

Mediating Role of Knowledge Exchange and Impact of HR Practices on Firm Performance: Empirical Study on Textile Sector of Faisalabad

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Abstract

In Human Resource Management Literature more emphasis is on HR practices and different innovation activates from last few years. Scholars argue that HR practices Contribute to the firm performance. However previous studies put little emphasis on the Causal relationship between HR practices, Knowledge exchange and firm performance. This study opens the black box of the relationship between Training & Development, Selection Policy, Rewards, Knowledge Exchange and Firm Performance. Primary data was collected from 100 respondents of different textile firms of Faisalabad by applying simile random sampling technique. PLS Smart and SPSS software were used or data analysis the finding of this study shows that Training and Development, Reward have a positive and significant impact on the Knowledge Exchange and Firm Performance. It is also found that selection policy have insignificant impact on knowledge exchange and firm performance. The finding of this study provide several important implications for the textile industry to consider future management strategies like how to utilize HR Practices that leads to increase the firm performance. It is suggested that organizations should enhance HR practices that contributes to the firm performance.

Keywords: Training and development, Selection policy, Rewards, Knowledge Exchange, Firm Performance.

Introduction:

In organizations, these are the “Human Resource Practices (HR Practices)” which are prime resources to persuade and contour the talent, approach and the behavior of their employees to do accomplish their goals settled by the organizations (“Collins and Clark, 2003; Martinsons,

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1995”). Prior studies have already worked intensively to abridge “HR Practices” and executive outcome including flexibility, efficiency and economic performance “(e.g. MacDuffie, 1995; Ichniowski et al., 1997; Youndt et al., 1996; Delery and Doty, 1996; Pfeffer, 1998; Mendelson and Pillai, 1999; Collins and Clark, 2003)”, whereas, this understanding is needed to be extended to encompass other variables of organizational performance. Various researches have also highlighted the significance of HR Practices to achieve strategic objectives and also to maintain performance (Ladoan Wilson, 1994; Delery and Doty, 1996).

Moreover, the knowledge-based ideas portray organization as repositories of information and competencies (Grant, 1996; Spender, 1996). According to these previous studies identify the knowledge of human resource as priceless resources for firms because of their individuality of “firm-specific, socially complex, and path-dependent (Collins and Clark, 2003; Wright et al., 2001; Youndt et al., 1996; Lado and Wilson, 1994)”.

Various researchers have confirmed activist association among “HR practices” namely reward practices, encouragement practices, and valuation practices on diverse employee related outcomes, and professed employees performance (“Marwat, Qureshi, & Ramay, 2007”).

In general, “HR Practices” are term as the executive actions directed to supervise

the

group of “human resources” to make sure appropriate use of the assets to attain executive goals (“Schuler & Jackson, 1987”). Prior studies have originate experimental sustain to the control of HR practices on the outcomes of the employees like performance of job (Tessema & Soeters, 2006), organizational commitment (Meyer & Smith, 2000), job satisfaction (Park, & Gürbüz, 2009), intent to leave (Khera, 2010), and absenteeism (Gardner et al., 2001). For example, Tessema and Soeters (2006) explained that there are different types of factors including the rewards, recognition and compensation for their efforts which increase the satisfaction level of the employees from those who did not. Well trained employees have clear function and tasks building are more creative than the less taught employees they are more confused and ambiguity. Therefore, it is observed that the implementation of favorable HR Practices will impact the employees’ participation in the organization goals. This involvement is estimated to realize high level of dedication, and constancy, which encourage workers to pay out additional effort, and employ in constructive behaviors that may assist the organization (Karadal, Demirel, & Çuhadar, 2008). Implement a permutation of “HR practices” seen as involvement of the employees toward the organization and this make logic of responsibility for the worker to respond in good conduct toward the business (Wright & Kehoe, 2008).

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McElroy (2001) show in his study that high level of compensation indicate that how much an organization value to their employees or how much they care about them, thus increasing their sense of worth. Accordingly, the purpose of this study is to observe the impact of HR Practices and its mediating role of knowledge exchange among HR Practices and Firm performance. The remainder of the paper proceeds as follows. The following portion will consider the relevant literature and lays down the hypotheses of present study. Next chapter is the methodology forth research. Afterwards, the study reveals the results of the observations in achieving the objectives as those enshrined in preceding paragraphs. In final chapter, the study discusses managerial suggestions and emphasizes prospect research guidelines. To explore the Impact of HR practices on firm performance and examine the impact of knowledge exchange on firm performance. Knowledge exchange mediates the relationship between HR practices and firm performance. Satisfying a well-designed structure for HR practices total effect on the knowledge exchange and also has a strike on firm's performance. This analysis organizations linked to it within the significance of the HR practices and it craves to be as intimate will grant. HR practices, the most significant in the employment relationship purposed by difficult element. The results of this study would go a long way to create awareness about the weaknesses in the implementation of this system and the suggested way forward. It hereby believes that this study will contribute constructively towards increasing organizations as well as the employees understanding and acceptance of the impact of HR practices on organization performance and therefore the corporate performance in Textile Sector". The present scenario, The Essential source of obtaining competitive advantage is Knowledge Exchange and is presently one of the main issues of discussion in the management literature. The importance of Knowledge exchange Denotes To the probability enhance the firm level of Effectiveness and efficiency. Present study was contacted to define the HR practices have an Impact on firm Performance which Practices can Enhance Firm Performance

Literature Review

The Human Resource Management strategic views:

The human resource management strategic view approach is different from the previous studies in HR strategic studies examines the impact of HR practices on the outcomes of the organization level of analysis like firm productivity and future growth (Becker & Huselid, 1998; write et al., 2001). Human Resource practice that work to motivate employees to contribute to the high level of mandatory behavior by align the interest of

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the organizations as well the employees to develop the high level of employees to employees relationship (Arthur, 1992; Tusi et al., 1997).

“Practices that an organization may adopt to create this type of employment relationship include recruitment and selection to create growth opportunities for employees through internal labor markets and identifying external candidates who are a fit to the company. (Delery & Doty 1996; Tsui et al., 1997)”.

HR Practices:

HR practices affect the training and development, selection process and reward and incentives that facilitate or put a ceiling on knowledge exchange and firm performance. Human resource selection policy, training & development or reward creates a great impact on the collaboration as well on the firm performance and knowledge exchange.

Human resource practices promote privilege between firm performances by implement group based incentives and reward or on condition that Training and Development prospect for better statement and communication through the exchange the knowledge. Firm performance increase by the HR practices such as job rotation, team-based work and internal promotion by the chance for such experience. Human resource practices to the norm for teamwork between knowledge exchange base employees. HR practices support and facilitate language and share code among knowledge base workers. HR practices increase the degree of understanding among employee groups such as a firm deal in workers, rising persons will in gneiss to expand firm detailed skill, investment in training and development and internal promotion opportunities (MacDuffie 1995). HR practices also focus on the selection process reward and incentives or training and development.

Reward and Incentives:

Representative Honor process may obtain difficult part. The firm value that a moral player, he may well work is working to rise appears. Indeed taken by their representatives and representatives from the population considering Attitude of their profession knows Association of Wholesale salary and safe and combination like the Links of Motor big piece any purpose with its commissioner (Akerale, 1991) also blame efficiency of the workers for a very few variables give suitable disappointment pay to earnest work (Mark and passage 2001) Remark the genuine accomplishment of connection from employee from labor readiness to apply their new things and how the commissioner bigger the productive agent inputs and reward hones set up. The linked can be very gainful benefit to heavy productivity in firm and associations are not want to operate the induce of workers (Hurtreatal 1990; Entwisted 1987)

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productively in the worker process. If more than ten pioneers reward associations as delegate of processed outcome.

Remarkable animated workers made their priorities for the firm and its locations (Rizal and Ali, 2010) the society leads. These research aspect different references for organizations to perform representative measure price. (Hasiban, 2003) introduced the completion of such a delegate, which means that the labor is hanging marks that the occupancy level as completion impact. Ending the job means a discount of the association and encourage (Hasbuan, 2003). Details are 5 components to confirm that the arguments ending position and the completion of brain research variables and social element linked to the old money work positions. Experience reward the commitment to a pay study has demonstrated the most variable and difficult. The main incentive rewards for the brilliant completion of the shadow that can be paid to the face and study the impact of old garden (1993 Olce; 1997 olce).

Development and implementation of the bargain and price cress earnest efforts to make new thinking for paying labor to finish the most heavy component of the Professional administrator concerning cash Dewhurst et al (2010) Relationship present associated with fulfillment the rewards more rewarding, fulfilling and business associations and nation behavior (jahangar,2006). Dee's exhibition (1994) Impress Representative performance consequences to motivate the fulfillment of the association which can be increases to the confession say. Agreement, similarity, temperament, and learning as well excited abytsur, inspiration is an important piece of understanding behavior. Luthans (1998) Motivation and nature of the agency with other procedures in agreement with colleagues and with the managements, conduct basic explanation should not be accept as attests. All behaviors that can be seen, and the arguments for the behavior should not to be matched with. While understanding the focal portion of the vision, Evans (1998) hierarchical conducts numerous fields while holding the assumptions that it is major to re-emphasize that states.

“Reward is the most important element to eliminate employee for paying their best efforts to generate the innovation and the new ideas in cress the company performance financial and noon financial Dewhurst (2010) relationship of the manager supervisor reward power positivity linked with employee performance more productivity, satisfaction and turnover and organization citizenship behavior (simon,1976;more&hunt 1980;jahangar,2006).Dee prose (1994)says that motivation of employee productivity can be enhance provide effective recognition which provide the result improve the performance of organization. He entire second of the organization that the employee motivated to assessment the

performance of job compensation (abacus et al 2003). The ability to organization is accommodates the needs employees their performance 1960). Inside the commitment towards their organization and their work play a critical role (eisenbegal 1992)”.

H5: Reward has impact on firm performance

H6: Reward has impact on Knowledge Exchange.

H7: Knowledge exchange Mediates the relationship between reward and firm performance.

Training and development:

Training and development has the distinct role in organization goal and performance by in cooperating the achievements and welfare of business at the personnel side (Stone RJ, 2002). Today's the most important factor is organization performance worldwide is training because training increase the organization and employee's efficiency and effectiveness according to firm requirements. Importantly employees capabilities to enhance by the training and development because the job experience skills and competences have increase better performance in firms. (FakharUIAfaq, Anwar Khan, 2001). Firm performance Depend on the human resource capital of firm because they play an important role in employee performance organization performance and its growth. so firm performance improve by giving the training to employees of the organization according to the job requirement, the purpose of this study is to show the effect of training and development on the performance of the firm .The researcher said that Training and development higher employee performance in different activities and also important to increase the organization performance (Iftikhar Ahmad, 2009).

In some other research author said that most important factor to building block the employees performance boost the performance of our all firms (Abbas, 2010). Firm performance depend on many factors like Knowledge, Management, Job Satisfaction and skill base on the relationship between performance and training development (Chrisamisano, 2010). The main source of organization is human resource and the back bone of every organization because through this to increase the firm performance like Training and development flexible scheduling, Multidimensional construct aim to achieve performance and strategic goal etc (Mwita et al, 2000).

Ashkanasy et al. (2000) and Smith et al. (2005) conclude that training and development have positive and significant impact on the knowledge exchange.

H1: Training and development have significant impact on firm performance.

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H2: Training and development have significant impact on Knowledge.

H3: Knowledge exchange mediates the relationship between Training development and firm performance.

Selection policy:

“As described in this document, the selection standard and criteria are applied at the source and/or the item level to build the according to the firm requirement going forward. No material or bibliographic records previously published will be removed as a result of this or future updates to the selection policy”.

H3: Selection policy has impact on firm performance.

H4: Selection policy has impact on Knowledge Exchange.

H5: Knowledge Exchange mediates the relationship Between Selection policy and firm performance”.

Knowledge Exchange:

Knowledge exchange is possibility of exchange of ideas and information because social environment of firms improve trustworthy actorattitudeto a current exchange will lead to later respond (Coleman, 1990).Firm growth increase by the switch over of information of preciousthoughtsamongmiddlefamiliarityemployees that will in spin lead to better, about exchanging ideas and information with one another firm performance will suffer. Nahapiet and Ghoshal (1998) suggested that knowledge exchange and combination process drives that cooperation between employees is the key aspect of firm performance. Therefore a strong knowledge exchange between workers will positively effect and increase the firm performance and exchange the unique ideas and valuable information among them.

Although the likelihood that exchange information and cooperation may increase language facilitate, share codes and will take place access integration and information of exchange information. like, likelihood of information exchange and differences in language reduce between individuals (Boland et al, 1998).More prominently degree of share knowledge is important for those to understand and comprehend to add new awareness with other employees that acquire for swap information(Hansen,2002).A knowledge exchange provides a common base of understanding through language and share codes which individuals and background with disparate experience can integrate and transfer new ideas or information(Szulanski,1996).

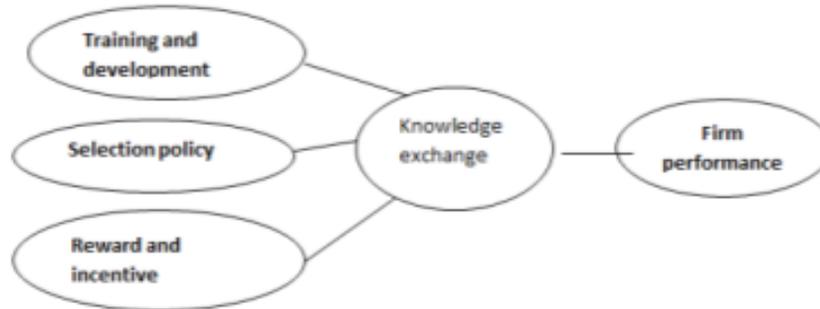
Therefore knowledge exchange and combination among knowledge workers provide a greater level of language, share code and high facilitating and positively affect the firm performance.

H7: Knowledge Exchange has impact on firm performance.

Firm Performance:

Firm performance is important for the developing organizational culture and employee based capabilities rather, these Practices lead to high performance (vowen and ostroff, 2004; Collins and Clark, 2003). Basically all HR practices affect firm performance and knowledge exchange and combination among knowledge workers likely to affect firm performance in other ways as well (Doty, 1996). For EXAMPLE, Huselid (1995) argue that higher level of human capital and employees motivation attracting or developing Hr practices that affect firm performance because we predicted that knowledge exchange partially mediate the firm performance. Firm performance measured by the different variable basis like revenue, one year sales growth from services and new product base because these are good indicator to create new knowledge and extend the firm performances.

Theoretical Framework



Methodology

This study on the employee performance used a descriptive survey. This survey obtains the detailed information that describes the related aspect. This is a descriptive study because we are using questionnaire method; the main purpose is to find the impact of HR practices on firm performance. For this purpose the sample was implemented on the textile sector of Pakistan.

Primary data was used and also collected through the questionnaire quantity of 100. The respondents were the manager and employees.

Questionnaire is consisting of 3 pages in length. First page were represent the Demographic Variables like Gender, Age, Marital Status, Qualification, year of Experiences. Second page were represented the questions linked with the independent variables and mediator. Questionnaire consists of total 36 questions, in which seven questions linked with training and development, four question for reward and incentive, four questions represented social

policy, and Eleven questions linked with Reward, Eight questions for Knowledge Exchange and six Questions linked with Firm Performance.

Research Design

In This research we use Quantitative approach, Quantitative Research system is instrument that used to investigate and study the issues for research. The Quantitative Research Method Use to find the objectivity maximization Generalization Results and Characteristics include in prediction. We are using primary source to collect data directly from the respondents. The primary data off dependent, Independent, and Mediator have been collected from the workers of the textile sector of Faisalabad. The method of Quantitative research is used the Dependent and independent variables to identify the factors effecting the firm performance in the textile sector.

Population of Research

The population of this research consists on the lower and top level employees. Data performing Their Duties in the textile sector of Pakistan.

Sample Size

In this research study we have use convenience sampling technique together data. Approximately 120 Questionnaires were distributed to employees from whom 100 Questioners were correctly filled by the respondent and found appropriate for our results.

Data Collection Method

Data collection method for this study keeping in view primary data variables are included in this study so they convenient sampling has been used the questioners was distributed to employees without any discrimination as Gender Age and Qualification. These Questioners were distributive to the respondent through personal visits of textile industries.

- **Instruments**

The current research Adapt the approach for the selection of the questions and the preparation of questioner. The questioner were use in the study consist of two sections the first part of questioner examine the Respondent Biographical characteristic. Such as Gender, Age, Qualification and working Experience. The second section includes the questions Related to their research Variables such as Training and development, Selection policy, Rewards, Knowledge Exchange and Firm Performance.

- **Primary Data:**

For Data Collection a structured Questioner Draw on 7 point Licket scale Ranging From “7” Indicating Strongly Agree where’s the “1” Indicates Strongly Disagree. In this study Primary Data has been collected by survey technique.

• **Questionnaire Development**

All the questions off the questioner are adopted from the previous study it is also make sure the questions That are selected are Clearly define the variables . These Questions are selected on the biases of their previous good reliability which is (.87)The questioner of the study consist of 36 Questions From which 7 Questions are Training and Development,4 Questions are from Selection policy, 11 questions are from Reward, 8 Questions are of Knowledge Exchange and 6 Questions Are of Firm Performance.

Measures

All the related scale which was used in this study was obtained from the previous studies in which there reliability and validity were checked. In the present study each scale were used and measured to determine if it is suitable for Firm performance. Then selection of the proper items and changes it if there is need of changing. Then the experimental study has been conducted to check the reliability and validity although it is already done by the previous researches. It yields the average reliability coefficient Cronbach alpha.

Analysis

Following appropriate statistical tools was used for data analysis. According to the requirements of the theoretical model the test of measuring the association of variables is Pearson correlation, because it tests the “interdependency” of the variables discussed in the model.

To measure the strength of independent variable on dependent variables the linear regression is used because there is more than one independent variable exists in the model.it includes the findings in respect of demographic information of respondents, training & development, selection policy, reward & incentives, knowledge exchange and firm performance.. Analysis is done in two parts, first part refer to demographic information of the respondents while second part comprises analysis of respondents’ answers to the questions. Microsoft Excel 2016 and IBM Statistical Package for Social Sciences (SPSS 23.0) were used to calculate descriptive statistics. SMARTPLS 3.0 was used for other analysis. Main focus of the study was to find answers to the research questions of the study.

Results

Result

This study began with the aim to discover the factors that effect on the firm performance in the textile sector of Faisalabad to explore how these factors are inter related with each other data has been collected from 100 employees of Textilesector. After collecting primary data it has been analyses by using SPSS and its extended version smart PLS.

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Descriptive analysis

Total 100 questioner were collected and entered in the SPSS to perform The descriptive Analysis in this analysis Demographic Characteristic of respondents are Calculated which include the respondent gender, Age, Education and working experience.

Table I.

		Gender of the respondent.	Age of the respondent.	Statistics	
				Qualification of the respondent.	Working experience of the respondent.
N	Valid	100	100	100	100
	Missing	0	0	0	0

Respondent Gender

The Table shows the Respondent Frequency and percentage of their Gender. Bar Chart is used to interpret the data. There were 100 Respondents In the survey as shown in the table. Male respondents are more than the female. The percentage of the male participants was 84% and Female are 16%.

Table II: Respondent Gender:

Gender of the respondent.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	16	16.0	16.0	16.0
	Male	84	84.0	84.0	100.0
	Total	100	100.0	100.0	

Respondent Age

Table show the frequency and percentage according to their age Based on the data gathered. Larger Proportion of the respondents lies in Age between 35 to 45 Years. The second highest group was 45 to 55%.

Table II: Respondent Age:

Age of the respondent.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-35	18	18.0	18.0	18.0
	35-45	46	46.0	46.0	64.0
	45-55	32	32.0	32.0	96.0
	above 50	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Respondent Qualification

Table show the Frequency of Respondents and the percentage according to their qualification. Percentage of respondent in term of their qualification was 42% Were Masters, 29% were Bachelors and 21% were intermediate.

Table IV: Respondent Qualification:

Qualification of the respondent.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Master	42	42.0	42.0	42.0
	Bachelor	29	29.0	29.0	71.0
	Intermediate	21	21.0	21.0	92.0
	Other	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

Respondent Experience

Table shoes that employees working experience 40% were 5or above year working experience. 30% were 3 to 4 year Experience. 22% were 2 to 3 year Experience.

Table V: Respondent Working Experience

Working experience of the respondent.		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 1 year	1	1.0	1.0	1.0
	1- 2 years	7	7.0	7.0	8.0
	2-3 years	22	22.0	22.0	30.0
	3-4 years	30	30.0	30.0	60.0
	5 or above	40	40.0	40.0	100.0
	Total	100	100.0	100.0	

Model assessment

The main objective of this study is to predict the relationship between The HR practices on the firm performance, so Partial Least squares (PLS) Is used, Simultaneously, all hypothesis were tested by using smart (PLS), PLS is basically causal modeling approach that involve two phases i.e.(Evaluation of the measurement model and evaluation of the structural model). The measurement models determine the relationship between constructed and related items, While the Structural model defines the relationship between Exogenous and endogenous constructs,(Hair et al., 2014).

Assessment of measurement model

Evaluation of the measurement model has been constructed for the Reliability and validity. The Reliability of the model has been determined on the basis of factor loading and composite reliability. Table shows that all factor loading and composite reliability That Demonstrate the value above than 0.7 and 0.70 respectively conformed the model reliability at items and construct level. The validity of the model has been assessed on the bases of average variance extracted (AVE) and composite Reliability. The Table below shows the evaluation off the measurement model which include AVE and CR for the Constructs Exceed the minimum accept able value of 0.5 to 0.7 . Reliability is Of an instrument is generally measured by using cronbatch alpha which is based on external consistency. Items are set to be reliable if there value of cronbatch alpha is acceded 0.5(Kim et al., 2004) Table shows all the values of cronbatch alpha which are greater than 0.5. It means all variables are reliable.

Table VI: Evaluation of Measurement Model

First order construct	Item	Loading	AVE	Composite Reliability	Cronbach's alpha
T&D	TAD4.4	0.734	0.612	0.863	0.789
	TAD5.5	0.789			
	TAD6.6	0.788			
	TAD7.7	0.817			
SP	SP2.9	0.842	0.66	0.853	0.743
	SP3.10	0.766			
	SP4.11	0.827			
RD	R10.21	0.752	0.508	0.861	0.808
	R11.22	0.742			
	R3.14	0.67			
	R4.15	0.729			
	R8.19	0.754			
	R9.20	0.621			
KE	KE1.23	0.766	0.588	0.85	0.763
	KE2.24	0.846			
	KE3.25	0.792			
	KE4.26	0.648			
FP	FP4.34	0.755	0.645	0.843	0.747
	FP5.35	0.717			
	FP6.36	0.921			

Note: Item T&D ,1,2,3.SP,8.R,12,13,16,17,18,21. KE, 27,28,29,30 and FP 31, 32, 33 were Deleted To improve Training and development, selection policy, Knowledge exchange, Firm performance.

Discrimination validity is assessed by using Criteria of (Fornell Andlarcker 1981)In which the square root of the AVE of a has been to be greater than the correlation between other constructed. In rows and columns Table shows this condition is satisfied which shows the validity at construct level.

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Table VII: Discriminate Validity at Constant Level

Construct	FP	KE	RD	SP	T&D
FP	0.803				
KE	0.337	0.767			
RD	0.42	0.548	0.713		
SP	0.246	0.745	0.441	0.812	
T&D	0.285	0.547	0.605	0.584	0.783

NOTE: Square root of the average variance Extracted in the Diagonals and remaining of the entries are correlation values. FP Firm Performance, KE Knowledge Exchange, R Reward, SP Selection Policy, TD Training and development.

Evaluation of structural model

The analytical inspiration of structure model is decided is decided on the base of the significance level on the path coefficient and explain the value of R Square (HAIR et al.,2014) PLS Algorithm and Bootstrapping procedure is apply to generate the past coefficient . The R square of values is listed in the table that is 0.10, and 0.60 Excluding from 0.1. The Value and the significance of the individual Path coefficient (B) are assessed using bootstrapping to provide an empirical validation of theoretically assumed relationship between variable(Hensler et al. 2009) The Hypothesis were tested For Relationship between Training Development, Selection Policy, Rewards, Mediates the Knowledge Exchange On firm Performance.(H1,H2,H3,H7)All Hypothesis Are sported as well. H1 is positively and significantly influence on firm performance.(B = 0.358,t =3.659, P<0) and H3 Is positively significantly influence on Firm Performance. (B =0.216, t= 2.031, p = 0.043) H2 is insignificant Influence on Knowledge Exchange. (B =0.045,t = 0.207, P= 0.836), H1 is positively significantly influence on knowledge exchange.

Hypot heis	Relatio nship	Original Sample (O)	Sample Mean (M)	Standard Deviation	T- Statisti cs	P- Value s
H7	KE -> FP_	0.358	0.4	0.098	3.659	0
H3	RD -> KE	0.216	0.23	0.106	2.031	0.043
H2	SP -> KE	0.045	0.004	0.216	0.207	0.836
H1	T&D -> KE	0.587	0.627	0.215	2.73	0.007

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Note: FP Firm Performance, KE Knowledge Exchange, R Reward, SP Selection Policy, TD Training and development.

4.3.4 Direct Indirect Total Effects- Mediation:

Hypothesis	Relationship	Direct Effects	Indirect Effects	Total Effect	Result
H ₈	T&D→KE→FP	$\beta=0.358$ $t=2.102$ $p\text{-value}=0.036$	$\beta=0.21$ $t=2.102$ $p\text{-value}=0.036$	$\beta=0.21$ $t=2.102$ $p\text{-value}=0.036$	Supported Full Mediation
H ₉	SP→KE→FP	$t=7.520$ $p\text{-value}=0.000$	$\beta=0.016$ $T=0.182$ $P\text{-value}=0.856$	$\beta=0.016$ $t=0.182$ $p\text{-value}=0.856$	Supported Partial Mediation
H ₁₀	RS→KE→FP	$\beta=0.358$ $t=2.102$ $p\text{-value}=0.036$	$\beta=0.077$ $T=1.429$ $P\text{-value}=0.154$	$\beta=0.077$ $t=1.429$ $p\text{-value}=0.154$	Not Supported

It is Hypothesis that the Training And Development Has effect on firm performance and knowledge exchange mediates the relationship between T&D, Firmperformance (H8&H10).

According to Karner et al., (2013) Mediation represents a situation in which a mediator variable to some extent absorbs the effect of an exogenous construct on an endogenous constructs in the PLS path Model. Mediation Denotes a condition in which a mediating variable to some degree absorbs the impact of HR Practices on firm performance Variable in the PLS. H8 knowledge exchange significantly mediates the relationship between training & development and firm performance $\beta=0.21, t=2.102, p\text{-value} = 0.036$. H9 knowledge exchange partially mediates the relationship between selection policy and firm performance $\beta=0.016, t=0.182, p\text{-value} = 0.85$.H10 knowledge exchange not support the relationship between reward system and firm performance $\beta=0.077, t= 1.429, p\text{-value} = 0.154$.

Discussion

The effect of HR Practices on firm performance is studied The finding of this study shows that HR practices contribute 60% to textile sector employees The current study findings shows that HR Practices shows that positive and significant impact on Firm performance The above results show that The firm performance has increased with effective HR practices. The scope of HR Practices on the employees has included

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Training and Development, Selection policy, Rewards. Some other studies conducted related to the discussed Hypothesis. These studies also shows significant impact of HR practices on firm performance. Various researchers have confirmed activist association among “HR practices” namely reward practices, encouragement practices, and valuation practices on diverse employee related outcomes, and professed employees performance (Marwat, Qureshi, & Ramay, 2007).

The Results of this Study shows Significant Value of Knowledge Exchange and firm performance which is less than 0.05. Reward has significant impact on Knowledge Exchange. The P value shows 0.043 which is less than 0.05. Mark and passage (2001) also show a significant impact of reward on knowledge exchange.

According to these results The Knowledge Exchange Mediates the relationship Between Reward and Firm Performance. Reward system does not show ANY Direct Relation with Firm Performance. On the other side Training and development shows a direct and significant impact on the firm performance p value shows the amount of 0.036 which shows a significant impact. Thus the Training and development as well shows positive and significant impact on the knowledge exchange the p value is 0.007. According to this result Training and Development has Direct and mediating effect of Knowledge exchange on the firm performance.

The Selection policy does not show any significant relationship with the firm performance. The P value shows 0.85 Value which is insignificant so the Hypothesis is rejected. Human Resource practice that work to motivate employees to contribute to the high level of mandatory behavior by align the interest of the organizations as well the employees to develop the high level of employees to employees relationship (Arthur, 1992; Tusi et al., 1997).

Conclusion

This study was about The HR practices impact on the firm performance of textile sector the efficiency and effectiveness in the firm Performance Leads Toward Progress in the overall in the Over All Textile sector. IN this study we highlight the period contribution which influence the firm performance. Especially we focus on the HR Practices, Training and development selection policy and Rewards. That contributes to increase the firm performance and Productivity of the firm. Research Results shows that Reward and Training & development have a significant impact on the firm performance in the textile sector of Faisalabad Pakistan. According to these results The Knowledge Exchange Mediates the relationship Between Reward and Firm Performance. Reward system does not show ANY Direct Relation with Firm Performance. On the

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other side Training and development shows a direct and significant impact on the firm performance p value shows the amount of 0.036 which shows a significant impact. Thus the Training and development as well shows positive and significant impact on the knowledge exchange the p value is 0.007. According to the result Training and Development has Direct and mediating effect of Knowledge exchange on the firm performance. Our study provides Evidence on the role of the firm, HR Practices That Leads to Knowledge Creation That result in increase in the firm performance. We found That Our Measures of HR Practices was significantly related to the Knowledge Exchange That Leads to the superior firm performance.

Managerial Implications

Our findings suggest that Firms should carefully Select and implement the HR Practices. Because these practices May shape the firms social contexts which effect the firm ability that creates new knowledge for higher firm performance and growth.

Recommendation

From The Finding and conclusion above mentioned it is recommended that the HR Practices Leads to Increase the Firm Productivity which is positively co related With the Organization performance. Therefore, The firm with active Human resource department can plan and execute an effective training and development programs as well an effective reward system can increase the employees abilities and skills that in long term effect on the Greater firm performance.

Limitations of the study

As many of the passion to research and was employed as a very difficult, some barriers were encountered. During the process of data collection encountered a main issue was the less willingness of replier to answer the questionnaire. Other limitations are like limited time was available to conduct this study there are also some geographical limitations like we only consider Faisalabad textile industries for the purpose of data collection.

The study can be investigated by including the Training and development, Selection Policy, Rewards, Firm performance. Due to the shortage of the time study has consist of 100 Questionnaires which is in other case if we done it on more people to formulate the study more difficult and diplomatic.

Findings

The Result of the Correlation showed that is a positive and significant relationship between Depended Variable and independent variable.

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Training and development, Rewards has more positive impact on firm performance as compare to selection policy. The finding of this study shows that there is a significant relation and impact of Training and development, Reward, Knowledge Exchange and Firm Performance and selection policy have no impact on Knowledge exchange and firm performance According to the regression Analysis. The finding of this study shows that H8 And H9n are accepted but Hypothesis H10 not supported which is selection policy whose impact is on Knowledge Exchange and firm performance.

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