<b>PA4</b>	0.8978								
<b>PA5</b>	0.9305								

PBC1						0.9165			
PBC2						0.8361			
PBC3						0.9215			
PBC4						0.8911			
PBC5						0.8494			
PCB6						0.7858			
PT1							0.8535		
PT10							0.8880		
PT11							0.8686		
PT12							0.8633		
PT13							0.8678		
PT14							0.8737		
PT15							0.8863		
PT2							0.8542		
PT3							0.8512		
PT4							0.8357		
PT5							0.7479		
PT6							0.7954		
PT7							0.7979		
PT8							0.7939		
PT9							0.8346		
SN1									0.9631
SN2									0.9633
SN3									0.9405
SN4									0.8927
UA1								0.9017	
UA2								0.9147	
UA3								0.9509	
UA4								0.9152	
UA5								0.9047	

Conversely, Discriminant validity was assessed through two criteria including cross-loadings and the Fornell-Larcker test (Hair et al. 2014). For the purpose of evaluating cross-loadings criterion, loadings and cross loadings matrices were acquired through Smart-PLS software (Ringle et al. 2005). Loadings are Pearson Correlation Coefficients to their respective constructs and all loadings should exceed the cross-loadings (Chin, 2010).

**Table 6: Cross Loading**

	Attitude	Glass Ceiling	Inn. Behavior	Masculinity	Occ. Stigma	PBC	Pers. Trait	Unc. Avoid	sub. Norm
BH1	0.414298	0.358969	<b>0.884827</b>	0.651894	0.364496	0.626695	0.677369	0.717461	0.672706
BH10	0.67763	0.539004	<b>0.873504</b>	0.682759	0.535598	0.727028	0.665172	0.842649	0.631387
BH11	0.597858	0.463697	<b>0.853153</b>	0.671304	0.448167	0.672693	0.596824	0.795247	0.554617
BH12	0.635464	0.524471	<b>0.846735</b>	0.628967	0.527891	0.727713	0.632852	0.770039	0.579373
BH13	0.587176	0.493451	<b>0.759109</b>	0.614095	0.499756	0.67115	0.597631	0.693611	0.558767
BH2	0.481704	0.474186	<b>0.896255</b>	0.667676	0.433746	0.625169	0.668277	0.650905	0.698189
BH3	0.437948	0.373719	<b>0.903913</b>	0.672149	0.390083	0.640659	0.705613	0.749054	0.681721
BH4	0.509393	0.477817	<b>0.957972</b>	0.7167	0.45078	0.664056	0.730474	0.75168	0.744809
BH5	0.469536	0.410526	<b>0.940483</b>	0.655637	0.406009	0.663367	0.702784	0.695613	0.715161
BH6	0.470348	0.447361	<b>0.943655</b>	0.712091	0.408807	0.636474	0.70883	0.733965	0.735863
BH7	0.520774	0.424494	<b>0.938574</b>	0.66251	0.418384	0.695155	0.722764	0.697991	0.718366
BH8	0.542969	0.491482	<b>0.950253</b>	0.758416	0.474481	0.694289	0.745543	0.745635	0.735363
BH9	0.599516	0.527938	<b>0.809343</b>	0.670401	0.515261	0.624716	0.594904	0.823027	0.592723
GC1	0.479349	<b>0.828433</b>	0.399396	0.429499	0.81268	0.420592	0.455697	0.417278	0.342597
GC10	0.586551	<b>0.733003</b>	0.148008	0.408976	0.726506	0.508401	0.507499	0.267668	0.407947
GC2	0.533026	<b>0.840288</b>	0.407292	0.550801	0.864935	0.534173	0.571452	0.460801	0.480217
GC3	0.402155	<b>0.80834</b>	0.564276	0.517643	0.732042	0.451205	0.586473	0.534796	0.465971
GC4	0.543596	<b>0.881424</b>	0.411002	0.436731	0.808655	0.479912	0.513492	0.450964	0.363892
GC5	0.604539	<b>0.853381</b>	0.522714	0.620037	0.788841	0.587002	0.663595	0.507499	0.578668
GC6	0.694544	<b>0.915375</b>	0.365875	0.54416	0.869877	0.628679	0.636702	0.4433	0.513625

GC7	0.709176	<b>0.886116</b>	0.588999	0.621406	0.84498	0.717724	0.730655	0.54194	0.633494
GC8	0.603237	<b>0.814161</b>	0.287649	0.449024	0.763847	0.569143	0.58117	0.361093	0.44905
GC9	0.707884	<b>0.863909</b>	0.583972	0.654459	0.790258	0.71627	0.729238	0.558792	0.610038
MC1	0.690727	0.557268	0.736655	<b>0.922726</b>	0.576539	0.782203	0.905288	0.648441	0.799405
MC2	0.65965	0.524966	0.687355	<b>0.90214</b>	0.548631	0.756468	0.892857	0.626833	0.76529
MC3	0.684774	0.57437	0.57473	<b>0.86655</b>	0.618827	0.677686	0.711366	0.76732	0.577783
MC4	0.682994	0.577568	0.701577	<b>0.870617</b>	0.625758	0.821089	0.797175	0.820099	0.716723
OSC1	0.722511	0.837844	0.37725	0.543388	<b>0.857153</b>	0.682583	0.676726	0.428002	0.554958
OSC2	0.740616	0.754655	0.514179	0.715926	<b>0.845236</b>	0.770738	0.714407	0.603416	0.654452
OSC3	0.498657	0.853174	0.444976	0.508298	<b>0.833253</b>	0.509876	0.601684	0.493105	0.445974
OSC4	0.537332	0.680525	0.521566	0.505116	<b>0.752786</b>	0.560884	0.565265	0.558309	0.43572
OSC5	0.543404	0.863742	0.330129	0.554751	<b>0.898964</b>	0.537455	0.584384	0.421608	0.483121
OSC6	0.541785	0.842049	0.354589	0.502986	<b>0.888844</b>	0.522842	0.526776	0.40638	0.45011
PA1	<b>0.723547</b>	0.680749	0.331057	0.488664	0.65078	0.646949	0.620321	0.400262	0.492055
PA2	<b>0.788744</b>	0.347383	0.540048	0.596063	0.374915	0.749855	0.599931	0.534628	0.566082
PA3	<b>0.861804</b>	0.599478	0.347122	0.579343	0.640659	0.704318	0.582099	0.483278	0.480605
PA4	<b>0.897846</b>	0.632785	0.691279	0.779001	0.628598	0.855178	0.753996	0.70486	0.728138
PA5	<b>0.930508</b>	0.683175	0.557537	0.735678	0.717813	0.849266	0.714153	0.669637	0.667683
PBC1	0.831108	0.591292	0.593608	0.688054	0.643077	<b>0.916545</b>	0.720062	0.671018	0.718209
PBC2	0.756114	0.538099	0.444067	0.532677	0.628405	<b>0.836122</b>	0.541422	0.524491	0.630514
PBC3	0.830976	0.594888	0.64848	0.722309	0.663569	<b>0.921501</b>	0.706039	0.731623	0.72525
PBC4	0.792464	0.622671	0.737142	0.827065	0.660804	<b>0.891074</b>	0.793979	0.809839	0.720309
PBC5	0.759105	0.575889	0.75804	0.83569	0.566617	<b>0.849384</b>	0.848172	0.644771	0.821634
PCB6	0.758035	0.592362	0.668562	0.792388	0.59496	<b>0.785783</b>	0.869071	0.566218	0.754646
PT1	0.700301	0.62893	0.630674	0.753419	0.624913	0.725684	<b>0.85347</b>	0.553046	0.715123
PT10	0.598653	0.531001	0.675936	0.810393	0.540198	0.72454	<b>0.888028</b>	0.591443	0.756098
PT11	0.560023	0.606237	0.635913	0.798612	0.606045	0.648544	<b>0.868572</b>	0.582447	0.720464
PT12	0.532402	0.499446	0.65111	0.854631	0.535701	0.692484	<b>0.863265</b>	0.604036	0.70885
PT13	0.549613	0.521901	0.642963	0.837683	0.550065	0.698422	<b>0.867778</b>	0.600882	0.697468

<b>PT14</b>	0.594221	0.543156	0.676126	0.854367	0.560784	0.733668	<b>0.873735</b>	0.557802	0.732285
<b>PT15</b>	0.63445	0.48937	0.67527	0.894632	0.531837	0.733694	<b>0.8863</b>	0.670671	0.731687
<b>PT2</b>	0.680198	0.574335	0.695086	0.770967	0.591771	0.811259	<b>0.854158</b>	0.591012	0.750391
<b>PT3</b>	0.694349	0.624239	0.603843	0.744045	0.61304	0.713395	<b>0.851054</b>	0.526442	0.705915
<b>PT4</b>	0.628646	0.495912	0.610651	0.714491	0.493123	0.73729	<b>0.83569</b>	0.569641	0.717586
<b>PT5</b>	0.685541	0.695907	0.461475	0.618487	0.665078	0.606657	<b>0.747899</b>	0.561264	0.568081
<b>PT6</b>	0.75569	0.650057	0.643787	0.732831	0.671631	0.795693	<b>0.795443</b>	0.720929	0.674034
<b>PT7</b>	0.762716	0.720943	0.72008	0.743033	0.740166	0.79306	<b>0.797864</b>	0.747017	0.736999
<b>PT8</b>	0.705657	0.669571	0.669257	0.820118	0.687563	0.77625	<b>0.793896</b>	0.707434	0.719062
<b>PT9</b>	0.63989	0.68838	0.529706	0.744236	0.714927	0.674338	<b>0.834643</b>	0.665486	0.610506
<b>SN1</b>	0.688159	0.565349	0.796513	0.817181	0.58872	0.802412	0.832181	0.696138	<b>0.963124</b>
<b>SN2</b>	0.686669	0.568969	0.677974	0.732638	0.613752	0.816343	0.750389	0.609499	<b>0.963295</b>
<b>SN3</b>	0.639237	0.546289	0.64457	0.723845	0.564577	0.774749	0.748691	0.584466	<b>0.940493</b>
<b>SN4</b>	0.638863	0.518242	0.679153	0.72935	0.519672	0.776008	0.816907	0.624588	<b>0.892674</b>
<b>UA1</b>	0.713777	0.543989	0.662823	0.850247	0.593571	0.739425	0.777511	<b>0.901718</b>	0.665937
<b>UA2</b>	0.576696	0.412651	0.806842	0.68817	0.443444	0.711472	0.628074	<b>0.914717</b>	0.57818
<b>UA3</b>	0.72251	0.526705	0.776864	0.847795	0.579659	0.798449	0.74682	<b>0.950991</b>	0.728419
<b>UA4</b>	0.549225	0.449358	0.8205	0.671598	0.479817	0.691882	0.629694	<b>0.915213</b>	0.563981
<b>UA5</b>	0.509402	0.538593	0.775635	0.631175	0.536944	0.572539	0.591543	<b>0.904673</b>	0.524551

Fornell-Larcker test gauge the discriminant validity on the construct level (Fornell & Larcker 1981). It is implied through this test that a construct has to share more variance with its own measures than with other constructs in the specified model. Therefore, correlation of a construct with its own indicators must exceed the correlation between the construct and any other construct operationalized in the research (Chin 2010). Moreover, the correlations between the coefficients should not be higher than 0.8 (Bagozzi et al. 1991). For every condition, the square root of AVE values was over and above the corresponding off-diagonal correlations which clearly designate the satisfactory level of discriminant validity (Barclay et al. 1995).

**Table-07: Fornell-Larcker Criterion**

	Attitude	Glass Ceiling	Inn. Behavior	Masculinity	Occ. Stigma	PBC	Pers. Trait	Unc. Avoid	sub. Norm
Attitude	<b>0.84383</b>								
Glass Ceiling	0.70501	<b>0.84383</b>							
Inn. Behavior	0.59777	0.51768	<b>0.89094</b>						
Masculinity	0.76437	0.62911	0.75736	<b>0.89081</b>					
Occ. Stigma	0.72069	0.94846	0.50589	0.6679	<b>0.84738</b>				
PBC	0.90872	0.67711	0.74844	0.85351	0.72177	<b>0.86807</b>			
Pers. Trait	0.78227	0.71809	0.75750	0.92546	0.73241	0.86787	<b>0.84168</b>		
Unc. Avoid	0.67389	0.54496	0.83318	0.80920	0.58040	0.76548	0.73964	<b>0.91763</b>	
sub. Norm	0.70615	0.58501	0.74694	0.80019	0.60863	0.84289	0.83798	0.67058	<b>0.94034</b>
Masc: Masculinity									

#### 4.5. Evaluation of the Structural Model:

The relationship between constructs is estimated by the structural model. Hair et al. (2014, p. 169) claimed that "... the structural model in PLS-SEM is measured on the basis of heuristic criteria that are determined by the model's predictive capabilities". The estimates describe that how fit the endogenous constructs are envisaged rather than the goodness-of-fit criteria employed in CB-SEM approach (Hair et al. 2014). The criterion used for assessing the quality of the structural model is as follows (Hair et al. 2014): 1. Path Coefficients ( $\beta$ ) for strength and direction of relationships between latent variables 2. Coefficient of determination ( $R^2$ ).

#### 4.6. Path coefficient model:

Path Coefficients ( $\beta$ ) given the statistical objective of PLS-SEM show significant t-values,  $\beta$  values ranging between 0.20 and 0.30 are usually considered significant if accompanied with  $R^2$  values which explain 50% or more variance (Hair et al. 2013; Hair et al. 2014). So as shown in figure-2, the significant,  $\beta$  values are ranging between 0.29 and 0.70 along with  $R^2$  values explaining 30% to 60% more variance The empirical t-value ( $t = \beta / \hat{\sigma}$ ) needs to be significant at a

certain level of confidence (p value) to confirm (or otherwise) the hypothesized relationships (Hair et al. 2014). Parameters with a t-value exceeding 1.96 specify 95% confidence level ( $p < 0.05$ ) and those with a t-value greater than 2.58 signify 99% confidence level ( $p < 0.01$ ) (Hair et al. 2014).

In the study, after bootstrapping, all empirical t-values were found greater than 1.96 thereby showing the significance of path coefficients at ( $p < 0.05$ ), 95% confidence level. As such, the results indicated the confirmation of all hypothesized relationships for the study.

#### **4.7. Coefficient of Determination:**

$R^2$  is a quantifier of projecting accuracy, whereas its magnitude depicts a shared outcome of exogenous latent variables on every endogenous variable (Hair et al. 2014). In PLS-SEM,  $R^2$  value is the most frequently referred criterion to illustrate the predictive accuracy of the model (Hair et al. 2014). The value of  $R^2$  ranges from 0 to 1 and elevated value shows higher predictive accuracy (Hair et al. 2014).  $R^2$  values of 0.25, 0.50, and 0.75 are deduced as feeble, reasonable and significant respectively (Hair et al. 2014).  $R^2$  values of the current study as shown in figure-2 ranges from 30 to 60%, hence showing the high predictive accuracy of the structural model.

#### **4.8. Structural model:**

The relationship among constructs identified by theory is assessed by the structural model. The outcomes of structural model are illustrated in figure-2. It depicts the outcomes of the path coefficient (beta). Path coefficient signifies if the relationship between constructs is positive or not. It also explains the degree of relationship and statistical significance between the constructs. The squared multiple correlation values (R square) along with standardized factor loadings are also depicted in figure-2. Moreover, the significant results of mediation test in term of Sobel,



Goodman and Aroian tests are also shown in Table-8 which confirm the last hypothesis of the study.

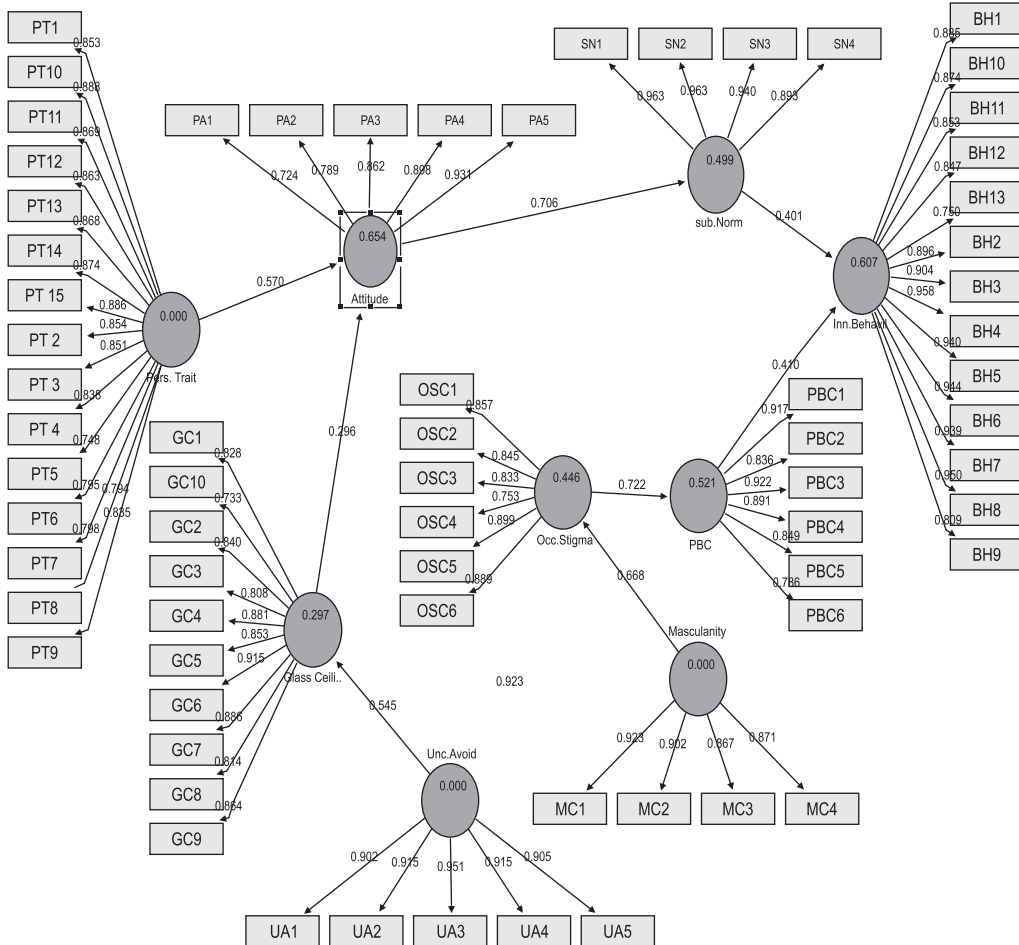


Figure 2: Structural Model Tested:

Table 8: Mediation test

Hypothesis	Sobel test	Goodman test	Aroian test
Personality traits → Attitude → Subjective norm	10.91	10.90	10.92
Uncertainty avoidance → Glass Ceiling → Attitude	.099	.094	.10
Masculinity → Occ. Stigma → PBC	5.58	5.59	5.61
Occ. Stigma → PBC → Innovative Behavior	1.69	1.68	1.70
Attitude → Subj. Norm → Innovative behavior	1.12	1.11	1.13
Glass-ceiling-attitude-subjective norm	7.62	7.64	7.66

## 5. Discussion and Conclusion:

The empirical findings drawn from the proposed hypotheses testing offer insights on both theoretical and managerial level, as such, the purpose of this section is to discuss PLS-SEM modelling results. The research question 1 & 2 that led to the formation of the 1st and 2nd hypothesis:

**RQ1:** Is there a significant and positive relationship between the personality traits and subjective norms of a female entrepreneur and how does the attitude of the female entrepreneurs mediate between these two constructs?

**RQ2:** Is there a significant and positive relationship between the attitude and innovative behavior of the female entrepreneurs and whether or not the subjective norms mediate this relationship?

The results of PLS-SEM (3.0) revealed that there is a moderately significant and a positive relationship between the personality traits and the entrepreneurial attitude of the female respondents. The notion working at the back of asking this question was to find out how a unique set of personality traits play an important role in shaping the “entrepreneurial attitude” of the female entrepreneurs who served as the respondents in this particular research. By personality traits we mean the need for power, achievement and affiliation in female entrepreneurs that leads to their entrepreneurial attitude. In this research, it was aimed to find out whether the personality traits that included a desire to continually improve, accept challenges, socialize, competitive nature, assuming charge of things and a desire to be liked by others had any linkages with opting for the career of an entrepreneur, starting off a new firm, choosing entrepreneurship amongst all other career options. After the computation of the results, it was discovered that the majorly the Personality traits determine the attitude of female entrepreneurs. Various influential studies

endorse our results such as that of Johansson, Johansson and Heldt (2006). Their research showed that the dissimilarities in the personalities and attitudes of various people determined how they exhibited variable importance to several environmental deliberations, security, ease, convenience and openness as well as other actions of their everyday lives. This also includes the entrepreneurial venture creation. Similarly, the linkage between personality traits and attitude of an entrepreneur has been identified by Thompson (2009) who found out that the Personality and entrepreneurship studies have found the proof that entrepreneurial traits seem to be totally different from those of the managers with respect to some elements of the basic personality thereby both the groups exhibit totally different attitudes when it comes to venture creation or risk taking. Moreover, the past study has also described that personality traits is one of the most common psychological theories employed to explicate and predict human behavior and attitude, including the entrepreneurial attitude (Kautonen et al, 2009). Numerous personality traits have so far been recognized and many new-fangled dimensions related to traits carry on to be added to the fast-growing list. Likewise, the notion of attitude has become the leading concentration point in the explanations of human behavior presented by several social psychologists (Ajzen, 1987). Another important aspect which this research aimed at highlighting was that this particular link between the personality traits, attitudes and an ultimate display of innovative behavior is not all that simple and straightforward, especially in a culture like Pakistan. When we talk about innovative behavior, we also include proactive and visionary aspects of the women entrepreneur's personality. While conducting this research, it became very much clear that the cultural values and norms of the society of Pakistan are quite distinct, it is a tightly knit and collectivistic society where the immediate family members, close peer groups and significant others play a crucial role in shaping the attitude and ultimate career choices of the women.

Despite having the hurdles in a patriarchal and male-dominant society, this research deduced that the subjective norms mediated very powerfully between the attitudes and the ultimate innovative, visionary and proactive behavior of the women entrepreneurs. The significant others, especially the family members played an integral role in motivating the women entrepreneurs and without their support, they deemed it impossible to run a stable as well as accomplished business setup. The importance of subjective norms has been highlighted by many studies done previously. For instance, Theory of Reasoned Actions (TRA) asserts that people mostly act in the ways that permit them to acquire encouraging outcomes and live up to the hopes of others (Ajzen & Fishbein, 1980). This Theory of Reasoned Action has formed volumes of research work clarifying and forecasting an extensive variety of behaviors with varying contexts. According to this theory, a person's behavioral intention which is the individual probability of carrying out a typical behavior is the solo and the top forecaster of whether he/she will participate in that behavior or do otherwise. Behavioral intention is thereby determined by a person's attitudes toward that behavior taking into consideration the positive or negative assessment of the consequences of exhibiting that behavior as well as the subjective norms which is the awareness of all the social pressures linked to the execution of that behavior.

Moreover, a person's attitude primarily consists of two components, one comprises the behavioral views related to the consequences a behavior is expected to produce, and secondly his/her assessment of these outcomes which means considering whether the consequences of those results are favourable or negative. Favourable consequences ultimately increase the probability of a person's intention to exhibit that behavior. To the contrary, the attitudes towards a particular behavior, as well as the subjective norms are the cumulative results of many normative beliefs about the social expectations of significant others (e.g., spouses, parents, close

friends, etc.) and an individual's enthusiasm to submit to the will of his/her significant others. In short, subjective norms are the acknowledged social pressure on an individual that he/she faces while determining whether to behave in a certain way or not. Thereby the results of the study depict that despite the initial barriers to entry, the high collectivism and subjective norms in the society of Pakistan act as a momentous stimulus to instigate an entrepreneurial attitude of women, hence when the necessary personality traits and a certain attitude brackets with a supportive family system, an innovative, proactive as well as a visionary behavior is exhibited. The women entrepreneurs who acted as respondents for this research clearly demonstrated that they have taken up the traditional male bread-winner roles in their household, breaching all the rigid boundaries of this masculine culture with the help of their male family members. The third research question that led to the formation of the third hypothesis:

RQ3: Is there a significant and positive relationship between uncertainty avoidance and attitude of female entrepreneurs and whether or not glass ceiling mediates the relationship between the two constructs?

The results of PLS-SEM (3.0) clearly verified a relationship between the uncertainty avoidance i.e. the tendency to avoid risk in entrepreneurial ventures and the attitude of female entrepreneurs. This research started off with an objective to dig deeply to comprehend the phenomenon of women entrepreneurship in Pakistan. It was found that there is a significant relationship between the uncertainty avoidance and the entrepreneurial attitude of the women. The female respondents agreed that the Culture of Pakistan is very high in uncertainty avoidance and people generally encourage playing it safe, especially when it comes to the women, the culture doesn't stimulate them to take big risky moves. This has served as one of the chief motivating factor for the women who wanted to break the conventional stereotypes and had a

risk bearing trait within them. Moreover, it was revealed that the glass ceiling, which has been an under-researched area, played an integral mediating role between the uncertainty avoidance and the entrepreneurial attitude of the females. By glass ceiling we meant the daunting challenges or the barriers that women entrepreneurs face particularly while moving up the corporate ladder in terms of promotions as well as occupational incentives/perks.

The result of PLS-SEM clearly showed a distinct relationship between the females who have a risk bearing attitude but they live in a stark opposite culture where the uncertainty avoidance index is quite high, when these females are triggered by factors like glass ceiling they usually end up giving up their jobs and commence an independent business journey. Though it might seem like a strange phenomenon but there are theories we may refer to, so as to make our argument strong. For example, according to researchers (e.g. see Wilton & Carter, 2006; Chrisman, Chua & Steir, 2002; McGrath, Macmillan & Scheinberg 1992) all the cultures differ in their aptitude to create and withstand the entrepreneurial activity. There are numerous descriptions and mounting body of literature that have been provided to explain these social differences. Just to give an example Porter, 1990 hypothesizes that the societal features play a key role in determining the financial well-being and expansion in the area of entrepreneurship (Javidan, House, Dorfman & Hanges, 2002; McGrath, Yang, Macmillan & Tsai, 1992). Similarly, according to Hofstede, 1990 the National culture has profound impacts on the situation of entrepreneurship by means of the values inculcated in the culture of the organizations that are demonstrative of that specific culture (Ahlstrom & Bruton, 2002; Dickson, 2004). However, less than 10% of the entrepreneurs in South Asia including Pakistan, India, Bangladesh, Bhutan, Nepal, Maldives, and Sri Lanka, are women (Sinha, 2005).

It can be confidently asserted that past research has shown the linkage between determinants of national culture and entrepreneurial activities. Moreover, if we talk about uncertainty avoidance, which is one crucial element of a culture, we discover a solid theoretical link between the tolerance of uncertainty in a culture and risk taking of entrepreneurs. For example, Hofstede (1980) noted that a low uncertainty avoidance index in a culture would typically encourage entrepreneurs to develop a greater willingness to take risks. However, there is a scarcity of literature that can elaborate how the high uncertainty avoidance tend to discourage risk taking attitude, i.e. how the risk-taking individuals behave in uncertainty avoiding culture? This research has revealed some fresh directions in this regard making the culture of Pakistan a base or foundation of the study.

Therefore, according to the respondents of this research we may state that there is a considerable proof that high uncertainty avoidance cultures might also produce resilient individuals who are willing to take all the necessary risks for business creation and this entire thing does share a connection with factors like glass ceiling.

Going further into this discussion, the results of PLS-SEM further endorse the theoretical lens provided by the “Gender Schema Theory” which was first promulgated by Sandra Bem in the year 1981. According to this theory there is a cognitive account of “sex typing” by which schemas are developed. They are cultivated when the social and cognitive learning processes blend with each other. These observations have a tendency to further lead to discrimination and gender segregation, and above all sex typing in the society as well as the work places (Perle and Waguespack, 2011). The same gender segregation and discrimination leads to different workplace barriers in a male-dominated society, for example according to a study by Mattis’s (2004), it was established that many women who previously worked as corporate managers left

their corporate professions to start off their businesses because of the glass ceiling factor. Similarly, Moore & Buttner (1997) also deduced that the failure of more women (and minorities) to crack the higher levels of corporate management is believed to be due to the ‘glass ceiling’. So, it is not wrong to assert that the attitude of business women and uncertainty avoidance share a relationship which is interceded by the Glass ceiling in the society.

RQ4: Is there a significant and positive relationship between masculinity and PBC and whether or not occupational stigma mediates the relationship between the two variables?

RQ5: Is there a significant relationship between occupational stigma and innovative behavior of women entrepreneur and how does the PBC act as a mediator between them?

The results of PLS-SEM validated a significant relationship between masculinity and Perceived behavior control. By a “masculine” society we had a target to check whether people in your society believe that it is more important for men to have a professional career than it is for women. Similarly, we asked the female respondents whether our society believes that men generally solve the difficulties with logical analysis while women use intuitions only. Moreover, we have reached a conclusion that according to the culture of Pakistan, It is believed that there are certain jobs that men can always do better than women and they are more apt for men. Though the women entrepreneurs didn’t believe it to be true, they totally agreed that the Pakistani culture exhibits all the male-dominant tendencies.

The purpose of posing all these questions was to comprehend whether the wide spread female discrimination, patriarchal culture and a rigid masculine society leads to the stigmatization of female workers. This in turn convinces females to forgo the stigmatized occupation and plan their own independent small or large scale business. This belief can be further reinforced if we consider the viewpoint of many researchers. For example, according to



Smith, Sansone, & White (2004) the (STEP) Stereotyped Task Engagement Process, it is anticipated that the gender stereotypes are mostly linked with performance in the areas controlled by men. Similarly, various studies have found out that the females in men-centered classes or arenas are typically mindful of the “token” se- centered status issues and could underperform academically as well as emotionally (Ben-Zeev and Inzlicht 2000; Steele et al. 2002). As a matter of fact, the female population living the United States of America women generally avoid selecting the male-dominated science fields because they have to experience bigotry (e.g. Catsambis 1995; Steele et al. 2002; see also Prentice and Carranza 2002; Swim and Cohen 1997). Thereby, there is a need to dig deep into this phenomenon to widen our understanding of how occupational stigma and masculinity work together to act as push factors for the women entrepreneurs.

### **5.1. Policy implications:**

This unique study is not merely going to add to the existing literature but it aims to act as a ground-breaking research agenda that can provide immense clarity to the policy makers of the country. As it is fundamentally held that the financial constraints are the only dilemma that the women entrepreneurs of Pakistan face which impedes their growth and success, this study broadens the scope of the triggering factors that play a vital role in instigating women to start off entrepreneurship. The findings of this study bring into limelight the factors like Glass ceiling, Occupational stigma, masculinity and uncertainty avoidance that play a very crucial part in sculpting the innovative, proactive and visionary behavior of any entrepreneur. The policy architects of the country shall take into account all this factors along with the other constraints to draft a comprehensive as well as more effective policy for the thriving entrepreneurs of this country so they may play to their strengths and support in bringing the economy of the country out of the distress. Although, currently, Small Medium Enterprises Development

Authority(SMEDA), Government of Pakistan have undertaken different projects including women business development center, capacity building program for south Punjab, pre-feasibility studies, opportunity in exhibitions, marketing assistance, business plan development, facilitation for financing, training programs for entrepreneurship development, technical assistance, industry academia linkages. However, future intervention programs like eengagement of youth, connectivity to markets and people, strengthen intellectual property protection for their creative work, expanding the network of Women Business Centers etc. are yet to be materialized (SMEDA, 2018).

## **5.2. Limitations and Future Research Directions:**

This research attempted to study the less researched areas related to women entrepreneurship in Pakistan. Despite a meticulous effort, the results of the study are not sufficient to be applied to a group of greater population since only a few hundred women were taken as respondents, who are mostly situated in the developed cities. These women don't fully symbolize all the other women working from home or those situated in the under-developed areas. The female population of Pakistan are to date recognized by their customary roles that are majorly associated with their family errands. And empowerment is only a bookish concept for the majority.

A quantitative methodology was employed in this paper. While conducting this research, it was evident that many other methodologies such as narrative and life history research can also be employed to dig deep into this matter. Since there were times span limitations and restraints on the funds available as well as resources such a thorough research was not feasible. Also, a lot of work of the NGO's, global benefactors and many native females' funding organizations that inspire, enable and deliver training as well as explanations to authorize women was not testified. Similarly, this research does not embody the effort of financial associations in monetarily backing these ladies. Additionally, there is a room to cover the endeavors of several added

features of funding, training and advertising is essential to acquire a complete picture of the procedure of women's entrepreneurship in this area. Furthermore, more investigation is necessary to inspect macro aspects such as governmental procedures, management policies and official backing that impact the overall impression of women's entrepreneurship in Pakistan.

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**Appendix:**

*Survey Questionnaire*

Section 1: Please tick the answer to the right of the question that most closely represent your feelings about your organization.	Strongly Disagree	Disagree	Neutral	Agreed	Strongly Agreed
<b>Occupational stigma consciousness:</b>					
Most people who are not women entrepreneurs have a lot more negative thoughts about women entrepreneurs than they actually express					
Most people who are not women entrepreneur judge women entrepreneur on the basis of their job and the work that they do on the job					
Most people who are not women entrepreneurs have a problem viewing women entrepreneurs as equals					
My being women entrepreneur influences how people who are not call women entrepreneur act with me					
When interacting with people who are not women entrepreneur, I feel like they interpret all my behaviors in terms of the fact that I am a women entrepreneur					
Stereotypes about women entrepreneurs have affected me personally					
<b>The Glass Ceiling</b>					
Women and men are not equally respected in the workplace					



People should be rewarded based on their performance, regardless of whether they are men or women.					
Women and men cannot perform the same work equally well.					
An employee who devotes extra time to the job each week, beyond 40 hours, is more committed, more career-oriented, and generally a better employee than one who devotes only 40 hours per week.					
An employee who has relocated geographically for job-related reasons is a better candidate for promotion than one who has not.					
A woman must perform better than a man to be promoted					
Standards are higher for women than men					
The viewpoint of a woman is often not heard at a meeting until it is repeated by a man					
In my opinion, in the workplace, women are likely to face the barriers of a glass ceiling.					
Women are placed in positions beyond their level of competence because of affirmative action employment programs.					
<b>Personal Attitude</b>					
Being an entrepreneur implies more advantages to me than disadvantages					
A career of as an entrepreneur is attractive to me					
If I had the opportunity and resources, I'd like to start a firm					
Being an entrepreneur would entail great satisfaction for me					
Among various options, I'd rather be an entrepreneur					
<b>Subjective norms</b>					
If I decided to create a firm, would people in your close family approve of that decision					
If I decided to create a firm, would your friends approve of that decision					
If I decided to create a firm, would your colleagues approve of that decision					
If I decided to create a firm, would the financial institutions approve of that decision					
<b>Perceived behavioral control</b>					
To start a firm and keep it working would be easy for me					
I'm prepared to start a viable firm					
I can control the creation process of a new firm					
I know the necessary practical details to start a firm					
I know how to develop an entrepreneurial project					
If I tried to start a firm, I would have a high probability of succeeding					
<b>Personality traits</b>					
I work very hard to continually improve my work performance.					
I enjoy competition. I like to win - in sports and other things I do.					
When working, I often chat with fellow employees about non-work matters.					
I enjoy difficult challenges. At work, I like to take on the hard jobs.					

I enjoy being a manager. I like being in charge of things and people.					
It is important to me to be liked by other people.					
When I am working, I like to know how I am doing; how the work is progressing.					
If I disagree with someone, I let them know it. I am not afraid of disagreement.					
Many of my co-workers are also my friends. I enjoy spending my leisure time with them.					
I typically set realistic goals. I tend to achieve my goals.					
It is important to me to get people to agree with my ideas					
I enjoy belonging to clubs, groups and other organizations.					
I enjoy the satisfaction of successfully completing a difficult job.					
One of my important objectives is to get more control over events around me.					
I would rather work with other people than work alone.					
<b>Section 2- Masculinity</b>					
<b>Please tick the answer to that you deem to be the most appropriate</b>	Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
<b>Masculinity</b>					
People in your society believe that it is more important for men to have a professional career than it is for women					
The society believes that men solve problems with logical analysis while women use intuitions only					
The society believes that solving problems require active forcible approach which is typical of men					
The society believes that there are some jobs men can always do better than women					
<b>Uncertainty avoidance</b>					
The society believes that It is important to follow instructions and procedures					
The society believes that Rules and regulations are important because they inform us what is expected of us					
The society believes that Standardized work procedures are helpful					
The society believes that Instructions for operations are important					
The society believes that It is important to have instructions spelled out in details so that we always know what we are expected to do.					
<b>Section 3- Innovative, Proactive and visionary behavior of Entrepreneur</b>	Strongly Disagreed	Disagreed	Neutral	Agreed	Strongly Agreed
Please tick the appropriate answers					
I started my business from totally new ideas					
My business has considerable market share					
Though I borrowed the idea, I have used unique ways to implement it					



I have propelled my employees towards the fulfillment of the business strategies					
I had the image of what I wanted the business to become long before its inception					
My business has gone through challenges but I have been able to revive it					
I always push myself towards the direction I have made up my mind to follow					
I always set objectives and my employees are rewarded on the basis of their fulfillment of those objectives					
I just find that my employees do more than I expect of them					
I put mechanisms for handling issues in the business including rewards					
I always take time to understand the capability of my employees before assigning tasks					
I can describe myself as an innovative leader					
I can describe myself as a proactive leader					
I can describe myself as a visionary leader					

## **Strategic HRM Practices and Knowledge Sharing in SMEs of Pakistan; the Intervening Role of Learning Commitment**

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### **ABSTRACT :**

This study provides a mechanism showing that knowledge sharing in Small and medium enterprises (SMEs) of Pakistan is derived by learning commitment which can be developed through human resource management practices that are strategically aligned. The established relationship is empirically tested in this study. Population for this study consists of employees of SMEs of Pakistan. Selected sample includes 215 employees of SMEs of Pakistan. Quantitative research methodology is adopted in this study and the data is collected by using Cross sectional field survey method through self-administered questionnaire technique. Data is analyzed by regression analysis mainly. Results show that there exists a positive relationship between all variables. All hypotheses are accepted whereas the model strength/ power of SHRM practices & knowledge sharing and knowledge sharing and learning commitment is weak but the relation is significant and positive in SMEs of Pakistan.

**Keywords:** Strategic HRM Practices, Knowledge Sharing, Learning Commitment & SMEs Pakistan

## 1. Introduction:

Small and medium enterprises are becoming an essential part of today's economy (Singh, 2010; Rehman *et al.* 2010; Dasanayaka, 2008). The small and medium size ventures with a few individuals to medium large group of working people producing goods or services shape SMEs in the country. SMEs are the backbone for the economy of any country especially for the developing countries which are suffering from major challenges of employment and income distribution (Singh, 2010). Being a developing country, Pakistan is also a part of such phenomenon and the growth of SMEs in Pakistan is constrained by lack of policy, sharing supportive environment and sub-sector strategies (Dasanayaka, 2008). In order to cope up with this challenge, encouragement of knowledge sharing in SMEs in Pakistan is the primary concern to make them self-reliant and face the challenges of unemployment in the country (Rehman *et al.* 2010).

The knowledge-based view of the firm avows that for the organization to gain competitive advantage, the sharing of knowledge is momentous (Grant, 1996; De Long & Fahey, 2000) as it will enhance the chances of achieving competitive advantage via spreading information and innovative ideas organization wide. Albeit, there has been confliction in the views of researchers for the definition of knowledge (e.g, Tuomi, 2000; Gackowski, 2004), Tsoukas and Vladimirou, (2001) define knowledge as, "the judgment of the significance of events and items which comes from a particular context and/or theory". Grant, (1996) suggests that knowledge sharing is the essential feature of knowledge-based theory (KBT) owing to its emphasis on the coordination of knowledge. This is stated because it proposes that the prime motive behind the existence of any organization is to enhance its knowledge and its capability to transmit and assimilate several knowledge tributaries as well as implement the gained knowledge in the job tasks.

In Pakistan, SMEs constitute nearly 90% of all the enterprises operating in Pakistan (Chen et al., 2002). This shows that SMEs are of major importance and they serve the economy a lot. According to SMEDA-a well-known institute which works for the development of small and medium enterprises in Pakistan, it is facing a lot of challenges. Apart from political and economical issues, SMEs need to address organizational level issues. Among all those issues, this study addresses the issue of knowledge sharing. Fernandez et al., (2004) argued that knowledge sharing and management practices significantly affect performance of an organization and its people. Here emerge many questions; How to practice and implement knowledge sharing practices? What could be the predictors or the facilitators of Knowledge in SMEs of Pakistan? *etc.* Knowledge sharing is important for both large and small and medium enterprises (SMEs). Apart from its well-known value for both large and small and medium enterprises (SMEs), it has been observed that SMEs lack in the execution of knowledge sharing (Chen et al., 2002). The reasons for this includes lack of financial and other resources to address the problem, insufficient focus on the issues by senior management, misunderstandings about benefits of knowledge sharing and absence of policies to enhance it *etc.* (Rehman *et al.* 2010).

Jun Jo and KyoJoo, (2011) provided evidence that knowledge sharing has been of great interest for researchers for the past two decades owing to the notion that knowledge occupied by the individual can scarcely be transformed into organizational knowledge unless it is shared with other individuals in the organization. Hence, more the coordination for knowledge among employees in SMEs, more will be the ease to produce better outcomes. Ryan et. al, (2010) is of the view that organizational practices assist in the coordination of knowledge within the organization. He also tested in his study that those organizations that have been counting on information technology for a better coordination of knowledge within the organization and have

been successful as well claim that only technology is not enough to produce the required outcome. Brazelton and Gorry,( 2003) suggest that human resource practices and policies play a vital role in the coordination of knowledge in the organization. Knowledge sharing cannot be forced, but only encouraged (Bock et. al, 2005).

Hence, human resource management (HRM) practices, if aligned strategically, are vital in creating an extended network for sharing of information and positive work behaviors among employees of the organization, which ultimately leads to organizational success (Damampour & Gopalakrishnan, 1998; Tan & Nasuridin, 2010). Tan & Nasuridin, (2010) also provided evidence that if employees are committed to learn, knowledge sharing will bring cultural change in the organization by executing strategies for enhancing collaboration. Higher learning commitment and more effective and open communication channels will help the knowledge sharing be smoother and feasible for the employees of organization, learning commitment is necessary for the individual to volunteer in sharing and enhancing knowledge (Chua, 2003). While elaborating the worth of ‘communities of practice’, Ardichvili (2008) provided evidences that knowledge is amplified when the employees share their experiences and their understandings concerning what they have been through and what they have grasped from their practiced in their communities.

Ardichvili (2008) also suggested that lack of technical expertise and the repugnance to the use of online technology as a communication channel by a group of employees in the organization can be an obstacle to effective knowledge sharing as SMEs in Pakistan are hindered by lack of technology (Dasanayaka, 2008), however, the human resource professionals should establish such policies that create an environment of learning. Supporting this argument is the stance of Hanson (1945) who said that in the absence of positive commitment, the learning becomes shambled and desolated. The objective of this study is also to help SMEs in creating an

environment of knowledge sharing via strategically aligned human resource practices by testing the relationship between knowledge sharing, SHRM practices and learning commitment in SMEs of Pakistan. It aims to provide a mechanism showing that knowledge sharing in SMEs of Pakistan is derived by learning commitment which can be developed through human resource management practices that are strategically aligned. The paper intends to empirically test the relationship among these three variables.

With the essentiality of the knowledge sharing in the small and medium enterprises of Pakistan, there is still a dearth of empirical studies that scrutinize the impact of strategic human resource management practices on knowledge sharing among employees by considering the influence of an individual's commitment to learning. This paper will proceed with a summarized review of literature to support the linkage among the selected variables, statistical analysis will quantify the results of the data gathered to measure the relationship, there will be a brief discussion on the validity and the application of results drawn and the paper will conclude with its limitations and will provide some hunches for future studies.

## **2. Literature Review :**

### **2.1 Strategic HRM practices:**

The researchers are of the view that human resource is unique enough to enable an organization to gain competitive advantage (Becker & Gerhart, 1996; Barney, 1991, 1995). In other words, it can be said that human resource management practices if aligned strategically may make an organization competitive enough to compete with. The small and medium enterprises play a vivacious role in adding to the economy of a country. They work with fewer resources and manage their workforce in an erudite manner (Singh, 2010). Dasanayaka (2008) provided evidence in the favor that strategically aligned human resource management practices can help

SMEs in keeping their employees motivated to perform tasks and hence to manage them well. If employees of the organization are well communicated with about the organization's long term goals and are encouraged to be a part of it, they stay motivated and committed to their jobs which can be the result of human resource management practices. Delery and Doty (1996) defined strategic human resource management practices as "theoretically or empirically related to overall organizational performance" (p. 805).

They identified seven practices that are consistently taken as strategic human resource management practices, also known as 'best practices'. These practices are consisted of formal training systems, employment security, job description, internal career opportunities, result-oriented appraisals, profit sharing and participation. The first practice, formal training systems talks about whether or not the employees are given spacious training opportunities. Second, employment security refers to the level to which employees feel satisfied and secured about their jobs in the organization. Third, job description refers to the degree jobs are clearly defined and elaborated to the employees so that they may have a clear understanding of what is expected of them on the job. Fourth, internal career opportunities reflect organizational decisions and preferences for recruiting employees from within the organization. Fifth, appraisals create an image of the employee by the ratings based on their work output and the peer feedback. Sixth, profit sharing is basically organizational sharing of profit with the employees as stock options or else with a condition of organizational stability. Lastly, employee participation reflects employee involvement in decision making and giving suggestions for further improvements (Delery and Doty, 1996; Akhtar *et al.* 2008).

Hence, strategic human resource management practices that are compatible with organizational environment enhance both individual as well as organizational performance

(Galang, 2004). Akhtar *et al.* (2008) suggested that human resource departments should design systems that make the organization attract managerial talent as well as enable them to train, motivate, involve and reward managers in order to support organizational strategy. Strategically aligned human resource management practices that are compatible with the organizational environment and the climate add to the organizational enhanced performance along with individual performance. So, organizations adopt those HRM practices that are best suitable with the culture and the vision of their firm (Singh, 2009). From this view point, it can be said that the employees in SMEs are more feasible in communicating with each other as compared to the large organization and hence the knowledge sharing is also smoother. Jimenez and Valle (2013) suggested that the employees of the SMEs have high involvement in strategic decisions owing to less hierarchical differences for the upcoming projects and innovations in order to achieve competitive advantage. Hence they stay updated to the latest knowledge and the trends via the trend of smooth channel for knowledge sharing in the organization.

## **2.2 Knowledge Sharing:**

According to Welbourne (1998), employees play different roles within the organization and the existence of these roles affect their behaviors. Chiefly, these roles revolve around five dimensions; job, career, innovator, team and organization. In each role, employees face a new channel of learning and if the flow of knowledge is smoother, it becomes feasible for the employees to share their knowledge and hence they become committed to learn more. According to (Vera & Crossan, 2004), a smoother communication channel in the organization leads to boosted motivation towards learning. In SMEs, employees work in teams for different projects, along with their job specific roles which help them making their knowledge sharing smooth.



Employees in SMEs work in teams on small projects and perform their assigned tasks with collaboration (Lau et al., 2002) which assists in sharing of knowledge faster than usual. Sharing of knowledge is considered crucial for more commitment towards learning and a better output of employees; and it is included as a vital component in the new performance (Levitt & March, 1988). Owing to the worth of knowledge sharing in SMEs in Pakistan (Lau et al., 2002), the employees are provided with the training and familiarity with the latest technology in order to make the learning easy to reach and smooth for the receivers (Saunders, 2011). In fact, economists intend to measure the complementary investments to technology in the purpose of knowledge sharing rather than considering technology an ordinary type of investment in the favor of creating a smooth communication channel (Lopez et al., 2006). Saunders' notion is quite considerable while allocating the organizational resources and for the investors while making decisions regarding their capital investment. Contemplating the mounting inclination towards knowledge sharing in SMEs in Pakistan (Singh, 2010), the investment is more likely to be in this area and hence the resurrection of learning commitment for the concern of knowledge sharing in Pakistan seems possibly upward. The employees in the SMEs, under the influence of strategically aligned human resource management practices, stay connected to the organizational short-term and long-term goals, their decisions and the vision of the organization via smooth communication channels. Hence their involvement and commitment to learning is more likely to be positive than any other sector due to fewer hierarchical levels in the management (Lau et al., 2002). Along with that, the specialty of different skills among employees is another factor that keeps the knowledge sharing among them a necessary commitment to learning. Therefore, their roles of team member, innovator and organizational employee (Welbourne, 1998) along with the roles mentioned in their job descriptions. Hence it makes it crucial to discover the relationship

between strategically aligned human resource management practices and knowledge sharing in the SMEs in Pakistan.

### **2.3 Learning Commitment:**

Mill & Friesen (1992) provided evidence that all organizations learn, but some don't learn fast enough to survive and collapse as they can't keep meeting the market demands and need. In today's world, knowledge workers have become the most important ingredient to success. For keeping themselves on track and meeting the speed of market, keeping up-to-date by learning has become the most important thing ever. An organization learns in several ways. Primarily, it learns through the individuals who are part of learning. Learning organizations benefit greatly from mechanisms which transfer learning from an individual to the group. It's an ongoing process which has to keep moving from individual to individual and individual to groups. There are three characteristics which an organization should have in order for learning. First and the most important, it must make a commitment to knowledge. Second, a learning organization must have a mechanism for renewal within itself. Third, a learning organization possesses openness to the outside world so that it may be responsive to what is occurring there. This mechanism highly depends on how the organization is structured. An organization has to avoid the efforts to fit their employees' talents and experience into a defined structure of jobs. Instead, they should give their employees considerable leeway in creating their own most-productive forte in the organization. A firm claiming or which aspires to be a learning organization must teach their employees how to learn, ways of most effective learning *etc.* and as said above that it can be only done with boosting commitments in employees but as it's a human nature, a firm has to reward them for success in learning, for making sure that learning keeps on going. There are number of

tricks/levers a firm should have in their Human Resource policies including, incentive for learning, promotions, hiring, education *etc.*

Vera & Crossan, (2004) stated that Organizational learning has been proposed as a fundamental strategic process and the only sustainable competitive advantage of the future (DeGeus, 1988). Unfortunately, despite the growing interest in the topic, researchers have said little specifically about the role of CEOs and top management teams in implementing organizational learning in their firms. Yet strategic leadership theorists (Hambrick & Mason, 1984) assert that top managers are crucial to firm outcomes because of the decisions they are empowered to make and because, “ultimately, they account for what happens to the organization” (Hambrick, 1989: 5). Although there is an implicit assumption that strategic leaders are the guiding force behind organizational learning (Mattila et al., 2001), researchers have not delineated the specific behaviors and mechanisms through which leaders impact learning. While large budgets are being expended on training, databases, and new “learning departments” (Stewart, 1998), CEOs and top executives lack guidance on how their actions facilitate or hinder learning. Strategic leadership and organizational learning have largely remained disconnected fields of inquiry (Crossan & Hlland, 2002).

Lopez et al., (2007) tried to create a relationship between Human Resource Practices, Organizational Performance and Business performance. They study this relation that how Human Resource Practices and specially the strategic practices influence the organizational learning enhance the organizational learning, creating an environment supporting learning and then how ultimately an organization achieve success. Eventually, how it affects the performance of a business. They studied many factors with theoretical support and emphasize how Human Resource Practice helps develop such environment supporting Organizational Learning and leads

to success. Over the past decade, several researchers have examined the human resource practices of organizations and related these practices to measures of organizational effectiveness. According to past researches Human Resource should play a strategic role in developing such environments supporting Learning and knowledge sharing by making employees motivated and committed towards learning. They feel committed to learning if they are motivated and trained.

#### **2.4 Linking SHRM Practices, Knowledge Sharing and Learning Commitment:**

It is probable that the employees who are more committed to learning are better performers in each role they perform in their organization during their service. Individual's learning is reliant upon the level of motivation the individual owns (Triandis, 1989). If the employees are motivated, they adapt to the situations and conditions quite faster than the employees who are less enthusiastic. According to (Snyder, 1974), individuals who are more committed towards learning and have a supportive learning environment in the organization are more motivated to work in their respective organizations. Hence, it can be said that learning environment will lead to high level of motivation that will proliferate the chances of participation and hence the knowledge sharing will be enhanced among employees.

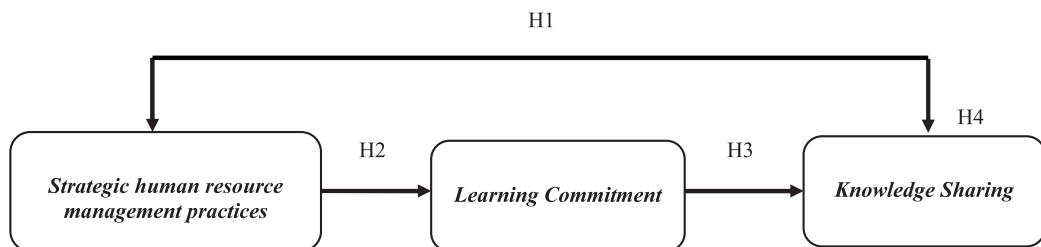
Lou, (2001) suggested that strategically aligned human resource management practices assist in boosting employees' responsiveness; SMEs having human resource management practices that are strategically aligned are predicted to be giving higher output as compared to the organizations who lack strategic involvement of human resource management Albright & Graf, (1991) and (Coley et. al, 2000). Moreover, as per Almahamid (2010), knowledge sharing environments usually create new ideas and assist in the creative attitude of employees, hence, are substantial in assisting employees to perform better. Therefore, this paper aims to study the significance of strategic human resource management practices on the performance of SMEs;

also, it also intends to examine the significance of employees' learning commitment in facilitating knowledge sharing.

### 3. Research Model & Hypothesis:

The model in figure 1 examines the relationship between strategic human resource management practices, knowledge sharing and learning commitment. The formulated model is based on research models and literature review to ensure the associations of variables that have not been investigated by the prior studies. The study shows relationship between strategic human resource management practices and knowledge sharing in the context of small and medium enterprises operating in Lahore, Pakistan. In addition, it seeks to find any difference when the mediator-learning commitment is incorporated in the relation.

Figure 1: Research Model



The above research model shows relation among the variables and the mechanism to achieve Knowledge sharing.

#### 3.1 Research Hypothesis:

Following are the formulated hypothesis of this study.

**Table 1**  
**Research hypothesis**

<b>H1:</b>	Strategic HRM practices are positively associated with knowledge sharing in SMEs
<b>H2:</b>	Strategic HRM practices are positively associated with learning commitment in SMEs.
<b>H3:</b>	Learning commitment is positively associated with Knowledge sharing in SMEs.
<b>H4:</b>	Learning commitment mediates the relationship between strategic HRM practices and knowledge sharing in SMEs.

The relations in the model in figure 1 and the hypothesis in table 1 are developed under the light of theories and past researches. Moreover this study intends to provide empirical support and a mediating relationship of learning commitment between SHRM practices and knowledge sharing in SMEs.

The resource based view argue that a firm develops resources that are valuable, difficult to imitate and unique, to create competitive advantage over others (Barney, 1991). Organizations can achieve this competitive advantage by creating and grooming its intellectual capital that is human capital. Human capital is a unique asset that can be developed over a period of time by numerous forms of education, training and on the job experience. Human capital deals with the human resources of a firm, it refers to the knowledge and skills embodied in people. KBV argues that knowledge can bring competitive advantage; individuals create knowledge through learning and provide a foundation for organizational level learning and knowledge sharing as well as its creation. For sharing and imparting knowledge, employee learning commitment is crucial. Employees' commitment measures willingness and involvement of employees at work if they are involved, they will be ready to create knowledge and disseminate it. And researchers argue that this commitment can bring more smoothness in the organizations where HR managers have a strategic role and the practices are strategically aligned.

#### **4. Methodology :**

A positivist paradigm is used in this study to empirically test the relationship of hypothesis included in the research model shown in Figure 1.

##### **4.1 Sample and Research Procedures :**

During the period of this research, the data is collected from employees of Small and medium enterprises (SMEs) in Lahore, Pakistan. The organizations subjected to collect data are registered at Lahore Chamber of Commerce. The mainstream of the responses are from Lahore as it is flourishing day by day and the major hub of SMEs is situated within the premises of Lahore. The criteria for SMEs is followed according to SME policy 2007 – employment size up to 250, paid up capital up to Rs 25 million and annual sales up to Rs 250 million adopted from the website of SMEDA (small and medium enterprises development authority).

The data is collected by using field survey method through self-administered questionnaire technique. It is a cross sectional study. The data is collected through self-administered questionnaire technique by using 5-point Likert scale. The scale is used as follows: 0 = Strongly Disagree, 1 = Moderately Disagree, 2 = Neutral, 3 = Moderately Agree, 4 = Strongly Agree.

Organizations are selected by using convenience sampling and participants are selected by using formula. Formula for selecting the respondents =  $5 * \text{no of items used in research}$  (e.g., Hair et al., 2010; Hair et al., 2011b; Mooi & Sarstedt, 2011). The employees who have participated in the survey are selected randomly. The data is collected from employees in SMEs of different industries, thus results are applicable on all types of industries. People from different departments (HR, Marketing, R&D, Accounts and others) are surveyed in this study, this reduced the percept-percept bias that affects the results when data is collected from a single

source. 300 questionnaires were dispatched to the selected organizations and 215 questionnaires were received with a response rate of 71.6%.

We used correlation to identify the relationship between the variables and regression analysis to check the impact of variables. Other descriptives and demographics of respondents are also included in findings.

## **5. Research Instrument:**

To collect the relevant data from the population, a questionnaire survey was constructed, tested and scales were adapted from the literature:

- Strategic human resource management practices are measured by using 24 items tool consisted of 6 constructs developed by Daniel et. al, (2008)
- Knowledge sharing is measured by using 7 items tool developed by Almahamid et, al.( 2010)
- Learning commitment is measured by using 5 items tool developed by Almahamid et, al. (2010)

## **6. Findings and Results :**

Table 2 shows information about the demographics of the respondent. The sample included 169 males (approximately 79%) and 46 females (that represents 21%). Most of the respondents belong to age 32 to 38 (55%) and 25 to 31 (22%). And the year of experience or tenure of respondents in their respective enterprises is mostly ranging from 0 to 5 years (67%).



**Table 2**  
**Respondents' demographics**

<i>Characteristics</i>	<i>Categories</i>	<i>Percentage (Approx.)</i>
Gender	Male Female	79% 21%
Tenure	0-5 Years 5-10 Years 10-15 Years 15-20 Years 20 & Above	67% 24% 7% .5% .5%
Age	18-24 Years 25-31 Years 32-38 Years 39-45 Years 46 & Above	10% 55% 22% 9% 4%

### 6.1 Reliabilities and correlations:

To check the reliability of the data Cronbach's alpha is used, which is used to measure the internal dependability of each of the constructs that are used in the research. The minimum limit that is accepted for the reliability of "alpha" for exploratory study is 0.60 (Hair, 2009; Anderson, 2009). The values in the brackets – (0.862) of SHRM practices, (0.800) of learning commitment and (0.818) of knowledge sharing in Table 3 which shows that the scales are reliable.

The purpose of using correlation is that it tells us the relationship that several independent variables have with a single dependent variable that is included in the study. The results for the correlation analysis can be seen in the Table 3 that shows the relationship between SHRM practices, learning commitment and knowledge sharing are all significant on .01 significance level ( $P \text{ value} = .000 < .01$ ). The results indicate that there is a positive association between all of them. So from this, it becomes easy to explain the dependency of dependent variable upon the independent variables.

**TABLE 3**  
**Means, Standard Deviations, Reliabilities, and Correlations :**

	<i>Variables</i>	<i>Mean</i>	<i>S.D</i>	<i>1</i>	<i>2</i>	<i>3</i>
1	SHRM practices	3.0638	0.58787	(0.862)		
2	Learning Commitment	3.2319	0.75848	0.749**	(0.800)	
3	Knowledge Sharing	4.1088	0.72361	0.204**	.0.295**	(0.818)

N=205 \*\*  $p < .01$

\*\**. Correlation is significant at the 0.01 level (2-tailed).Reliability value is given in Small brackets () whereas correlation is mentioned with starics \*\**

Table 3 shows the means, standard deviations, correlations and reliabilities of all the variables discussed in the study. In general, it reports that correlation among all variables is significant at the 0.01 level.

### 6.2 Regression and Mediation :

Regression results show the impact of the variables in the formulated relationship.

Moreover, Baron & Kenny’s (1986) three step approach is used to test the mediation.

**TABLE 4: Regression and mediation results**

	<i>Variables</i>	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model 4</i>
1	<b>SHRM practices</b>	.251*			-.048*
2	<b>Learning Commitment</b>	.966*			

3	<b>Knowledge Sharing</b>	.281*	.309*	
	<b>R2</b>	.204	.560	.295
	<b>Sig.</b>	.003	.000	.000
	<i>After mediation</i> <b>Sig.</b>	.695	-	.001

\*  $p < .05$ .

At first relationship between independent variable (Strategic human resource management) and dependent variable (Knowledge sharing) is positive and significant as shown in Table 4-Model 1 ( $\beta=.251$ ,  $P<.05$ ) and our first hypothesis is supported.

Secondly, we found the relationship between SHRM practices and learning commitment that is also positive and significant relation as shown in Table 4-Model 2.

( $\beta=.966$ ,  $P<.05$ ) and provides support to second hypothesis. Thirdly, the relationship between Knowledge sharing and learning commitment (mediator) is also positive and significant relation as shown in Table 4-Model 3 ( $\beta=.281$ ,  $P<.05$ ) and provides support to our third hypothesis. Then finally, the mediator is added in the relationship of SHRM practices and knowledge sharing by taking SHRM practices and Learning commitment as independent variable and knowledge sharing is taken as dependent variable.

Model 4 in Table 4 explains the changing effects between SHRM practices and Knowledge sharing (value change from  $\beta=.251^*$  to  $\beta=-.048$  and  $P<.05$ ), Knowledge sharing and learning commitment (value change from  $\beta=.281^*$  to  $\beta=-.309$  and  $P>.05$ ). This shows that the relation between SHRM practices and knowledge sharing becomes insignificant when learning commitment is added to the regression equation which shows that it mediates the relationship. Thus, our fourth hypothesis is supported here.

Below the values of R square is mentioned that is .560, .204 and .259, this reports that SHRM practices explains knowledge sharing 56%, learning commitment is explained by SHRM practices 20% and knowledge sharing is predicted 25% through learning commitment.

Moreover, Sobel test is carried out to check the mediation and the result is; sobel test statistics=4.367 sig at .05.

## **7. Discussion:**

This study examined the role of learning commitment in the relationship between strategic human resource management practices and knowledge sharing. The results of this study shows that strategic HRM practices has a significant and positive relation with learning commitment which in turn relates to the knowledge sharing in a positive manner. The findings depict that learning commitment mediates the relationship between strategic HRM practices and knowledge sharing. Strategic HRM practices have advantageous effects on sharing of knowledge in the organization via the capacity of boosted commitment among the employees to learn and develop. These findings bring to light the vital role of strategic human resource management practices and learning commitment in the progression of knowledge sharing. The practical connotation of the findings is that SMEs need to design their human resource management practices in order to stimulate learning capabilities and commitment for attainment of a better level of knowledge

sharing. Moreover, high level of learning commitment may lead to high level of knowledge sharing (Almahamid, 2010). To smooth the progress of strategic HRM practices and knowledge sharing, SMEs need to improve the learning commitment of the employees. Then they should make the most of strategic HRM practices to develop a better level of learning commitment so that it results in an optimal knowledge sharing.

The implementation of knowledge sharing in organizations fully depends upon not only on the predictors but also on the contextual factors in which the firm is operating (Azudin et al., 2010). Studies identify that knowledge sharing practices have received immense attention in developed countries, still, it is ignored and is been less attended in developing countries especially the SMEs of developing countries(Singh, 2010). The previous research have shown a positive relation between knowledge sharing and learning commitment of employees (Ardichvili, 2008; Wang, 2010; Edvardsson, 2008), albeit knowledge sharing practices have gained great interest in the developed countries, it has received very less attention in the developing countries (Ryan et al., 2010). Successful knowledge sharing practices vary in developing and the developed countries owing to the cultural and religious dogmas. Studies done by Almahamid et al., (2010) suggested that a constraining-factor model can be a new perspective that elaborates that employees' knowledge sharing attitudes is not only affected by motivation, rather, there are other factors as well that affect enhanced knowledge sharing in the organization i-e- commitment to the learning, technology, organizational practices *etc.* Another relevant study was conducted by Kuo and Young (2008) which suggested a research model that is based on the 'theory of planned behavior' and the 'theory of reasoned action' which envisages that knowledge sharing practices and the intentions are a matter of attitude, norm and perceived behavior towards commitment to learn and adopt. They further provided evidence in the favor that knowledge

sharing intentions are envisaged by self-efficacy. Moreover, Baldini, (2005) suggested that individual's commitment toward learning, sharing, and storing has significant influence on organizational knowledge sharing. His findings confirmed that an employee's attitude towards sharing and learning affects organizational knowledge sharing. Hsu (2006) also supported this relationship in a qualitative study on manufacturing companies in Taiwan. He suggested three practices that can boost employee's intentions to share knowledge; performance management, company-wide learning initiatives and maintaining human resource management practices with this goal.

The findings of this study add to the practical approach for the SMEs to increase their output by enhancing their knowledge sharing via employees committed towards learning. Theoretically, it provides a conceptual model elaborating the relationship among strategic human resource management practices, learning commitment and knowledge sharing. In the literature, a few erstwhile studies (Baldini, 2005; Chen & Huang, 2009; Wang, 2008) observe the relationship and this deficiency is serious owing to the increasing trend of knowledge sharing in SMEs (Singh, 2010). As the resource based view asserts that a firm develops resources that are valuable, difficult to imitate and unique, thus it can create competitive advantage over others in the industry. Thus they are managing human capital of the firm. Human capital is a unique asset that can be developed over a period of time by numerous forms of education, sharing of knowledge, training and on the job experience. It advocates that the potential for competitive advantage of an organization is based on its ability to exploit the inimitable characteristics of its pool of resources and capabilities, supporting thus, that differences in business performance can be ascribed to the inimitable features of its resources and capabilities (Barney, 1991).

Therefore, with the help of ‘knowledge-based view’ and ‘resource-based view’, this study builds the conceptual model and hypothesis to stipulate the mediating role of learning commitment between knowledge sharing and strategic human resource management. Albeit, the erstwhile studies appear acquainted with the worth of human resource management practices in the knowledge sharing process, but a few studies observe the effects (Ardichvili, 2008; Edvardsson, 2008; Baldini, 2005). The study contributes to the literature by pragmatic testing of the relationship among knowledge sharing, strategic human resource management practices and learning commitment. The results depict that the use of strategically aligned human resource management practices including training systems, employment security, job description, internal career opportunities, result-oriented appraisals, profit sharing and participation positively elaborates knowledge sharing in SMEs, albeit, learning commitment acts as a mediator to assuage this positive relationship. Hence, it can be demonstrated that learning commitment is a mediating mechanism that helps strategic human resource management practices to benefit knowledge sharing. The findings of this study fill the gap in the literature that is lack of pragmatic testing of the mediating role of learning commitment in the relationship of strategic human resource management practices and knowledge sharing.

## **8. Limitations and Future Research:**

There could be many other factors that may impact the SHRM practices and knowledge sharing which have not been considered in this study. In future, researchers can work on exploring the influence of different moderating conditions on the relationship of SHRM practices and knowledge sharing. Many other mediators could be included in the attempts of future research in order to explore different variables contributing to knowledge sharing in SMEs as well as they can apply and test the results on other government or private large business organizations.

Further the practices included in this study are a general representation of used variables in the study. There could be many other practices or bundle of practices and items that can be included according to culture or the country conditions. Moreover, researchers can increase the validity of these findings by incorporating different control variables in this study such as country and other potential variables. In addition, longitudinal studies could be directed in the future research to improve the external validity.

Although this study contributes to the existing knowledge on knowledge sharing and shows the mechanism of adopting knowledge sharing through SHRM practices and mediating role of learning commitment. But still there have been many limitations in this study as there are many other organizational variables that may contribute as mediators and contribute to Knowledge sharing process. Secondly, type and time span of organizations are not taken into consideration in this study which is crucial in adopting knowledge sharing in companies. Thirdly, due to limited resources and time data is mainly collected from SMEs of Lahore, Pakistan. This may limit the generalizability of the findings and results of this research. Fourthly, in this study no control measures have been used for other potential mediators that may affect this relationship. Moderating conditions are not taken into account that may affect this whole process.

## **9. Practical Implications:**

This study provides practitioners the mechanism of boosting knowledge sharing in their organization. Organizations can improve or incorporate knowledge sharing in their organization by using strategically aligned human resource practices. The results of the study shows that commitment to learning contributes positively to the relation between strategically aligned HR practices and knowledge sharing and the literature shows that commitment to learning facilitate



knowledge sharing which is key contributor in enhancing performance in this competitive environment. Hence the study will be helpful for the SMEs and will provide platform to improve their performance through enhanced knowledge sharing because it is empirically tested that knowledge sharing increases organizations and as well as individuals performance (Almahamid et, al.,2010). Research also shows that if role of human resource managers are strategically accepted and practices in organizations it increases commitment, satisfaction and employees feel more secure, as HR managers are more particular in grooming and using the skills of the employees (Bureau of National affairs, 1990). Organizations can be benefitted through this study by bringing the results of this study in practice or in others words by adopting SHRM practices and aligning it with other activities and practicing knowledge sharing. This research will also be helpful for those who aim to make a generalized study on this topic. This paper will give them new clues to further carry their research on this topic as some relations are weak so they can use different moderators and also correlate their results with results of this research and make a comparison study with any other sector in Pakistan.

## **10. Conclusion :**

This study contributes as preliminary evidence in the field of SHRM and proposes a mediation of learning commitment in order to explain the relationship of SHRM practices and Knowledge sharing. First it is found that there is positive and significant relationship between the independent variable – SHRM practices and dependent variable –Knowledge sharing but the model strength is weak. Moreover it is revealed that learning commitment predicts knowledge sharing the model strength is moderate but the relation is significant. This study provides the insights explaining the mediation mechanism of learning commitment between SHRM practices and knowledge sharing. This study contributes to the SHRM and knowledge sharing existing



theories and directs many future research questions aiming to explore the different ways through which organizations can align their human resources with overall goals of the organizations- knowledge sharing.

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## Appendix

### Appendix 1: Questionnaire

We, the students of MS-Strategic Human Resource Management, are conducting this survey in order to investigate that does HRM Practices if placed strategically help organizations enhance knowledge sharing in the organization if the employees are dedicated to learn. This study is completely for educational purposes.

Keeping under consideration the privacy of your organization, this is to assure that this data will be kept highly confidential and will be used anonymously.

Using the following scale, please signify to what extent you agree or disagree with the following statements.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

<i>Human Resource Practices</i>						
1)	In my organization, employees normally go through training programs every few years	1	2	3	4	5
2)	In my organization, extensive training programs are provided for employees	1	2	3	4	5
3)	In my organization, there are formal training programs to teach new hires the skills they need to.	1	2	3	4	5
4)	In my organization, employees are often asked by their supervisor to participate in decisions	1	2	3	4	5



5)	Supervisors keep open communications with employees in my organization	1	2	3	4	5
6)	In my organization, employees are allowed to make many decisions	1	2	3	4	5
7)	In my organization, employees are provided the opportunity to suggest improvements in the way	1	2	3	4	5
8)	Employees can expect to stay in the company for as long as they wish in my organization	1	2	3	4	5
9)	In my organization, it is very difficult to dismiss an employee	1	2	3	4	5
10)	Job security is almost guaranteed to employees in my company	1	2	3	4	5
11)	If my organization is facing economic problems, employees will be the last to get downsized	1	2	3	4	5
12)	Job descriptions provided by my organization contain all of the duties performed by individual employees	1	2	3	4	5
13)	In my organization, the actual job duties are shaped more by the employee than by a specific job description	1	2	3	4	5
14)	In my organization, job descriptions are normally up-to-date.	1	2	3	4	5
15)	In my organization, the duties of jobs are clearly defined	1	2	3	4	5
16)	In my organization, performance appraisals are based on objective & quantifiable results	1	2	3	4	5

17)	In my organization, each employee has performance objectives	1	2	3	4	5
18)	Employees have very little future within my organization	1	2	3	4	5
19)	Employees have clear career paths within my organization	1	2	3	4	5
20)	In my organization, employees who desire promotion have more than one potential position they could be promoted to	1	2	3	4	5
21)	Employees' career aspirations within my company are known by their immediate supervisors	1	2	3	4	5
22)	In my organization, individuals receive ownership shares as incentive pay	1	2	3	4	5
23)	In my organization, individuals receive cash bonuses based on the profit of the organization.	1	2	3	4	5
24)	Formal training programs are offered to employees in order to increase their promotability in my organization	1	2	3	4	5

<i><b>Knowledge Sharing Practices</b></i>						
1)	My organization uses senior personnel to mentor junior employees.	1	2	3	4	5
2)	My organization groups employees in work teams.	1	2	3	4	5
3)	My company analyzes its past failures and disseminates lessons	1	2	3	4	5

	learned among its employees.					
4)	My organization invests in IT systems that facilitate knowledge	1	2	3	4	5
5)	My organization develops knowledge sharing mechanisms.	1	2	3	4	5
6)	My organization offers incentives to encourage knowledge sharing.	1	2	3	4	5
7)	My organization offers a variety of training and development programs.	1	2	3	4	5

<i><b>Dedication towards Learning</b></i>						
1)	I am willing to spend extra time taking part in the internal and external training courses provided by my organization.	1	2	3	4	5
2)	I am eager to learn more specific knowledge and skills to achieve my job goals.	1	2	3	4	5
3)	I believe that all the learning opportunities are advantageous to me.	1	2	3	4	5
4)	I believe that all learning opportunities are advantageous to this organization.	1	2	3	4	5
5)	To me, being able to learn constantly is very important.	1	2	3	4	5



**Demographics:**

**Gender:** Male/Female **Age:** \_\_\_\_\_ **Designation:** \_\_\_\_\_

**Years of Experience with this Organization:** a. 0 to 5    b. 5 to 10    c. 10 to 15

d. 15 to 20    e. 20 & above

**Thank you for your time and honest response.**

## **Strategic HR Practices, Employee Empowerment and Organizational Performance: Empirical Findings from Small and Medium Enterprises of Karachi**

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### **ABSTRACT :**

This research aims to discover the impact of selected strategic HR practices on organizational performance of small and medium enterprises. These practices include selected staffing, employee empowerment and performance management. The study is quantitative in nature. Data was collected from SMEs operating in Karachi, Pakistan. A structured questionnaire was used to collect primary data. Total 306 SMEs participated in this research in which the 215 response were found complete and valid. Pearson's correlation and linear regression was used to test the hypotheses. Organizational performance was significantly related to staffing, employee empowerment and performance management. Moreover, performance management was strongly correlated and employee empowerment and performance management were moderately correlated with organizational performance. The overall model was significant. This paper contributes to existing knowledge by testing selected strategic HR practices in private sector SMEs operating in Karachi and reported the new empirical evidences found due to change in demographic, management practices, and industrial characteristics. Hence, the findings of this research will provide practitioners and policy makers with better insights into some practices that could promote organizational performance of SMEs.

**Keywords:** Organizational performance, selective staffing, employee empowerment, performance management, SME, Karachi

## **1. Introduction :**

In this globalized world, business risk and its uncertainty are increasing day by day, which negatively affect the performance of the organization, and has a direct impact on the country's performance. Pakistan's economy also gets affected by this uncertainty. According to the World Bank (2011), Pakistan's population is around 176 million, and majority of the people are young. A huge part of Pakistan's economy is based on the commodity sector which consists of industry and agriculture. As far as GDP of Pakistan is concerned, this commodity sector contributes 46.5% to GDP (Economic Survey of Pakistan, 2011).

SMEs play an important part in the country's growth and economic development. According to SMEDA (2006), in Pakistan, 90% of the firms can be classified as small and medium sized enterprises. Thus Pakistan's economy is mainly based on SMEs. Federal Board of Statistics demonstrates that 65% of enterprises are located in Punjab, 18% are in Sindh and 14% of enterprises are in KPK, whereas 3% of enterprises are located in Baluchistan and Islamabad respectively.

The major income of Pakistan is generated from the SME sector. SMEDA is an official organization of the government which operates with the purpose of designing and implementing policies related to growth of SMEs, which help in enhancement of SME sector in the country. According to SMEDA, three categories were made to define SMEs, that includes; employment size, which should be up to 250 workers; annual sales, which should be up to Rs. 250 Million and lastly, paid up capital, which should be up to Rs. 25 million (SMEDA, 2013).

In Pakistan, a significant role is played by SMEs and it contributes in the major portion of manufacturing and services sector. 43% of labor force is linked with agriculture, 13% with manufacturing, 6 % with transport, 7 % with construction and 14% are linked with services sector. SMEs are providing employment to the non-agriculture man power with the ratio of 80%

(Khan, 2011). Services sector contribution in Pakistan is very high in the economic cycle (Khan, 2011) and, as per SMEDA (2009) the services sector will grow more with 8% per annum. A report of Ministry of Commerce demonstrates that the services sector of Pakistan is contributing 53.8% to the GDP of Pakistan.

Nationwide, SMEs are considered as the leading sector for employment. In Karachi's context, this sector contributes to the manufacturing side of Pakistan with the maximum of 30%, 90% to Sindh's GDP and around 20% to overall GDP of Pakistan. These facts and figures indicate that further growth in SME sector will be beneficial. Consistent with the discussion, the aim of this study is to evaluate and elaborate the impact of HRM practices which includes; employee empowerment, selective staffing and performance management on the performance of small and medium enterprises which are operational in Karachi, Pakistan. This research will contribute in enhancing the performance of SMEs of Karachi.

### **1.1 Research Problem :**

In this fast, advanced and competitive world, SMEs faces many challenges in meeting the high firm performance. It becomes essential for the SMEs to adopt best HRM practices so that they will be able to compete and performance better. The foundation of this study is based on the theoretical framework of resource based view (RBV) which will help in exploring the affiliation between human resource practices and SMEs performance. RBV focuses on intra-organizational perspective and argues that the performance of a firm is due to their specific resources and capabilities (Lee and Kramer, 2016). The resource based view (RBV) explains that an organization will get the sustainable competitive advantage through unique, valuable, inimitable, non-tradable and non-substitutable resource (Kaufman, 2015; Saridakis et al., 2017).

It has been observed in many studies Cassell et al., (2002) that employment practices are found to be very diminutive in the measure tasks list of the smaller or medium sized firms. Many

empirical studies have found that the relationship exists between human resource management practices and higher firm performance (Guest, 2011) in large organizations, but relationship between HRM practices and performance in SMEs are still under-research (Messersmith and Guthrie, 2014; Razouk, 2011).

Due to financial restraints and growth constraint, smaller firms focus more on utilizing the existing resource effectively and efficiently (Gallego et al., 2012). Due to the less number of resources, medium and small sized firms have scarcer options as compared to the larger firms in improving their performance. On other hand, many researchers suggested that adopting the specific human resource management practices will benefit the small firms in improving their performance and maintain the sustainable competitive advantage (Michie and Sheeshan, 2008; Patel and Cardon, 2010; Razouk, 2011; Williamson et al., 2002). Moreover, literature suggested that the high performance work systems are the major factors (Becker and Huselid 2006; Combs, Liu, Hall and Ketchen 2006; Macky and Boxall 2007; Gardner and Wright 2009).

There are many resources that can be easily imitated, but one resource which cannot be imitated is human resource management. According to Boxell and Purcell (2008), HRM can be defined as activities linked with the management of human asset within the organization. These activities should become a part of HR practices. Many researchers suggested that implementation of best practices have optimistic influence on firm performance. A set of best practices should be sought and implemented across the organizations (Ghalayini, 2017). In Pakistan, SMEs are not properly utilizing their work force therefore the organization's most treasured resources are ignored, i.e. human resource (Khan et al., 2013). SMEs in Pakistan lack in practicing the human resource practices, such as; formal training and performance appraisal practices (Arif et al., 2005).



Research conducted by Rauf (2007) explained that the formal HRM practices have a significant and a positive effect on the performance of the manufacturing SMEs operating in Lahore. Moreover, research conducted by Raziq (2011) on SMEs recommended that future research should be more focused on the impact of best human resource management practices on SMEs performance in Karachi.

This study helps in determining the fact that human resource practices is of greater significance for smaller firms as well, it does not matter if they have fewer resources as compared to the larger firms, the most important thing that matters is best practices which leads to best outcomes i.e. profitability and high firm performance. Therefore this study provides a better understanding of the best human resource practices and their impact on SMEs in Karachi, Pakistan.

In context of the discussion above, the following research objective is developed, while considering Karachi as the local social lab to conduct this research.

RO<sub>1</sub>: To examine the impact of strategic HR practices and employee empowerment on organizational performance in small and medium enterprises of Karachi.

## **2. Literature Review:**

The human resource management practices play a vital role in enhancing the performance of both the individual and the organization. In order to study human resource practices and their impact, Guest (1997) model was adopted in this study which explains that high performance of the organization can be achieved by investing in, and practicing human resource management.

The Guest (1997) model revolves around six important parts which resulted in a high organizational performance. It includes HR strategies, its practices and its outcomes related to human resource management, performance, behavior and financial aspects. This model focuses

on the importance of human resource practices that will result in higher organizational as well as individual performance. This model suggests that organizational performance depends on performance of workforce of the organization. To attain high organizational performance, the organization needs to work on enhancing the individual performance and motivation. The model further explores that the utilization of best human resource practices will help in increasing the commitment level, quality of service, flexibility, involvement and motivation of personnel.

The factor flexibility helps in enhancing the citizenship behavior of employees towards the organization, which significantly impacts individual's productivity and quality of work. All these aspects will enhance the performance of organization, both in terms of profit and return on investment.

To increase productivity, skills and commitment of the workforce, the organization needs to participate more in implementing human resource practices within the organization because investing wisely in the human resource practices will enable the organization to increase the productivity and profitability. Human resource management practices such selective staffing, employee empowerment practices and performance management practices play an important part in enhancing the performance of the firm. According to Moideenkutty et al (2011) best human resource management practices implemented in the Oman Sultanate i.e. staffing, performance management and empowerment are positively associated with performance of the organization.

### **2.1 The impact of selective staffing on organizational performance :**

Yang (2011) conducted a study and identified the bond between performance of Taiwan manufacturing firms and practices of human resource management. The author used conceptual framework for his discussion on practices and performance. The main purpose of any organization is to attain high profit. This purpose is directly related to human asset of the organization because the effective management of human asset leads to high performance. In

manufacturing industry, it is important for the management to work on their employees' skills in order to achieve higher productivity. Three HR practices were used in this study i.e. training, staffing and compensation. These practices are first studied by the three different dimensions i.e. administrative policies, strategic HR processes and human capital enhancing dimensions. Colakoglu et al., (2009) commented that multinational enterprises face many problems in staffing of the employees at the host country subsidiary. With the help of resource based view, the author examines the relationship between the subsidiary performance and staffing strategies adopted by subsidiaries. This study also defines the categorization of manager's attitude of MNE's towards building their global processes. Three kinds of staffing strategies are mostly used by MNE's. First is ethnocentric staffing strategy. In this strategy subsidiaries have limited rights in hiring process and all the important hiring decisions are made by headquarter managers.

These strategies help MNE's in maintaining control over subsidiaries. The second is polycentric approach. In this strategy, the subsidiaries have autonomy in decision making related to hiring. Finally, the third is geocentric strategy where managers prefer mix hiring, i.e. some hiring was done from host country or some was done in the home country, while some hiring was done from other than host or home country. The subsidiary's performance is mostly based on ROI, high profitability, high sales, high revenue, and market share. The PCN (parent country national), HCN (Host country national), TCN (Third country national) managers plays an important role in enhancing the performance of MNE's because they all together provide diversified knowledge and helps the MNE's in taking decisions which provide high performance locally as well as globally. Lepak and Shaw (2008) define that the objective of their study is to identify the impact of effective strategic HR system on the outcomes of the organization in North American context. The HR system is associated with the three different types of organizations

i.e. Prospector, analyzer and defender. The HR system is also known as a bundle of HR related practices which helps the organization in internal and external growth. The researcher defines that for each HR policy there is an identified HR practice, for example, for staffing, there are different set of practices available like, recruiting, selection, conduct validation, reliability, structured or unstructured interviews, selection test etc. There is a positive association between the staffing practices and the annual growth and profit.

The commitment oriented HR practices like selection has a positive impact on the better performance of organization. The researcher concludes that the manager needs to work hard on the HR system and their related practices because eventually these practices resulted in a high organizational performance. Kim and Polyhart (2013) examined the relationship between staffing and training on performance of the firm. This research also explores the impact of training and staffing on organizational financial performance in pre and post-recession period. The author selected the longitudinal research method and takes the financial performance data of 359 firms from 1999 – 2011 through Korean Research Institute for vocational education and training (2012).

The hiring through rigorous method will help the organization in getting more capable employees for their firm. The firm with good human resource capital will be able to get high level of financial performance by engendering new products, cost cutting and more revenue generating activities. To measure the selective staffing, each manager provided the report in which they mentioned the number of candidates who applied in 2004 and how many got selected; from this data they have examined the selection ratio. This study also identifies the number of predictors which the organizations used in the selection of employees. The results indicate that 30% of the organizations used personality testing, 26% of the organizations used

aptitude and cognitive testing and most common predictor is interview with total percentage of 77. The results also show that selective staffing is directly contributing towards organizational performance in the term of growth and profit in prerecession and indirectly impacting the performance in post-recession whereas investing in staffing will help the organization in speedy recovery from great recession. In context of the above discussion following hypothesis is developed.

H<sub>a1</sub>: There is a significant relationship between selective staffing and organizational performance

## **2.2 The Impact of Employee Empowerment on Organizational Performance:**

Baroda et al., (2012) investigates that for continuous improvement of organization as well as the employee, the empowerment practice plays a vital role. Empowerment now becomes the essential contributor towards the success of the organization because it has a direct and a positive relationship with the employee commitment, job satisfaction, and employee performance. This research examines the intricacy of empowerment, manager's support for empowerment practices as well as the impact of implementing the empowerment practices on the employee cum organizational performance. The process of providing the autonomy to employees through which they can share their ideas, thoughts, or other information is known as empowerment.

Empowerment practice also help the organization in getting new and innovative ideas of performing tasks. It is also defined as the power provided to the employees within the organization through which they can take part in the information sharing process as well as in decision making process. The approaches suggested by the author regarding the empowerment are: 1) guiding and helping the personnel in achieving their job mastery by providing them proper guidance, training. 2) providing more control to the employee i.e. giving them opportunity to do some task and make them feel accountable for that task. 3) allow them to

observe their supervisors during working hours which enables the employees to perform.4) provide them proper feedback 5) try to reduce the work related stress and make them feel good emotionally as well. The psychological empowerment is based on four important aspects, i.e. self-determination, competence, meaning and impact. The impact of empowerment will result in positive behavior, as an empowered employee participates actively in the organization by taking part in decision making and other activities.

Employee feel more empowered where the information is easily and readily accessible for them. Common approaches which the manager can easily use for empowering their employees are: 1) JDIT approach (Kaizen) and 2) building trust approach. By these approaches the organization will be able to empower the employees; hence it will result in high employee and organizational performance. The author concluded that the organizational performance can be enhanced by enhancing the employee motivation level, satisfaction, morale and employee empowerment. Demirci and Erbas (2010) explained that the involvement of employees in decision making is very important in practicing the empowerment practice within the organization. Without involvement practice the employee will not be liable for the quality of their performed task. There are four conditions which need to be maintained for the effective empowerment: knowledge and learning, support from organization, shared vision, and recognition. The vision should be shared with all the employees so that they will be able to align their practices with the organizational goal, the proper training and knowledge needs to be provided to the employees that will help the employees in completing their task.

For successful empowerment, managers need to appreciate or give reward to their employee for their performed task. According to the author, power, information rewards and knowledge together defines the perfect empowerment equation. For the high organizational performance, the

authority or power needs to be provided to the employees through which they can easily take part in decision making process. By implementing the empowerment practice the employee feel more valued with a belief that they have vast opportunities where they can apply their skills which significantly impact the organizational performance. Mustafa and Bon (2012) explained the role of empowerment practices in enhancing the performance of the organization. This study also describes the role of empowerment as an important TQM practice. The concept of total employee empowerment explains the managerial practices of empowering the employees to enhance the individual and organizational performance.

The empowerment practices with in the paradigm of TQM helps the organization in attaining the high level outcomes. The soft side of TQM explains the importance of employee empowerment with the reference to firm's competitive advantage. The psychological dimension of empowerment focuses on the internal motivation factors whereas the structural empowerment dimensions focus on the managerial perspective of firm's practices, processes and structure. Different researches has suggested that the employee empowerment practices have a positive impact on the quality of service, market orientation, high level of job involvement, satisfaction, innovation and high organizational performance. The author concluded that the evidence from previous literature found that there is a positive impact of empowerment on the high organizational performance and high level of outcomes. The author also elaborated that the empowerment has a multi-dimensional and a positive impact on the firm performance. Theriou and Chatzoglou (2014) investigated the association of human resource management practices, organizational capabilities, knowledge management and organization learning on the performance of the organization. In organizations, practices related to the employee

empowerment are used to motivate and retain employees. The author has used employee empowerment as an important construct to measure the OLC.

Empowerment enables the organization to get new and innovative ideas through which the firm will be able to attain their goal, efficiently and effectively. The tested hypothesis in this study also suggested that there is a positive relationship found between the OLC and KM which positively impact on the performance of the organization. The structural model used in this study explains that the HRM practices like empowerment, staffing, training, helps the organization in creating the firm-specific resources and the capabilities which results in competitive advantage for the firm. This paper reveals that the employees in the organizations are the drivers of best organizational performance. The empowerment and other employee related HR practices should be adopted by the management which will help in enhancing both financial and nonfinancial performance of the firm. In context of the above discussion following hypothesis is developed.

H<sub>a2</sub>: There is a significant relationship between employee empowerment and organizational performance

### **2.3 The Impact of Performance Management on Organizational Performance:**

Denisi and Smith (2014) examined that there is relationship between individual level performance appraisal, the techniques used for performance management and their impact on firm's performance. The performance management system and performance appraisal practice works on individual level so the individual will be able to attain their goal, as well as the organization level through which the organization will be able to perform all functions effectively. The performance management and appraisal helps the employee in meeting their goal through which they can obtain rewards, pay increment, personal as well as professional



career growth or promotion, these techniques will then directly positively impact in organizational success.

The evaluation of the individual performance of the employees comes under the umbrella of performance appraisal process, on the other hand the performance management is a step forward because it begins with the proper evaluation system, then continues with effective feedback session, training, rewards etc. The performance management is considered as a continuous process for enhancing the employee's performance and aligning these performances with the organizational goals. The author explains that the firm needs to improve their performance management practices in order to achieve high firm performance. The model proposed by the author indicates that the HR practices like motivation, skills and opportunity enhancing practices impact positively in the organizational level performance. Sahoo and Jena (2012) examined the performance of organization, impacted by performance management system. This research focuses on the manufacturing sector. The sustainability, growth, productivity and success of the organization depend on their performance. The optimum, efficient and effective utilization of the performance management system will lead to higher organizational performance. Any organization is working hard to compete in the globalized world, and continuous improvement has now become vital for an organization.

For sustainable performance, the organization needs to invest more in the performance management system but simultaneously the organization also needs to focus on the following factors that may affect the whole process and they are; incentives, costs and feedback. The performance management system ensures that employees are working according to the goals and objectives of the organization. Some commonly used performance management systems used in the manufacturing sector are: balanced score card, performance benchmarking, TOPP system,

AMBITE system and EFQM model. The most important task of the performance management system is to integrate their practice with the strategic goal of the organization which enables the organization in achieving high success and growth. The following initiative needs to be taken by the organization for the successful implementation of the performance management system i.e. 1) clear explanation of goals and objectives from the top management 2) enhance the involvement and participation of employees 3) proper review process 4) compensation 5) feedback should be provided for improvement. This researcher concludes that high performance management has a significant impact on the performance of the manufacturing firms.

Jung and Takeuchi (2010) examined the relationship between the leadership of top management, organizational culture; the practices of human resource management and their impact on organizational performance. 225 small and medium sized Japanese firms are studied in this research for the data collection purpose. This study focuses on the three main elements of HR practices i.e. leadership, culture and performance appraisal practices. The two models were used to examine the proposed relationship. The feed – forward learning flow explains that the supportive top management leadership moulds the organization culture which ultimately leads towards the best use of performance based appraisal system; this practice eventually leads to high organizational performance.

On the other hand, the organizational culture regulates the top management leadership behavior that helps in implementing the performance based appraisal system and leads towards the high organizational performance. The research, as the results suggest, the firm should implement performance appraisal practices in order to convert leadership and culture into high productivity of the organization. In context of the above discussion following hypothesis is developed.

H<sub>a3</sub>: There is a significant relationship between performance management and organizational performance

H<sub>a4</sub>: There is a significant impact of selective staffing, employee empowerment and performance management on organizational performance.

#### **2.4 Conceptual Framework:**

The ultimate objective and purpose of any organization is to enhance their overall competitiveness and performance. There are several dimensions through which the organization could be able to enhance their performance. One of the important dimensions is the correct implementation of human resource management practices. This research is based on the three human resource practices i.e. selective staffing, performance management and employee empowerment. These practices have been used in order to examine the organizational performance.

The staffing practice is a process for hiring the knowledgeable and skillful employees for the organization which is also suitable for organizational culture and its objectives (Vlachos, 2008; Davis, 2015). Many organizations are ignoring the importance of adoption of staffing practices, due to which they are facing problems in achieving the organizational goal. The proper staffing practices will be used as a predictor for organizational success (Terpstra and Limpaphayom, 2012).

Each and every HR policy should be aligned with the identified HR practices, for example, the policy of staffing should be aligned with practices used by the organization for recruitment and selection process (Lepak and Shaw, 2008). The organization needs to maintain a balance between the under staffing, over staffing and the normal staffing, if the organization is overstaffed then the organization will be facing a high cost which leads towards more expenses

and low profitability. On the other hand, in understaffing, the employee will become overburdened, due to which the organization will suffer in terms of productivity (Tran and Davis, 2012). The manager needs to focus more on the staffing practices in order to avoid over understaffing problems.

Researcher explains that there is a significant relationship between the selective staffing practice and the high organizational performance (Chanda et al., 2010; Sikora et al., 2015). Empowerment in organization means to provide authority or power to the employees. The researcher suggests that the empowerment practices can be implemented successfully through the following approaches: proper guidance, training, delegation of work and control over things, involvement in decision making and problem solving activities and most importantly proper feedback. The managers need to provide the flexibility, power and authority to the employees in order to achieve high performance (Baroda et al., 2012; Mahmood et al., 2017).

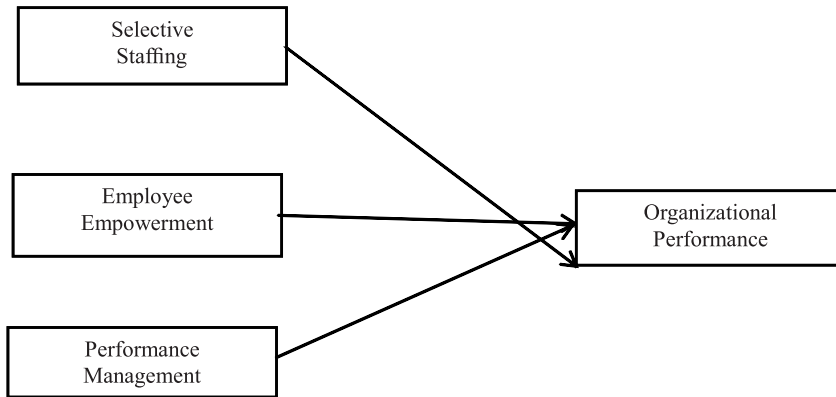
The active participation of employees in an organization results in high growth and performance. It doesn't matter that how big or the small your company is, the empowerment practices needs to be properly implemented to enhance the commitment, motivation and individual cum organizational performance (Hill and Huq, 2004; Ireferin and Mechanic, 2014). The leadership components play a vital role in achieving the high empowerment practice. The utilization of these leadership components i.e. leadership principles and instruments for practicing empowerment will result in high financial performance of the organization (Schneider et al., 2007; Baird et al., 2017).

The performance management refers to the practices which are used to enhance the productivity of employee as well as the organization. The performance management is considered as a complete package which involves appraisal system, proper feedback, guidance

and different HR related practices with the strategic goals of the organization. Performance appraisal should focus on the following factors i.e. openness: the process should be a two way communication process that addresses the strengths and weaknesses of the employee and guide the employee towards better performance. Second is informative: complete data of performance should be present during appraisal and last one is motivational: appraisal should be motivational and performance based (Law and Tam, 2007). There is a significant relationship between the performance management system and the high growth and success (Stanton and Nankervis, 2011).

High organizational growth and profitability is influenced by the utilization and implementation of best human resource management practices. The achievement of the organizational success and performance depends on several human resource activities. Since this research leads to the investigation of relationship between the strategic human resource practices and employee empowerment and their impact on the organizational performance in the context of SMEs operating in Karachi, Pakistan, hence, the following framework (see Figure 3.1) is proposed as a research model for this study.

*Figure 3.1: Research Model*



### 3. Methodology:

#### 3.1 Research Design:

This research is quantitative in nature. Since it is considered to be the most appropriate approach to describe and examine the relationships among variables (Saunders et al., 2009). Self-administered survey was conducted through structured questionnaire. Primary data was collected through random sampling. This technique was helpful in the conduction of questionnaire surveys that were self-administered. The data was collected from 215 respondents selected from targeted population. In that way every single person had an equal opportunity to participate in this study. The unit of analysis for this study was organization.

According to the report of Economic Survey of Pakistan (2008), 3.2 million business entities are functioning in Pakistan and 93% are considered as SMEs. The contribution of SMEs includes 30% to the GDP of Pakistan (Economic Survey of Pakistan, 2012). Karachi is selected for the purpose of data collection due to its industrial and economic importance (KCCI, 2010). Karachi is one of the major financial cities of Pakistan and the capital of Sindh as well. Karachi is contributing almost 25% to the national GDP (CDGK, 2011). Karachi is also known as the

business and financial hub of Pakistan because it provides various economic opportunities (Ghouri et al., 2011).

### **3.2 Instrumentation :**

To examine the selected variables, aligned with the objective, research tool was adopted from the extant literature. Three variables, which include selected staffing (06 items), adopted from Snell and Dean (1992), employee empowerment (05 items) adopted from Bae and Lawler (2000), performance management (08 items) adopted from Snell and Dean (1992) and organizational performance (07 items) adopted from Lopez, Peon and Ordas (2005). All items were scored on a five-point scale ranging from “1 = strongly disagree” to “5 = strongly agree”.

### **3.3 Participants Profile :**

The participants of the research were the owner / manager of the organization. Since it is assumed that they have the most sufficient knowledge regarding the policies, practices and implementation of the selected HR practices and are directly involved in managing organizational performance.

Among the 215 respondents, 162 (75.3%) were male and 53 (24.7%) were females. Respondents from different age groups have participated in this survey. The age group is divided into 7 classes. 9% of the respondents belong to the age group 1 i.e. 20 – 25, 15.8% of the respondents belong to the age group 2 i.e. 26 – 30, 29.8% of the respondents belong to the age group 3 i.e. 31 – 35, 25.6% of the respondents belong to the age group 4 i.e. 36 – 40, 15.3 % of the respondents belong to the age group 5 i.e. 41 – 45, 7.9 % of the respondents belong to the age group 6 i.e. 46 – 50 , 4.7 % of the respondents belongs to age group 7 i.e. over 50 years.

Respondents from different educational background have participated in this survey. The category of education is divided into Metric, Intermediate, Bachelors, Masters, M. Phil, PhD and

others. Out of which, 53.3% participants are Masters i.e. 119 respondents whereas total 42.3 % are Bachelors i.e. 91 respondents and 2.3% are Intermediate i.e. 5 respondents.

In this survey, the respondents have different working experience. The category of experience is divided into 7 classes. 0.5% of the respondents belong to Less than a year experience, 2.3% of the respondents belong to 1 – 3 years of experience, 9.3% of the respondents belong to 4 – 6 years of experience, 16.7 % of the respondents belong to 7 – 9 years of experience, 25.6% of the respondents belongs to 10 – 12 years of experience, 15.3 % of the respondents belong to 13 – 15 years of experience and 30.2 % of the respondents belong to over 15 years of experience. In this survey, 89.3% respondents are married whereas 10.7% respondents are unmarried.

### 3.4 Reliability Analysis:

The analysis of reliability was used to check the consistency of the data using Cronbach's Alpha score to proceed for further testing. This study consists of total 21 items. According to the Sekaran (2005), if the value of Cronbach's Alpha is greater than 0.7 it means that the data is reliable. The reliability scores are shown below in Table 3.1

Table 3.1: *Reliability*

Variables	Cronbach's Alpha	Items
Selective Staffing	0.886	4
Employee Empowerment	0.951	4
Performance Management	0.869	6
Organizational Performance	0.972	7



#### 4. Results and Discussion :

This section presents the analysis of the results obtained from the collected data. Moreover, the data is analyzed using Pearson's correlation and multiple regression analysis technique which was used to check the relationship and impact of strategic HR practices on the organizational performance of SMEs. There are certain factors which are considered important for evaluating the HR practices and organizational performance; hence the statistical results findings related to the hypotheses are presented below.

In order to test the following hypothesis, Pearson's correlation test has been performed:

H<sub>a1</sub>: There is a significant relationship between selective staffing and organizational performance

H<sub>a2</sub>: There is a significant relationship between employee empowerment and organizational performance.

H<sub>a3</sub>: There is a significant relationship between performance management and organizational performance.

Table 4.1: *Correlations*

		Selective Staffing	Employee Empowerment	Performance Management	Organizational Performance
Selective Staffing	Pearson Correlation	1			
	Sig. (2-tailed)				
Employee Empowerment	Pearson Correlation	.740**	1		
	Sig. (2-tailed)	.000			
Performance Management	Pearson Correlation	.803**	.772**	1	
	Sig. (2-tailed)	.000	.000		
Organizational Performance	Pearson Correlation	.585**	.484**	.601**	1
	Sig. (2-tailed)	.000	.000	.000	

As shown in Table 4.1, the correlation between staffing and organizational performance is significant i.e. p value is 0.000 which is less than  $P < 0.05$  with r value is 0.585, which indicates that a moderate relationships exists between these two variables. Hence  $H_{a1}$  is satisfied and we can conclude that there is a moderate relationship between the organizational performance and selective staffing.

The correlation between empowerment and organizational performance is significant i.e. p value is 0.000 which is less than  $p < 0.05$  with r value is 0.484, which indicates that there is a moderate relationship between these two variables. Hence  $H_{a2}$  is satisfied and we can conclude that there is a moderate relationship between the organizational performance and employee empowerment.

The correlation between performance management and organizational performance is significant i.e. p value is 0.000 which is less than  $p < 0.05$  with r value is 0.601, which indicates that there is a high moderate relationship between these two variables. Hence  $H_{a3}$  is satisfied and we can conclude that there is a strong relationship between the organizational performance and performance management.

The significance value of all the variables is 0.000 which indicates that a relationship exists between these variables.

To examine the  $H_{a4}$ , mentioned below, multiple linear regression is applied using enter method.

$H_{a4}$ : There is a significant impact of strategic HR practices and employee empowerment on organizational performance.

**Table 4.2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	df	F	Sig.
	.626 <sup>a</sup>	.391	.383	5.00956	3 211 215	45.216	.000 <sup>b</sup>

a. Predictors: (Constant), Performance Management, Employee Empowerment, Selective Staffing

b. Dependent Variable: Organizational performance

**Table 4.2a Coefficients<sup>a</sup>**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.503	.219		11.406	.000
Selective staffing	.321	.101	.303	3.195	.002
Employee empowerment	-.036	.079	-.041	-.456	.649
Performance management	.448	.116	.388	3.865	.000

a. Dependent Variable: Organizational performance

The un-standardized regression coefficient for predicting organizational performance from selective staffing, employee empowerment and performance management, are .321, -.036 and .448 respectively; the standardized coefficient are .303, -.041, and .388; the significance level (sig.) or  $p$  of selective staffing and performance management predictors are reported as significant since the value is less than .01 except employee empowerment which is insignificant and the degree of freedom for the F test are 3 for the regression and 211 for the residual. Hence it may be reported as  $B = (.321 - .036 + .448)$ ,  $F(3, 211) = 45.216$ ,  $p < .000$ ;  $r = .626$ . The summary of the results are presented in table 1.

The multiple regression predicting organizational performance from the two antecedents i.e. selective staffing and performance management are statistically significant because the ‘Sig.’ is less than .01, therefore, we partially accept the hypothesis H<sub>a1</sub>. Thus, we accept the hypothesis and state that organizational performance is statistically significant predictor of selective staffing and performance management. Employee empowerment has an insignificant and negative impact having sig value greater than .05; therefore we state that employee empowerment statistically has a negative impact on organizational performance. Using the R<sup>2</sup> from the model summary table, we can say that r<sup>2</sup> = .391, indicating that 39.1% of the variance in organizational performance is predicted by three independent variables i.e selective staffing, employee empowerment and performance management.

Following is the regression equation obtained from regression analysis:

$$\hat{Y} = 2.503 + 0.321 (\text{selective staffing}) - 0.036 (\text{employee empowerment}) + 0.448 (\text{performance management})$$

The above equation is interpreted as; if the selective staffing is increased by 1 percent, the organizational performance increases by 0.321 percent. Secondly, if performance management is increased by 1 percent, the organizational performance increases by 0.448 percent. Lastly, a significant relationship does not exist between employee empowerment and organizational performance; therefore, there is a negative slope, that is organizational performance decreases by 0.036 percent if employee empowerment is increased by 1 percent.

The result is reported and interpreted in a comprehensive manner above, therefore, the discussion on each variable aligned with the results are discussed below in detail.

#### **4.1 Selective Staffing and Organizational Performance :**

The findings of this study showed that selective staffing practice has a positive impact on the organizational performance. Lepak and Shaw (2008) supported that the HR practices like staffing has a positive impact on better performance of the organization. The researcher also commented that manager needs to work harder on their organizational HR system and their related practices because these practices result in high organizational performance.

#### **4.2 Performance Management and Organizational Performance:**

The performance management practices also had a positive impact on the organizational performance. Homayounizadpanah and Baqerkord (2012) explored that the performance management practices acts as a major contributor to the success of organization. Furthermore, the authors suggested that the increase in the performance management practice could also result in enhancement of productivity, therefore, the top management needs to invest more on the performance management activities. The performance based appraisal system, feedback and communication will help the organization in enhancing the overall productivity.

#### **4.3 Employee Empowerment and Organizational Performance:**

This study found that empowerment practices had an inverse relationship with organizational performance. However, in previous studies it had been found that empowerment has a positive impact on organizational performance. The empowerment practice in an organization means to provide authority or power to the employees. The researcher suggested that if empowerment practices shall be practiced with through proper guidance, training, delegation of work and control over things, involvement in decision making and problem solving activities and most importantly proper feedback, the organization shall be able to achieve high performance (Baroda et al., 2012). Albeit in this study, the empowerment practice did not show positive relationship

with organizational performance in SMEs, it may be due to the differences in employment culture of Pakistan where SMEs are operated by the owner in a highly centralized manner and organizational structure and design is mechanistic in nature.

## **5. Conclusion :**

In this competitive world, SMEs are facing difficulties in attaining and maintaining the high organizational performance. It has now become important for the SMEs to implement HRM practices, so that, they would be able to get high firm performance. This study provides a better understanding about the utilization of specific HR practices in order to obtain high organizational performance. According to SMEDA (2006), 90% of the firms came under the category of small and medium sized enterprises in Pakistan, thus the Pakistan's economy is highly based on the SMEs. Moreover, according to the facts and figures provided by UNIDO, 90 percent of worldwide businesses fell into the category of SME sector and contribute approximately 60 percent towards employment around the world. While analyzing the significance of worldwide SME sector and its importance in the country's economy, it can be inferred that SME sector plays a vital role in developing the economy (Khan, Awang and Zulkifli, 2013).

The findings of this research statistically examined and concluded that the relationship amongst the selective staffing and performance management practices had a positive impact on the organizational performance of SMEs. It supports the assumption that equal employment opportunity in staffing and fairness in performance management are considered to be the foundation of implied agreement between employee and employer. Whereas, empowerment had a negative impact on organizational performance. Since the underlying assumption is that SMEs may have high centralization and management decisions revolving around the owner of a firm. This may create hurdles for employee empowerment, and thus organizational performance may

be adversely affected. Hence, in order to enhance the organizational performance in SMEs, the owner or manager needs to work harder to adopt a decentralized structure, and encourage employees to participate in decision making process. Overall, it can be concluded, that SMEs, where selective staffing and performance management practices exists, the organization are likely to be able to achieve high performance.

Empirically and theoretically, organizational performance can be increased by adoption of specific HR practices such as selective staffing and performance management. The results of the study suggested that SMEs in Karachi can enhance their performance by implementing strategic HR practices and consider national culture and industrial characteristics. The owners or managers of SMEs need to link HR practices with organizational structure, which could help in attaining high level of productivity, employee satisfaction, and customer satisfaction, which in return can increase firm performance.

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