

Effect of Human Resource Management Practices on Employee Performance Mediating by Employee Job Satisfaction

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ABSTRACT

Due to today economic conditions, employee performance (EP) is one of the vital foundations for the organization growth and prosperity. Employee performance increases the productivity of organizations. Also, for developing the organizations and enhancing the employee performance (EP) there is needed to develop workforce of organizations by providing proper HRM practices. The employees are satisfied in organizations if organization provides them with proper facilities. The more the employees satisfied from their work environment, the employees perform better and productivity enhance. The organization strategies related to human resource management create satisfaction among employees and employee performs well in organization and creates competitive edge for the organizations. The present study investigates the relationship among variables such as human resource management practices i.e. training and development (T&D), performance appraisal (PA), reward and compensation (R&C), employee empowerment (EE) and employee performance. Further, this study also examine that job satisfaction mediates the relationship among variables such as human resource management practices, and employee performance. The data were collected by using convince sampling technique. Self-administered questionnaire were used for

data collection. For analyzing the data smart PLS were used. The findings of the study show that all the human resource management practices have significant and positive relationship with employee performance and job satisfaction mediates the relationship among variables. According to the results all the hypotheses are accepted, provide significant and positive relationship among variables expect reward and compensation on employee performance. Although, T&D and PA are more related employee performance and job satisfaction also increases more as compare to the other developing countries. Moreover, practical implication and future direction are provided at the end of the study under the discussion heading.

Keywords: employee performance, HRM, employee job satisfaction, pharmaceutical companies, Thailand

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INTRODUCTION

In current economy, the employee performance is one of the significant factors of organizations for gaining competitive edge in the business world (H. Khan & Wisner, 2019; Sutduean, Sutduean, & Jermstittiparsert, 2019). The human resource of the organizations is the key to get better performance of the employees and it can be enhanced by implementing the HRM in the organizations (Kerdpitak & Jermstittiparsert, 2019, 2020). Previously, organizations are not following the policies of human resource and are not aware about the entry and exit of employee's policies (Noe, Hollenbeck, Gerhart, & Wright, 2017). But now due to globalization it is necessary for the organizations for scale up the performance of employees implement HR practices. The T&D improves the performance of employees by providing on job and off job trainings. The training give employees to boost up their skills according to the updated knowledge. Mostly manufacturing industries implement the T&D to develop the employees but the service sector not consider the importance of human resource management in gaining performance (Gan & Yusof, 2019). Similarly, if the employees receive appraisal on the performance they are motivated to perform well. Moreover, the R&C and employee empowerment provide psychological happiness to employees which motivate employees to perform better in the organizations (Elnaga & Imran, 2013; Kampkötter,

2017; SHANODHINI & SRIVIDHYA, 2018; Sonnentag & Frese, 2002).

The purpose of the current study is to examine the effect of human resource management on employee performance. Further, the current study examines the relationship of human resource management practices and employee performance while mediating by job satisfaction. The employees of pharmaceutical cannot perform well if the human resource management is not provided to them for updated knowledge. On the bases of the purpose of the study following are the research objectives of the study.

1. To determine influence of training and development on job satisfaction.
2. To examine the effect of performance appraisal on job satisfaction.
3. To elaborate association of reward and compensation on Job satisfaction.
4. To examine the influence of employee empowerment on job satisfaction.
5. To examine the influence of job satisfaction and employee performance.
6. To determine the consequences of training and development on employee performance.
7. To examine the influence of performance appraisal on employee performance.
8. To elaborate the association of reward and compensation on employee performance.

9. To examine the effect of employee empowerment on employee performance.
10. To examine the influence of job satisfaction as mediator between human resource management practices and employee performance.

On the bases of above mentioned objectives following are the research question of the current study:

1. How does training and development affect the job satisfaction?
2. Does performance appraisal effect the job satisfaction?
3. Does reward and compensation effect the job satisfaction?
4. How employee empowerments affect the job satisfaction?
5. To what extent job satisfactions effect the employee performance?
6. How does training and development affect the employee performance?

7. Does performance appraisal affect the employee performance?
8. Does reward and compensation affect the employee performance?
9. How employee empowerments affect the employee performance?
10. Does job satisfaction as mediator affect the human resource management practices and employee performance?

After considering the brief introduction of the paper the rest of paper discuss the literature review of all variables that affect the employee performance. Under the literature review heading this study also discusses the hypothesis, research agenda of the study. Later on after reviewing the literature review the next section discuss the methodology, findings and final discussion about the hypothesis. After discussion about the hypothesis the current study discuss at the end the future direction and limitation of the study.

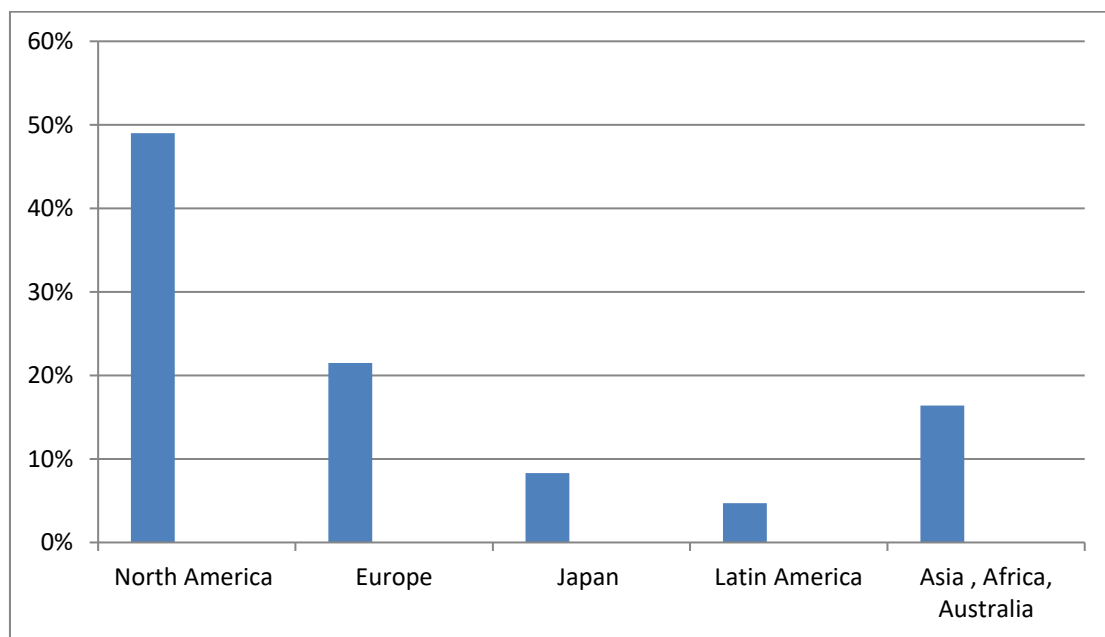


Figure 1. Global Pharamceuticals sales

LITERATURE REVIEW

HRM practices

For gaining the competitive edge in the organizations, many organizations are focused on human resource management practices and how these practices overcome the issues of global world. By implementing human resource management practices the organizations can enhance the employee's productivity by improving their performance. Similarly, the human resource management practices such as training and development, performance appraisal, reward and compensation and employee empowerment improves the employee's performance, the more trained employee who has opportunities for his or her development, and getting appraisal on their performance in form of formal and informal reward system and empowering employees in organizational strategies may enhance the employee's performance. The

employee's satisfaction also is important predictor for employee performance. For example, if employees are satisfied from their organization, he or she performs well. Due to globalization business faces many challenges; different challenges can be defeated by HRM policies because HRM policies increase the satisfaction level of employees. According to (Armstrong, 2006) these practices enhance the organizations performance. Similarly, these practices are having a feature for better satisfaction and performance of employees.

Training and Development

Training and development is the factor that affects the performance of employees according to the changes in organizations. The employees get competitive edge for the organizations when their skills, knowledge and abilities are more updated according to present economy. For attaining

the needs of the organizations the employees of the organizations are develop according to the mission and vision of the business. It is one of the vital concepts, which improves the performance and increases the productivity of the organizations. Moreover, when employees are having proper awareness about the goals of the organizations and strategies of the organizations his or her productivity in organization are high. The more the employees have knowledge about the organizations by gaining trainings session in organization the more employees satisfied and perform well (Hanaysha & Tahir, 2016; A. A. Khan, Abbasi, Waseem, Ayaz, & Ijaz, 2016). When employees are satisfied from the organizations training and developing opportunities then they perform well. The training session after regular intervals shows the organization consistency about the employee's development (Huang & Su, 2016)

Performance Appraisal

Ramous Agyare, Mensah, Aidoo, and Ansah (2016), stated that when employees receive appraisal on the performance enhances their motivation for better performance and achieving the organizations goals. The employees not receiving the appraisal on the performance they are not motivated and not satisfied. Due to poor performance appraisal employees productivity is very low. On the other hand, if employees receive performance appraisal on particular goals and objectives, they are more satisfied and perform well and retain in the organizations for longer time period.

Appraisal according to the employee's performance enhances the satisfaction of the workers, if the appraisal not accordance with the performance the employees are demotivated. Good performance appraisal motivate the employees to perform well boost good behavior in organizations such as organizations citizenship behavior for environment, reduce absence, retain in the organizations for longer time period. In this way organization is effective and efficient in its working (Kampkötter, 2017). According to the ability motivation and opportunities theory (Appelbaum, Bailey, Berg, Kalleberg, & Bailey, 2000) performance appraisal consider as motivational factor that motivate the employees to achieve best objectives. Previous studies also provide evidence that HR activities increases the job satisfaction (Chuang, Jackson, & Jiang, 2016; Huang & Su, 2016; Kampkötter, 2017; A. A. Khan et al., 2016; Noe et al., 2017). In this way employee performance improves.

Reward and Compensation

The reward and compensation improves and provided better results when it is given to employees on their assigned duties. The reward and compensation having different types some are monetary and some non-monetary rewards. The monetary rewards are given to employees in form of cash, bonus etc. The non-monetary rewards are given to employees in form of praise, appreciation awards and certificate. Moreover, if the employees are rewarded on their duties then they are more motivated to perform better (Mira, Choong, & Thim,

2019). Additionally, if employees are not getting response from the managers about their good performance they are less motivated and organizations are lacking on fulfilling the basic needs of employees. So, employee's basic needs neglected from the organizations, employees considered to left the organizations and not stay in organization for longer time period. The reward and compensation practices must follow in the organization for enhancing the productivity of the organizations. Under this study, it is consider as independent variable that effect the performance of the employees, if employees are rewarded on their duties then they are more productive. By job description, the organization is familiar with what to suppose from the workers and how to rewarded workers who determine good performance; and in return, the employees know what the organization assumes from them and the variety of compensation and reward they obtain (Hailemariam et al., 2019).

Employee Empowerment

Empowering employees is necessary in the organizations for getting more involved employees in the organization's mission and vision statements. When employees are empowered on their decision, they are more interested in organizations success. In present economy, due to decentralized roles and regulations there is necessary for the organizations to empower employees. Moreover, when employees are empowered they are interested in their work, more motivated to perform better (Gill, Nisar, Azeem, & Nadeem, 2017; Hanaysha & Tahir, 2016). The employee's job satisfaction and performance is enhanced by empowering employees. Similarly, when employees are empowered they are more satisfied and perform well in the organizations. Furthermore, empowerment at the place of work also effects employees' job satisfaction and job performance. When the employees are empowered, their self-confidence to take decisions are high, they are able to work at ease.

Human Resource Practices and Employee performance

The human resource management practices are having a core importance for achieving the employee's performance in organizations. The employees of the pharmaceutical companies are performing better after getting proper human resource management system in organizations. Previously studies done on human resource practices and employees performance and shows that there is positive relation among the human resource practices and employee performance (Tabiu & Nura, 2013). Moreover, the human resource management practices consider as best practices of the organization to achieve the goals of the organizations and create a competitive edge for the organizations (Hassan, 2016). Therefore, in current scenario HRM practices play a key role to improve the performance Initially, the human resource management practices are tested in organizations, traditionally four practices are mostly consider under the human resource management head like recruitment and selection, training and development , performance appraisal and reward and compensation. Due to the globalization and flexible

business hierarchy organizations are having different human resource management practices that must be followed in organizations for achieving the best performance of employees (Delery & Doty, 1996; Nataraja & Alamri, 2016). By using the human resource management practices organization select a right people in the right place for successful environment (Cania, 2014). Similarly, the managers must implement the right policies in the organizations for achieving the maximum productivity from employees. Thus, managers must pay great consideration after they intend to indicate human resource practices to evade any error that cause a disappointment (Guest, 2017). Similarly in various fields the human resource management practices are positive and significant relationship with employee's performance (Shakeel & Lodhi, 2015)

Job Satisfaction as Mediator

Sandika, Rupasena, & Abeywickrama, 2019 stated that job satisfaction is the employees feeling about the good and bad conditions of the organizations. Moreover, job satisfaction is the degree of employees happiness with the organization and their duties. When employees are having a better environment from the organizations according to their needs and wants they are more happy in organizations. Job satisfaction is consider as mediator under this study, the employees are performing better when they have strong human resource management practices but their satisfaction level in organizations scale up the performance of employees. Similarly, the employees are satisfied in the organizations they are less absent from the workplace, less turnover, high level of morality and ethics for the organizations and high citizenship behavior (Armstrong & Taylor, 2014). They are more involved in positive outcomes when they are more satisfied. The success of organization depends upon the degree of satisfaction of the employees in the organizations. The workers are not leaving the organizations when they are satisfied from the organizations. The retention of old employees can be possible by employees job satisfaction. In this way, the employees achieving high level goals and gain competitive edge in the organizations. The extremely happy employees are attaining the high performance and gain competitive edge for the organizations Ötçer and Florescu (2015). According to previous research the highly satisfied employees are important for the present economy. The more satisfied employees assure better success in the organizations (Ćulibrk, Delić, Mitrović, & Ćulibrk, 2018). Job satisfaction is examined by scholars numerous times in perspective of human resource management and managerial behaviors. Mostly the job satisfaction can be defined as a "pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Schneider & Snyder, 1975). Additionally, job satisfaction is vigorous outcome that can be growing by

increasing employee's motivation. It is one of the noteworthy features that change the behavior of workers in the organizations. Several studies provide several factors for improving the job satisfaction. Some studies designate that pay is preliminary influences for cultivating the job satisfaction, but some studies explain that social respect is one of the common factor for job satisfaction (Lambrou, Kontodimopoulos, & Niakas, 2010).

Nowadays, employees are satisfied from those organization where the environment of the organizations are not according to the employees need, they do not have good feelings about the organization and try to leave the organizations whenever they get new opportunity. The organization which involve the employees get more loyal employees towards the organizations, employees get psychological empowerment and more satisfied from the organizations (Gill et al., 2017). Consequently, job satisfaction is significant for the deliberate the usefulness of any predictor such as HR activities. So, this study is explaining the factors which influence the effectiveness of job satisfaction in long run. It is imperative do study on job satisfaction factor because job satisfaction is vary from different employees even in same organizations.

Hypothesis Development

H1. There is positive and significant relationship with training and development and job satisfaction.

H2. There is positive and significant relationship with performance appraisal and job satisfaction.

H3. There is positive and significant association with reward and compensation and job satisfaction.

H4. There is positive and significant association with employee empowerment and job satisfaction.

H5. There is positive and significant relationship with job satisfaction and employee performance.

H6. Job satisfaction mediates the relationship with training and development and employee performance.

H7. Job satisfaction mediates the relationship with performance appraisal and employee performance.

H8. Job satisfaction mediates the relationship with reward and compensation and employee performance.

H9. Job satisfaction mediates the connection with employee empowerment and employee performance.

Research Framework

On the bases of the purpose of present study the following are the research framework of this study. There are 5 direct relationships and 4 indirect relationships. The research frame shows the relation among variables such as training and development (T&D), performance appraisal (PA), reward and compensation (R&C), employee empowerment (EE), job satisfaction (JS) and employee performance (EP).

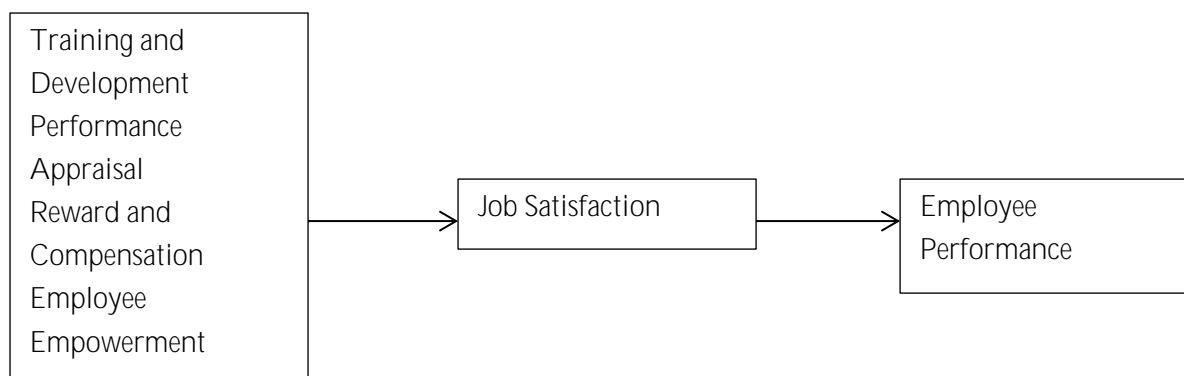


Figure 2

METHODOLOGY

The sample of study is the employees of the pharmaceutical companies of Thailand. The human resource management gains much importance for employee's performance. The employees are more educated they want to know about the human resource management policies, if organization provided better policies than they employees perform well. Further, human resource management plays a vital role in today's world. The data was collected from the employees of pharmaceuticals companies of Thailand, so the unit of analysis of study is individuals. The sector of study was the pharmaceuticals industry, data collected from their employees related to human resource management practices, employees satisfaction and employee performance. The current study is descriptive all the variables of study described in many details. The nature of the study is cross-sectional, cross-sectional means that only one time data is collected from the employees. The employees of the pharmaceutical companies of Thailand are the population of the current study, and the sample selected from a large population that represents the overall population.

There are many techniques existing for choosing a sample from a huge population. After using different techniques, the researcher can use one sample technique which represents the overall population. Furthermore, Kotrlík and Higgins (2001), examine one of technique for sample size which shows that the sample size at least 20% of the whole population. Even though most the total number of populations is restricted in such situations, it uniforms much at simplicity to select the sample and collect data. For the defined number of the population, the (Krejcie & Morgan) table is used for selecting the sample size (Krejcie & Morgan, 1970). However, in the present study, the population was unlimited. Likewise,

200 to 400 respondents are enough for the sample size for the structural equation model (Oke, Ogunlana, & Ogunlana, 2012). On the bases of the above mentioned discussion, data were collected from 200 employees of pharmaceutical companies of Thailand.

After deciding on the sample size, the next step which is considering under this study is sampling technique. Furthermore, there are several sampling techniques available in research but data were collected by randomly selecting the respondents.

Employees of medicine companies were the population and questionnaires were used to gather data. The questionnaire distributed through electronic mail, post mail, and face to face distribution. The questionnaire depends on two parts, the part "1" related to demographics of the respondents and part "2" consisted of the entire variable related to this study. Previously developed measures have been used; the 5 points Likert scale is used under this study for collecting the response from employees and evaluating the relationship among variables. The 4 item scale is used for "employee performance" The scale adopted from previous study for "employee performance". The six item scale adopted from the previous study for "training and development" (Colesca, 2009). The six item scale adopted from the previous study for "performance appraisal" (Pavlou, 2003). Further, the six item scale used for "reward and compensation" under this study which adopted (Colesca, 2009). The 4 item scale used under this study for "employee empowerment" adopted from the previous research (Kalu & Remkus, 2010). The six item scale adapted from the previous study for employee satisfaction. The smart PLS used under this study for analysis. Next section represents the results of the current study.

RESULTS

TABLE 1. Confirmatory Factor Analysis

Constructs	Items	Loadings	Alpha	CR	AVE
Employee Empowerment	EE1	0.803	0.703	0.815	0.526
	EE2	0.741			
	EE3	0.731			
	EE4	0.611			

Employee Performance	EP1	0.856	0.724	0.822	0.546
	EP2	0.516			
	EP3	0.654			
	EP4	0.872			
Job Satisfaction	JS1	0.74	0.849	0.889	0.572
	JS2	0.769			
	JS3	0.65			
	JS4	0.756			
	JS5	0.811			
	JS6	0.8			
Performance Appraisal	PA1	0.745	0.863	0.898	0.594
	PA2	0.794			
	PA3	0.786			
	PA4	0.776			
	PA5	0.749			
	PA6	0.775			
Reward and Compensation	R&C1	0.804	0.86	0.895	0.589
	R&C2	0.827			
	R&C3	0.729			
	R&C4	0.756			
	R&C5	0.802			
	R&C6	0.676			
Training and Development	T&D1	0.746	0.856	0.891	0.579
	T&D2	0.776			
	T&D3	0.783			
	T&D4	0.661			
	T&D5	0.815			
	T&D6	0.774			

Table 1 is showing the results for confirmatory factor analysis (CFA). Before proceeding towards the hypothesis testing measurement model was assessed by performing CFA which provides the reliability and validity.

First of all table 1 is showing the values of Cronbach's Alpha for the variables namely; employee empowerment, employee performance, job satisfaction, performance appraisal, reward and compensation and finally training and development which are 0.703, 0.724, 0.849, 0.863, 0.860 and 0.856 respectively. All the values of Alpha are greater than 0.7 and establish that all the measures are internally consistent and therefore, are reliable.

Table 1 is showing the values for CR (composite reliability) and AVE (average variance extract). As per the standard

the values for both CR and AVE should be greater than 0.8 and 0.5 accordingly. CR values for the variables namely; employee empowerment, employee performance, job satisfaction, performance appraisal, reward and compensation and finally training and development are 0.815, 0.822, 0.889, 0.898, 0.895, and 0.891 accordingly. Furthermore, AVE values for the variables namely; employee empowerment, employee performance, job satisfaction, performance appraisal, reward and compensation and finally training and development are 0.526, 0.546, 0.572, 0.594, 0.589, and 0.579 respectively. It shows that there is no issue with the CR and AVE, therefore convergent validity is established.

Discriminant Validity

TABLE 2. Fornell & Larckers Criterion

	EE	EP	JS	PA	R&C	T&D
EE	0.725					
EP	0.202	0.739				
JS	0.215	0.478	0.756			
PA	0.199	0.488	0.741	0.771		
R&C	0.128	0.312	0.659	0.613	0.767	
T&D	0.188	0.562	0.600	0.593	0.479	0.761

Table 2 is showing the values for the Fornell & Larckers criterion to assess the discriminant validity. As per the criterion the values of square root of AVE of a variable should be greater than its correlation with other variables.

As per the table square root of AVE for all the variables is greater than the correlation with other variables. Hence, it do establish the discriminant validity

TABLE 3. Cross Loadings

	EE	EP	JS	PA	R&C	T&D
EE1	0.803	0.177	0.199	0.179	0.099	0.166
EE2	0.741	0.151	0.162	0.158	0.04	0.134
EE3	0.731	0.123	0.164	0.138	0.13	0.126
EE4	0.611	0.13	0.068	0.079	0.12	0.113
EP1	0.207	0.856	0.444	0.412	0.29	0.497
EP2	0.057	0.516	0.139	0.196	0.049	0.243
EP3	0.153	0.654	0.23	0.262	0.091	0.296
EP4	0.154	0.872	0.478	0.487	0.366	0.536
JS1	0.17	0.312	0.74	0.588	0.576	0.489
JS2	0.183	0.357	0.769	0.658	0.438	0.552
JS3	0.152	0.249	0.65	0.429	0.474	0.375
JS4	0.122	0.397	0.756	0.599	0.542	0.42
JS5	0.164	0.381	0.811	0.624	0.442	0.462
JS6	0.184	0.445	0.8	0.657	0.525	0.417
PA1	0.162	0.334	0.59	0.745	0.477	0.434
PA2	0.164	0.373	0.624	0.794	0.45	0.425
PA3	0.146	0.421	0.615	0.786	0.496	0.469
PA4	0.136	0.379	0.603	0.776	0.488	0.467
PA5	0.157	0.347	0.607	0.749	0.477	0.455
PA6	0.157	0.397	0.617	0.775	0.448	0.492
R&C1	0.046	0.269	0.605	0.566	0.804	0.415
R&C2	0.073	0.212	0.45	0.384	0.827	0.355
R&C3	0.157	0.253	0.443	0.442	0.729	0.402
R&C4	0.143	0.239	0.547	0.518	0.756	0.353
R&C5	0.076	0.183	0.421	0.354	0.802	0.313
R&C6	0.098	0.259	0.511	0.493	0.676	0.344
T&D1	0.141	0.305	0.402	0.427	0.331	0.746
T&D2	0.119	0.421	0.444	0.448	0.333	0.776
T&D3	0.089	0.335	0.444	0.456	0.377	0.783
T&D4	0.175	0.678	0.513	0.443	0.377	0.661
T&D5	0.163	0.333	0.457	0.464	0.377	0.815
T&D6	0.149	0.313	0.406	0.436	0.357	0.774

Table 3 is showing the cross loadings which also determine the discriminant validity. The loading of a latent variable should be greater than its loading on other variables. As

per the table all the cross loadings are meeting the criterion which adds to the strength of discriminant validity.

TABLE 4. Heterotrait-Monotrait Correlation Ratio

	EE	EP	JS	PA	R&C	T&D
EE						
EP	0.266					
JS	0.263	0.55				
PA	0.245	0.579	0.916			
R&C	0.174	0.335	0.759	0.695		
T&D	0.232	0.631	0.683	0.68	0.543	

Table 4 is showing the values for the HTMT. It is the latest technique to measure the discriminant validity. As per the standard all the values of HTMT should be less than 0.85. Table 4 is showing that all the values are less than 0.85 except PA and JS. However, it is recommended that values

less than 0.95 are also acceptable. Therefore, it is stated that discriminant validity is established. Since there is no issue with the validity and reliability it permits to proceed for hypothesis testing. Figure 3 is showing the outcome of CFA

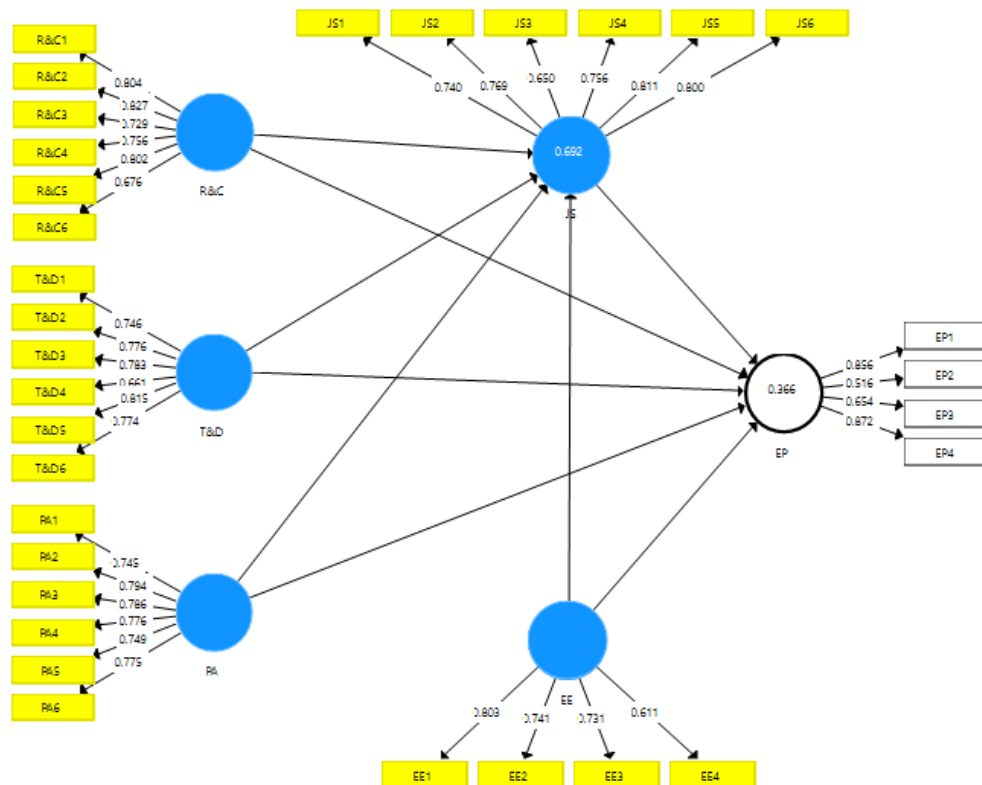


Figure 3

Structural Equation Modelling

TABLE 5. Direct Effects

Relationships	Beta	SD	t value	p value	Decision
EE -> EP	0.073	0.03	2.398	0.008	Supported
EE -> JS	0.047	0.022	2.101	0.018	Supported
JS -> EP	0.137	0.053	2.604	0.005	Supported
PA -> EP	0.183	0.057	3.237	0.001	Supported
PA -> JS	0.537	0.028	19.44	p<0.05	Supported
R&C -> EP	-0.092	0.044	2.114	0.018	Not Supported
R&C -> JS	0.251	0.026	9.61	p<0.05	Supported
T&D -> EP	0.401	0.038	10.506	p<0.05	Supported
T&D -> JS	0.152	0.026	5.907	p<0.05	Supported

Table 5 is showing the results for the direct relationship between the variables. As per the table employee empowerment found to be associated with employee performance and job satisfaction valued at 0.073 and 0.047 respectively. Which means that when the employees are empowered it tends to enhance their satisfaction with job and increase their performance as well? Similarly, the other factors such as job satisfaction, performance appraisal, and training and development reported to be associated with employee performance valued at 0.137, 0.183, and 0.401

respectively. Interestingly, the relationship between reward and compensation is significant but negative in nature which is not in line with the hypothesis. Thus, did not support the hypothesis and rejected. Additionally, results also reported that job satisfaction is significantly influenced by the understudy factors. In this regard performance appraisal, reward and compensation, and training and development found to be associated with job satisfaction valued at 0.537, 0.251, and 0.152 respectively. Notably, the association between performance appraisal and employee

performance appeared to be strongest of all the variables which is valued at 0.537. It establishes that a slight change (increase/decrease) in performance appraisal will tend to result in a significant change (increase/decrease) in

employee job satisfaction. All the hypothesis are accepted except the association between reward and compensation and employee performance.

TABLE 6. Specific Indirect Effects

Relationships	Beta	SD	t value	p value	Decision
EE -> JS -> EP	0.006	0.004	1.468	0.071	Not Supported
PA -> JS -> EP	0.074	0.029	2.568	0.005	Supported
R&C -> JS -> EP	0.034	0.013	2.604	0.005	Supported
T&D -> JS -> EP	0.021	0.009	2.204	0.014	Supported

Table 6 is showing the results for the mediation analysis. As per the findings reported in table 6 the first mediation is significant due to P-value greater than 0.05. Therefore, this hypothesis is not supported by the results. Job satisfaction found to be a significant mediator between relationship of performance appraisal and employee performance valued at 0.074. The P-value is less than 0.05. In addition this, job satisfaction also found to be a significant mediation between the association of reward and compensation, and employee performance. Finally, the results also reported that association between training and development and employee performance is significantly mediated by job satisfaction which is valued

at 0.021. The results establish that the influence of variables namely; performance appraisal, reward and compensation, and training and development become stronger in presence of job satisfaction. However, this holds not true for the association between employee empowerment and performance. It can be concluded that if employees are getting fair reward, they are compensated for their efforts they put, performance is appraised justifiably and they are provided with training which enhances their skills then they will be satisfied with the jobs and ending up in superior performance. Figure 4 is showing the outcome of SEM.

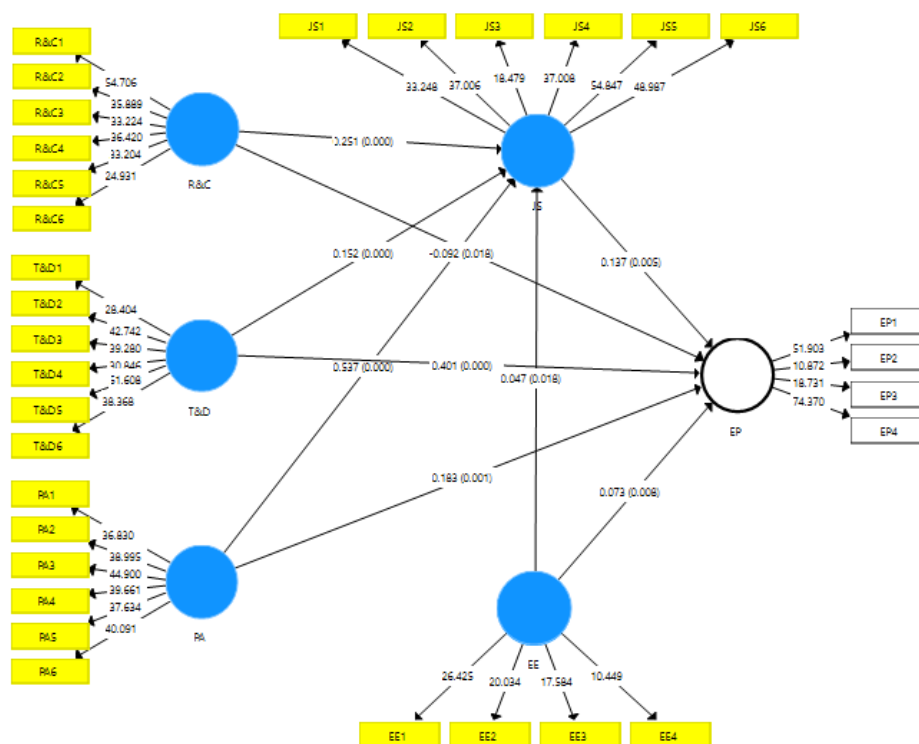


Figure 4

DISCUSSION

This study has examined the role of human resource management and employee performance mediating by employee job satisfaction. The human resource management plays an important role for gaining the

competitive advantage in pharmaceuticals companies. HRM plays an important role for leading the organizations in dynamic market. The findings of the study reveal the positive relationship with HRM practices, employee performance and job satisfaction. For example, when

organizations provide better facilities to employees (rewards, bonus appraisal and trainings) and give empowerment their employees perform well in the organizations. In this way the organization can compete properly. The all hypothesis are accepted that shows the positive and significant effect of human resource management and employee performance and job satisfaction. The hypothesis which shows the association between reward and compensation and employee performance does not provided the same results with another hypothesis.

Future Direction and Limitation

The human resource has vital importance; different countries used different human resource management policies for creating competitive advantage according to the need of their employees. It strongly effect the profit maximization of the industries but still there is need to implement the human resource in developing economies. There is need to do more studies on pharmaceutical companies of Thailand to improve the economy by developing this sector. The study is cross sectional in nature the data is collected from respondents on single time due to shortage of resources and time, future research try to eliminate those flaws and done more in depth study by collecting data from same respondents more than one time.

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