Ability-Motivation-Opportunity Framework:  
An Analysis of Interrelated Effects of HRM Practice and Leadership Style on Organizational Outcomes

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ABSTRACT

This study consists of the AMO (ability-motivation-opportunity) framework to develop HPWS, interrelating these dimensions to each other and investigating their effects on employee-level organizational outcomes for better performance, productivity, and satisfaction. The mediating and moderating effects of three widely applied leadership styles (i.e., transformational, transactional, and laissez-faire) and how collectively and separately the AMO framework and leadership styles create synergistic effects on organizational outcomes are considered. Quantitative research approach is employed with survey data from 152 mid-career-level professionals from Karachi, Pakistan. Two-stage PLS-SEM technique is used. The results implicate the strong relation between AMO framework, HRM practices, and organizational outcomes.

KEYWORDS

Ability, HRM Practices, Laissez-Faire, Leadership Style, Motivation, Opportunity, Organizational Outcomes, PLS-SEM, Transactional, Transformational

1. INTRODUCTION

Human resource management (HRM) practices and theories are explicitly established to attain better organizational and financial performances. HRM practices are mainly employee-centric and provide a different set of functions to enhance employee satisfaction, attitude, motivation, and productivity which lead to employee-level organizational outcomes (Marescaux, De Winne, & Sels, 2012). Advanced human resource practices play a significant role in the success of the firm. According to Bello-Pintado (2015), human resource systems are based on a variety of HRM practices that are aligned to accomplish organizational goals. Further, it is added that these practices work in concert rather than in isolation so employees should be exposed to the set of different HRM practices simultaneously to investigate the impact of the organizational outcomes. Pfeffer & Viega (1999) provide significant examples to
suggest seven definite human resource management practices; targeted selection, workplace teams and decentralization, employee training, employment security, high pay contingent, reduction of status differentials; and business information sharing with employees – this collectively leads towards greater profits, higher revenues, better market value and rate of organizational survival. Jiang, Lepak, Hu, & Baer, (2012) pointed toward the distribution and categorization of HRM systems based on the sound measure. The purpose of this classification is to aim to enhance employees’ abilities (AB), motivation (MOT), and opportunity (OPP) – the AMO (Ability-Motivation-Opportunity) framework and AMO enhancing HRM practices – as a legitimate way of elaborating HRM practices construct.

AMO framework is a model of strategic HR which articulates the mechanism that HRM practices are a combination of three categories (McClean & Collins, 2018). The framework represents that specific HR practices are to enhance the knowledge, skills, and abilities (KSA) of the employee, to motivate through intrinsic rewards, compensation, and performance management, and to provide opportunities to express their talents in work (Boselie, Dietz, & Boon, 2005). Numerous researches contributed to the positive association of HRM practices of enhancing abilities, motivation, and opportunity with organizational outcomes, job satisfaction, and organizational performance (Vermeeren et al., 2014) growth and development (Žibert & Starc, 2018), and financial performance (Guest & Conway, 2011). Using the AMO framework, the study aims to deeply understand the relation of different HRM practices with each other by categorizing each into conventional HRM practices and their effect on worker-centric organizational outcomes. This study fostered the establishment of the concept of how A-M-O systems work to enhance employee-level organizational outcomes i.e., employee satisfaction, cooperative behavior, and work unit performance. Ability enhancing practices include adopting the best recruitment and selection process and to implement best training and development programs for human capital development and growth (McClean & Collins, 2018). Motivation enhancing practices are established to enhance the employee motivation through better compensation, rewards, job security, and high-performance management systems (Jiang et al., 2012). Opportunity enhancing practices to ensure that employees use their skills and capabilities to achieve optimum organizational targets. These practices allow reinforcing employee autonomy in decision making and how their work should be done. Combination of these practices increase the employee level organizational outcomes and reduce turnover and absenteeism in employees.

Leadership theory has been evolving for the past 50 years. Several types of research have been focused on the characteristics and traits of a leader to achieve better organizational performance and outcomes (Laohavichien, Fredendall, & Cantrell, 2009). Due to the high variances and limited predictive validity, behavioral leadership models have always been in limelight for researchers. Therefore, the concept of transformational and transactional leadership is proposed (Avolio, Zhu, Koh, & Bhatia, 2004; Bass, 1985). Transformational leaders are towards radical organizational change and transactional leadership is needed to create incremental change in the organization. Transformational leadership is a style of leadership that promotes the collective interest of the employees to help them achieve collective organizational goals (Para-González, Jiménez-Jiménez, & Martínez-Lorente, 2018). Transformational leaders enhance the learning and skill level of their followers and encourage them to innovate through problem-solving tools. According to Bass and Avolio (2000), transformational leaders tend to have a better impact on performance as compared to other leadership styles, such as transactional and laissez-faire. In Pakistan, very little research has been done to investigate the effects of all three widely implemented leadership styles particularly as mediators between AMO framework and organizational outcomes. The transactional leaders monitor their followers closely to evaluate what they should do and how they should do it Zareen et al., (2015). The third leadership dimension is the laissez-faire leadership style where leaders delegate responsibilities and decision-making power to their subordinates. The type of leadership can be more effective when followers are well trained and highly skilled labor. When employees are well capable of doing their assigned tasks on their own.

This research paper is primarily comprised on nine (9) sections. Followed by the ongoing section i.e., Introduction, section-2 contains literature review along with the representation of prior studies in
tabular form. Based on literature; theoretical relationships of HRM practices, organizational outcomes and leadership styles have established along with the hypothesis development in section 3. Conceptual framework of this study is developed in section-4 based on literature and theoretical groundings of the variables and their relationships followed by research methodology in section-5 and results in section-6. Last three (3) sections of this research are discussion, conclusion, and recommendation and limitations.

2. BACKGROUND

Several prior researches provided evidence of positive connotation of HRM practices of enhancing abilities, motivation and opportunity with the organizational outcomes, job satisfaction and organizational performance (Vermeeren et al., 2014) growth and development (Žibert & Starc, 2018) and financial performance (Guest & Conway, 2011). McClean & Collin (2018), found in their research in small firms that both HR practices and charismatic leadership tend to produce higher organizational performance hence, not only (visionsary) leadership style but must have HR practices are important. Similarly, another study based1 on transformational leadership style, high performance work system (HPWS) and team performance established the findings that HPWS and organizational orientations collectively affect transformational leadership style and HPWS contextually moderates the team performance through leadership style i.e., transformational in this case. (Han, Liao, Taylor, & Kim, 2018).

Sheikh et al., (2016) suggested that HR practices i.e., performance appraisal, selection and compensation management have significant impact on the employee performance in Unilever and Nestle Pakistan. In support to this another study in Pakistan was conducted on the sample taken from the banking sector suggested that all three styles of leaderships have significant and positive effect on the employee motivation however, transactional leadership style has vigorous effect followed by laissez-faire and transformational leadership style with weakest impact on employee motivation (Zareen et al., 2015). Therefore, HR practices along with a specific leadership style may have significant influence on the employee outcomes (Zhang & Morris, 2014), motivation (Zareen et al., 2015), firm performance (Sagwa, K’Obonyo and Ogutu, 2015) and organizational performance (Katou & Budhwar, 2010).

Table 1 is established form the previous studies and detailed literature review of related studies in chronological and tabular form.

3. THEORY AND HYPOTHESES

3.1 HRM Practices and Organizational Outcomes

Based on related prior research HRM practices may have significant contribution towards the organizational financial performance and other outcomes. However, Guest & Conway, (2011) suggested that more proximal measure such as employee attitudes and behavior, turnover and absenteeism are more affected by the HR practices rather the distal outcomes such as financial performance. Zhang & Morris (2014) also consider that human resource practices have more immediate impact on the employees’ outcomes as HR practices are closely in line with the employees. Organizational outcomes also get the strong effect of HRM practices, also added, because to some extent these outcomes are the initial goals of HRM design. According to human capital theory individuals having knowledge, skills and abilities (KSA) is the economic value of the firm (Truss, 2001). Hence, investing in economic value through training and development, better pay structures and performance management systems may increase individual productivity as well as overall organizational performance.

According to Vidija, Obonyo, & Ogutu (2016), a particular set of HR best practices can increase profits of an organization and impact is more distinct when HR practices are cohesive and used together.
Truss (2001) highlights those prior studies and literature postulate the notion that implementing HRM practices with an organization would lead towards better organizational performance and effectiveness. According to Vermeeren et al., (2014) one of the major objectives of human resource management is to enhance organizational performance, importance of getting competitive advantage with the help of human resources. For reference see hypothesis 1 in figure 1 indicating relationship between HRM practices and organizational outcomes.

H₁: There is a positive and significant relationship between human resource management practices and organizational outcomes

3.2 Ability-Motivation-Opportunity Enhancing HRM Practices

HRM practices intent to improve employees’ knowledge, skills, and abilities (KSA), motivation and opportunity to contribute towards organization (McCLean & Collins, 2018). Considering prior researches (Katou & Budhwar, 2010; Tay, Tan, & Yahya, 2017) this study also postulate the three dimensions of high performance work systems i.e. ability enhancing HR factors, motivation enhancing HR factors and opportunity enhancing HR factors as HRM practices (AMO HRM practices). AMO theory (Buller & McEvoy, 2012) claim that HRM systems can enhance the ability, motivation, and opportunity of the employees.
3.2.1 Ability-Enhancing HRM Practices

Ability enhancing HR practices indicates using recruitment/selection and extensive training to enhance the ability of employees to achieve specified and expected organization goals (Bello-Pintado, 2015; Guerci, Radaelli, Siletti, Cirella, & Rami Shani, 2015). Recruitment and selection practices are towards hiring a right person for the right job having specific and required skill level. According to Tay et al., (2017), the process of recruitment and selection is to enhance the highly skilled workforce through attracting, recruiting and selecting the right incumbent having relevant knowledge, skills and abilities. However, training and development practices are to further cultivate the skills and knowledge of the employees within an organization. Effective recruitment, selection, training and development practices develop highly skilled workforce along with low turnover, better retention rate and morale of the employees (Jiang et al., 2012). Deployment of well-structured recruitment and selection process followed by ability enhancing training and development programs lead towards better employee behavior and work unit performance. For reference see hypothesis 1a(i) and 1a(ii) in figure 1 indicating the effect of Ability enhancing HRM practices on cooperative behavior and work unit performance respectively.

\[ H_{1a}: \text{Ability enhancing human resource management practices have positive effect on (i) cooperative behavior and (ii) work unit performance.} \]

3.2.2 Motivation-Enhancing HRM Practices

Employees also need to be motivated to put discretionary number of efforts for the organization. Motivation enhancing HR practices are usually referred towards compensation and performance management, job stability and security, internal promotions and incentives (Bello-Pintado, 2015). Contingent rewards motivate employees to put exert extra efforts to perform their jobs. Monetary benefits, performance based pay, rewards and profit sharing systems enhance the motivation and performance of the employees to get better employee commitment within the organization (Tay et al., 2017). In summary, motivation enhancing HR practices are developed to enhance the employee motivation through offering opportunities for development, market competitive pay and hiring based on fit (McClean & Collins, 2018). Recently conducted research recommends the decision makers to have reasonable and equitable reward and compensation guidelines and determine performance evaluation system that can reduce biasness at all levels and also enhance the employee job satisfaction (Ali, 2019). For reference see hypothesis 1b in figure 1 which indicates the relationship between motivating enhancing HRM practices and employee satisfaction.

\[ H_{1b}: \text{There is a positive and significant relationship between motivation enhancing human resource management practices and employee satisfaction.} \]

3.2.3 Opportunity-Enhancing HRM Practices

Opportunity enhancing HR practices are related to the autonomy of employees and the opportunity to participate in the decision making about the way their job should be organized (Bello-Pintado, 2015). Practices related to the autonomy, information sharing, and teamwork reflect the organization of the work and the way different tasks and assignments should be performed usually.

Delegation of decision making from top hierarchical level to the low level through autonomy and information sharing is opportunity enhancing for the employees with an organization (Tay et al., 2017). Employees’ involvement in the decision making indicate the trust of top management in them which enhance the employee satisfaction that led towards better organizational outcome. To summarize it opportunity enhancing practices are the practices which increase the opportunity of employees to
contribute to accomplish the organizational goals. See hypothesis 1c in figure 1 for reference that is indicating the relationship between opportunity enhancing HRM practices and employee satisfaction.

**H1c**: There is a positive and significant relationship between opportunity enhancing human resource management practices and employee satisfaction

### 3.3 Mediating Role of Leadership Style

Leadership is recognized as a fundamental factor that influence the way in which HR practices are applied within an organization (Purcell and Hutchinson, 2007), and there is quite enough evidence present in literature about the leadership quality and its importance during the organizational change (Kiffen-Petersen and Cordery, 2003). The dimension of leadership implemented through times differs significantly, but one way to differentiate among leadership styles is to discern between transactional transformational leadership.

#### 3.3.1 Transformational Leadership

Transformational leaders are also portrayed as the charismatic personalities (Yukl, 1999). These leaders have related to employee commitment, satisfaction, and perceptions of the leader effectiveness (Dumdum, Lowe & Avolio, 2013). Further, transformational leaders amplify and enhance the interests of their followers to generate awareness and commitment of the subordinates towards goal of the group. When leaders allow individuals to excel their own interests for the betterment of that group (Nielsen, Randall, Yarker, & Brenner, 2008). Transformational leaders may have significant impact on the work characteristics perceptions of their followers because they promote the development through innovative ideas to work, appreciate problem solving, coaching and encouragement (Bass, 1999).

Cooper & Cartwright (1997) also suggested that leaders play essential role to manage and control the individual about their respective jobs. In another research, increased participation and delegation is directly associated with the level of well-being. Sufficient social support from supervisor may also related to the lower stress level and burnout (Lee & Ashforth, 1996). According to Bass and Avolio (1995) transformational leaders include idealized attributes and behavior, intellectual stimulus, inspirational motivation, and individualized consideration. This style disseminates clear division of competency and responsibilities to fact external changes effectively and to improve the organizational performance (Para-González et al., 2018). For reference see hypothesis 2 in figure 1 indicating the mediating effect of transformational leadership between HRM practices and organizational outcomes.

**H2**: Transformational leadership style mediates the relation between HRM practices and organizational outcomes.

Further, hypothesis 2a (figure 1) is representing the moderating effects of employee satisfaction where either transformational leadership or AMO enhancing HRM practices are present in comparison to the organizations where both (transformational leadership and AMO enhancing HRM practices) are present.

**H2a**: In organizations where either transformational leadership or AMO enhancing HRM practices are present, employee satisfaction is lower to the organizations where both are present.

Similarly, hypothesis 2b (figure 1) denotes the moderating effects of work unit performance where either transformational leadership or AMO enhancing HRM practices are present in comparison to the organizations where both (transformational leadership and AMO enhancing HRM practices) are present.
H2b: In organizations where either transformational leadership or AMO enhancing HRM practices are present, work unit performance is lower to the organizations where both are present.

### 3.3.2 Transactional Leadership

In contrary, transactional leadership is to comply with the leader in exchange for praise, rewards or just to avoid disciplinary action against them. It is associated with the close monitoring of performance and taking appropriate action as soon as aberrant behaviors occur (Bass et al., 2003). According to Zareen et al., (2015), followers were satisfied with the individualized consideration (IC) of the transformational leaders and contingent reward (CR) dimension of transactional leaders. Hence, both transformational and transactional leadership styles contribute towards the motivation and satisfaction of subordinates however in different situations results are turned out to be different.

Transactional leaders are defined as, “Leaders who lead primarily by using social exchanges for transactions” (Robbins, 2007, p.475) cited by Chaudhry and Javed (2012). Transactional leaders set clear goals, evaluate the needs of the organizations, monitor the subordinates, and inform the organization capacity of contingent rewards as per the employee performance. Further, management by exception active (MBEA) reflects that manager actively supervise the performance of the employees and take corrective actions if there is a gap found in expected and actual goals (Torlak & Kuzey, 2019). Transformational leadership is autocratic in nature and rewards/punishment factors are used to motivate employees. It can be performed by most of the managers and supervisors without having personal traits and extensive training such as vision and charisma. For reference see hypothesis 3 in figure 1 indicating the mediating effect of transactional leadership between AMO enhancing HRM practices and organizational outcomes.

H3: Transactional leadership mediates the relationship between AMO enhancing HRM practices and organizational outcomes.

Further, see hypothesis 3a(i) and 3a(ii) in figure 1 indicating the mediating effect of transactional leadership between AMO enhancing HRM practices and cooperative behavior and work unit performance respectively.
H₃a: AMO enhancing HRM practices has no indirect effect on (i) cooperative behavior and (ii) work unit performance through transactional leadership.

3.3.3 Laissez-Faire Leadership

Laissez-faire leadership style is defined as a leadership style in which leaders delegate all the decision-making powers to their followers (Zareen et al., 2015). Comparing empowering leadership with laissez-faire leadership style a thin line has been identified in literature that empowering leadership is an active style of leadership which tries to foster followers' sense of control on their job through autonomy and delegation of authority. Unlike empowering leadership, laissez-faire leadership is a passive leadership style also called “absence of leadership” and “management by exception passive (MBEP)” where leaders are usually found ineffective and even unfavorable to followers performance (Wong & Giessner, 2018).

According to Žibert & Starc (2018), these type of leaders avoid the acceptance of responsibility and are often absent and do not entertain the requests of help from the followers. Such behavior allows the subordinates to get higher degree of freedom and independence of decision making. This management style tends to create higher employee dissatisfaction, poor work quality and overall inefficiency of the organizational performance. Therefore, laissez-faire style of leadership often associated negatively to the organizational outcomes (Cummings et al., 2010). For reference see hypothesis 4 in figure 1 signifying the mediating effect of Laissez-faire leadership style between AMO enhancing HRM practices and organizational outcomes.

H₄: Laissez-faire leadership style mediates the relationship between AMO enhancing HRM practices and organizational outcomes.

Lastly, hypothesis 4a in figure 1 representing the mediating effect of Laissez-faire leadership style between Opportunity enhancing HRM practices and organizational outcomes.

H₄a: Opportunity enhancing HRM practices has indirect effect on organizational outcomes through laissez-faire leadership style.

4. CONCEPTUAL FRAMEWORK

In the light of literature review chart, theories and hypotheses developed in above sections, following is the conceptual framework of this study.

Figure 1 indicates that H₁ tests AMO enhancing HRM practices relationship with the organizational performance (i.e., employee satisfaction, cooperative behavior, and work unit performance) the expected sign is (+). In H₁a(i), H₁a(ii), H₁b and H₁c Ability, Motivation and Opportunity enhancing HRM practices hypothesize separately to check the relationship with cooperative behavior (ability), work unit performance (ability) and employee satisfaction (motivation and opportunity) expected signs are (+). H₂ tests indirect effect of AMO enhancing HRM practices first on organizational outcomes than on employee satisfaction (H₂a) and work unit performance (H₂b) through transformational leadership style. Similarly, H₃ is developed to check the mediating role of transactional leadership style between AMO enhancing HRM practices and organizational outcomes. However, H₃a(i) and H₃a(ii) further test the mediating role transactional leadership between AMO HRM practices and cooperative behavior and work unit performance respectively. Lastly, the effect of AMO enhancing HRM practices on organization outcomes through laissez-faire leadership style is tested in H₄ and its mediating role between opportunity enhancing HRM practices and organizational outcomes is H₄a.
5. METHODOLOGY

5.1 Research Design, Sample and Procedure

This study is based on the positivist research philosophy due to the objectivity of the data collected. Quantitative research approach with explanatory strategy is applied in this research with Two-Stage Partial Least Square Structural Equation Model (PLS-SEM) technique. PLS is a regression based structural equation modeling technique that does not require assumption about distribution of the data and employee principal component-based estimation technique (Chin, 1998).

There are two principal reasons to employee PLS; first the study is concerned towards the prediction of multiple dependent variables at the same time and second is relatively small sample size. According to Reinartz, Haenlein, & Henseler, (2009), PLS is a useful technique where number of observations is below 250. Roscoe (1975) stated that for most of the research with the sample size larger than 30 and less than 500 are suitable. Working professionals in private organizations of Karachi, Pakistan is the population of the study. Career level and working experience is considered as the control variable hence after data collection only those responses are considered in which respondent is working professional with work experience of at least 5 years. Therefore, non-probability convenience sampling technique is utilized to collect the sample. The sample for this study is 152.

5.2 Measures

All the measures in this study have been adapted from the prior studies to ensure their validity. Multiple-item scales measure is employed with 5-point Likert-type scale is used having range from 1 (Very dissatisfied, not at all and worse place to work) to 5 (Very satisfied, always, and best place to work) for constructs measuring human resource management practices and organizational outcomes. Leadership style is also measured on 5-point Likert-type scale instrument ranged from 1 (Not at all) to 5 (Always) see Appendix for questionnaire.

5.2.1 AMO Enhancing HRM Practices

The measurement of human resource management practices is based on eight factors adopted from Conway & Monks, (2007). Responses were based on 5-point Likert scale. These factors are further ordered into ability-motivation-opportunity enhancing human resource management practices as; ability enhancing practices are measured through the constructs of staffing (four items, alpha=0.72) and training (five items, alpha=0.86), motivation enhancing factors are sub categorized into career and performance management (six items, alpha=0.91), employee reward (two items, alpha=0.61) and job security single item construct. Opportunity enhancing practices are measured through autonomy (four items, alpha=0.88), communication (five items, alpha=0.84) and single item teamwork.

5.2.2 Organizational Outcomes

Researchers have examined both individual and organizational level outcomes in the presence of AMO enhancing human resource practices. Organizational outcomes have been measured through job satisfaction, individual performance, unit performance, organizational citizenship behavior and communication and information sharing (Cho & Ringquist, 2011). In this study we have investigated the employee level organizational outcomes through three indicators i.e., employee satisfaction, cooperative behavior and perceived work unit performance which are consistent with Dirks and Ferrin (2001).

5.2.3 Leadership Style

The mediating effect of three leadership styles i.e., transformational, transactional, and laissez-faire leadership are taken in this study. Multifactor Leadership Questionnaire (MLQ) Form 5X Short 5-point Likert scale is used in this study (Avolio et al., 2004). Transformational leadership is measured with
five items instrument each reflecting the five dimensions, i.e., Idealized Attributes (IA), Idealized Behaviors (IB), Intellectual Stimulation (IS), Inspirational Motivation (IM) and Individualized Consideration (IC). Transactional leadership is measured by two items i.e., Contingent Reward (CR) and Management-by-exception Active (MBEA) however, laissez-faire leadership has two items Laissez-faire (LF) and Management-by-exception Passive (MBEP).

6. RESULTS

Partial Least Square Structural Equation Modelling (PLS-SEM) with Smart PLS (v.3.2.7) software is applied to analyze the data. Higher order research model of this study has three levels; first order constructs are staffing, training, career and performance management, employee reward, job security, autonomy, communication, teamwork, transformational, transactional, laissez-faire, employee satisfaction, cooperative behavior, and work unit performance. Second order constructs are ability, motivation, opportunity, and organizational outcomes. On the other hand, human resource management practices are the third order construct. First order constructs are reflective constructs as they are measured and represented by their items (Mackenzie, Podsakoff and Jarvis, 2005). However, second and third order constructs are formative constructs since they are formed through either first order or second order constructs respectively. For example, second order construct ability in formed by first order constructs staffing and training. Therefore, amending any of the orders constructs lead to change the higher order construct (Tay et al., 2017). Analysis of the data is carried out into two stages: measurement model and structural model i.e., PLS-SEM. According to Hair et al., (2017); measurement model examines the reliability and validity of the items although the relationship between the constructs is evaluated by the structural model. There are four types of hierarchical latent variable models; reflective-reflective type I, reflective-formative type II, formative reflective type III and formative-formative type IV (Becker, Klein, & Wetzels, 2012). In this study we have used reflective-formative type II hierarchical latent variable model.

6.1 First-Order Reflective Measurement Model

In the first-order measurement model four tests are carried out i.e., item loadings, composite reliability (CR), average variance extracted (AVE) and Fornell-Larcker criterion to measure the validity and reliability of the items. According to Hair et al., (2017) item loading is the extent to which the items correlated with constructs referred to be more than 0.70 (Hulland, 1999). Results indicate that most of the item loadings are greater than the required value however few items are dropped (i.e., STF_2, TR_3, CPM_1, CPM_2 and CPM_5) from the analysis due to very low loadings. However, the procedure of dropping items do not alter the meaning and measurement of the construct. Further, composite reliability measures inter consistency of the construct, values of 0.6 to 0.7 are acceptable in exploratory research and CR > 0.95 are not desirable because it indicates that the indicators are measuring the same phenomenon hence not likely to be the valid measure of the respective construct (Hair et al., 2017). Table 2 shows that all the first order reflective constructs have 0.7 < CR < 0.95, thus supporting the internal consistency reliability. Three constructs (JS, TW and WUP) have CR=1 due to single item measurement. Moreover, for convergent and discriminant validity, AVE and Fornell-Larcker criterion are carried out. Average variance extracted indicate the extent to which a construct explains the variance of its items (Hair et al., 2017). Rule of thumb suggests AVE minimum value of 0.5 which means latent variable should explain 50% variance of each indicator (Hair et al., 2014). All the first-order constructs have AVE value above the required value of 0.5 indicating the construct explains more than 50% of the variance of its indicators. Lastly, discriminant validity is the extent to which a construct is distinct from other constructs. To assess the discriminant validity Fornell-Larcker criterion approach is used which compares square root of the AVE values with the other latent variable correlations. Basically, the square root value of AVE of each construct must be greater than its correlation with any other construct (Hair et al., 2014). The presentation of Fornell-
Larcker criterion is illustrated in table 3 for a PLS path model of all the constructs. However, the criterion is not meaningful for formative and single-item constructs. Therefore, all the remaining constructs establishing discriminant validity as square root of AVE of each is greater than its highest correlation with any other construct.

### 6.2 Higher Order Formative Measurement Models

To analyze the higher order formative measurement models; variance inflation factor (VIF), significance (t-values) and outer weights (outer loadings) of the formative items are assessed.
Table 3. Fornell-Larcker criterion for discriminant validity of the first order reflective measurement model

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<td>0.923</td>
<td>0.823</td>
<td>0.326</td>
<td>0.855</td>
<td>0.878</td>
<td>0.749</td>
<td>0.683</td>
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<tr>
<td>JS</td>
<td>0.225</td>
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<td>0.376</td>
<td>-0.001</td>
<td>-0.018</td>
<td>0.229</td>
<td>0.266</td>
<td>0.175</td>
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<tr>
<td>LFL</td>
<td>-0.287</td>
<td>-0.113</td>
<td>-0.067</td>
<td>-0.219</td>
<td>-0.311</td>
<td>-0.261</td>
<td>-0.048</td>
<td>-0.291</td>
<td>0.038</td>
<td>0.849</td>
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<tr>
<td>MOT</td>
<td>0.785</td>
<td>0.752</td>
<td>0.245</td>
<td>0.910</td>
<td>0.760</td>
<td>0.811</td>
<td>0.602</td>
<td>0.930</td>
<td>0.143</td>
<td>-0.280</td>
<td>Formative</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>OOT</td>
<td>0.652</td>
<td>0.624</td>
<td>0.715</td>
<td>0.490</td>
<td>0.512</td>
<td>0.430</td>
<td>0.896</td>
<td>0.664</td>
<td>0.318</td>
<td>-0.054</td>
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<td>OPP</td>
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<td>0.851</td>
<td>0.264</td>
<td>0.815</td>
<td>0.921</td>
<td>0.642</td>
<td>0.663</td>
<td>0.952</td>
<td>0.128</td>
<td>-0.256</td>
<td>0.848</td>
<td>0.624</td>
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</tr>
<tr>
<td>TR</td>
<td>0.966</td>
<td>0.542</td>
<td>0.406</td>
<td>0.616</td>
<td>0.776</td>
<td>0.673</td>
<td>0.530</td>
<td>0.867</td>
<td>0.170</td>
<td>-0.259</td>
<td>0.731</td>
<td>0.579</td>
<td>0.747</td>
<td>0.884</td>
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<tr>
<td>TRL</td>
<td>0.690</td>
<td>0.693</td>
<td>0.359</td>
<td>0.662</td>
<td>0.584</td>
<td>0.406</td>
<td>0.665</td>
<td>0.741</td>
<td>0.142</td>
<td>-0.430</td>
<td>0.657</td>
<td>0.636</td>
<td>0.709</td>
<td>0.621</td>
<td>0.859</td>
<td></td>
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</tr>
<tr>
<td>TSL</td>
<td>0.697</td>
<td>0.510</td>
<td>0.205</td>
<td>0.582</td>
<td>0.598</td>
<td>0.441</td>
<td>0.413</td>
<td>0.686</td>
<td>0.001</td>
<td>-0.393</td>
<td>0.590</td>
<td>0.428</td>
<td>0.630</td>
<td>0.675</td>
<td>0.800</td>
<td>0.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TW</td>
<td>0.430</td>
<td>0.447</td>
<td>0.241</td>
<td>0.486</td>
<td>0.535</td>
<td>0.535</td>
<td>0.291</td>
<td>0.572</td>
<td>0.267</td>
<td>-0.173</td>
<td>0.542</td>
<td>0.345</td>
<td>0.642</td>
<td>0.400</td>
<td>0.458</td>
<td>0.424</td>
<td>Single Item</td>
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</tr>
<tr>
<td>WUP</td>
<td>0.375</td>
<td>0.259</td>
<td>0.495</td>
<td>0.268</td>
<td>0.323</td>
<td>0.242</td>
<td>0.315</td>
<td>0.367</td>
<td>-0.005</td>
<td>0.002</td>
<td>0.299</td>
<td>0.602</td>
<td>0.345</td>
<td>0.342</td>
<td>0.232</td>
<td>0.337</td>
<td>0.293</td>
<td>Single Item</td>
</tr>
</tbody>
</table>
According to Hair et al., (2014) unlike reflective indicators which are interchangeable, high correlation between items is not acceptable in the formative measurement model and the problem is called as collinearity issue. Each indicator’s tolerance (VIF) is to check the collinearity of the items, suggested VIF value should be higher than 0.20 (lower than 5). Second-order formative contracts (i.e., AB, MOT, OPP and OOT) and third-order formative construct (i.e., HRMP) have no critical levels of collinearity (i.e., VIF<5) see table 4 and table 5 respectively, hence, further analysis is to check the significance (t values) of outer weights and outer loadings. The outer weight is a result of the multiple regression between the latent variable score as dependent variable and formative indicators as independent variable (Hair et al., 2010). Most of the formative indicators are highly significant (t > 1.96) and outer loadings are more than 0.50 as suggested. Teamwork (indicator for second order construct i.e., OPP) and motivation (indicator for third order construct i.e., HRMP) constructs have outer weights’ insignificant t values though due to outer loadings greater than 0.5 these constructs are not dropped. Therefore, selected indicators form the higher order formative constructs, and the measurement model is at the acceptable level.

6.3 Structural Model (Two-Stage Approach)

The structural model contains hypothesized relationship between the exogenous and endogenous variables in the model. Hair et al., (2017) suggested to assess structural model through collinearity, significance of path coefficients, coefficient of determination ($R^2$), effect size ($f^2$), predictive relevance ($Q^2$) and hypothesis testing. The two-stage approach PLS-SEM models is adopted in this study; at the first stage the relation among second order exogenous latent variables (i.e., AB, MOT and OPP), first and second order endogenous variables (i.e., ES, CB, WUP and OOT) and mediating effects of laissez-faire leadership style is checked. Initially, variance inflation factor (VIF) is checked for

<table>
<thead>
<tr>
<th>Second Order Formative Constructs</th>
<th>Formative Indicator</th>
<th>VIF</th>
<th>Outer Weights (Outer Loadings)</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability</td>
<td>Staffing</td>
<td>2.269</td>
<td>0.392</td>
<td>39.257***</td>
</tr>
<tr>
<td></td>
<td>Training</td>
<td>2.269</td>
<td>0.673</td>
<td>59.627***</td>
</tr>
<tr>
<td>Motivation</td>
<td>Career Performance and Management</td>
<td>1.449</td>
<td>0.674</td>
<td>37.838***</td>
</tr>
<tr>
<td></td>
<td>Employee Reward Job Security</td>
<td>1.530</td>
<td>0.436</td>
<td>22.314***</td>
</tr>
<tr>
<td></td>
<td>Job Security</td>
<td>1.081</td>
<td>0.044</td>
<td>2.775***</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Autonomy</td>
<td>1.617</td>
<td>0.441</td>
<td>25.340***</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td>1.813</td>
<td>0.586</td>
<td>45.457***</td>
</tr>
<tr>
<td></td>
<td>Teamwork</td>
<td>1.451</td>
<td>0.131</td>
<td>16.705***</td>
</tr>
<tr>
<td>Organizational Outcomes</td>
<td>Employee Satisfaction</td>
<td>2.935</td>
<td>0.698</td>
<td>29.427***</td>
</tr>
<tr>
<td></td>
<td>Cooperative Behavior</td>
<td>1.690</td>
<td>0.344</td>
<td>15.061***</td>
</tr>
<tr>
<td></td>
<td>Work unit performance</td>
<td>1.710</td>
<td>0.214</td>
<td>14.666***</td>
</tr>
</tbody>
</table>
*** P-value < 0.01

<table>
<thead>
<tr>
<th>Third Order Formative Constructs</th>
<th>Formative Indicator</th>
<th>VIF</th>
<th>Outer Weights (Outer Loadings)</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource Management Practices</td>
<td>Ability</td>
<td>3.193</td>
<td>0.353</td>
<td>37.436***</td>
</tr>
<tr>
<td></td>
<td>Motivation</td>
<td>3.964</td>
<td>0.310</td>
<td>35.031***</td>
</tr>
<tr>
<td></td>
<td>Opportunity</td>
<td>4.360</td>
<td>0.405</td>
<td>49.068***</td>
</tr>
</tbody>
</table>
*** P-value < 0.01
collinearity, where VIF values are; STF=2.268, TR=2.268, CPM=1.450, ER=1.530, JS=1.081, AUT=1.617, COM=1.813, TW=1.451, ES=1.198, CB=1.428 and WUP=1.358. All the values are above 0.2 (less than 5) hence collinearity is not an issue in the first stage analysis of structural model. A bootstrap resampling procedure with 5000 subsamples is developed (Hair, et al., 2014) to illustrate the direct hypothesized paths coefficients and their significance.

Testing $H_{1a}$ confirmed that ability enhancing practices have direct and positive effect on the (i) cooperative behavior ($\beta=0.396$, $t=5.199$) and (ii) work unit performance ($\beta=0.378$, $t=4.563$). $H_{1b}$ is based on the positive and significant relationship between motivation enhancing HRM practices and employee satisfaction however, results regarding this hypothesis depict that there is no direct and significant effect of motivation enhancing practices on the employee satisfaction ($\beta=-0.60$, $t=360$). Similarly, $H_{1c}$ is supported by the results indicating opportunity enhancing HRM practices have positive and significant effect on the employee satisfaction ($\beta=0.554$, $t=2.306$). To check the mediation effect of laissez-faire leadership style between opportunity enhancing HRM practices and organization outcomes. First the effect of opportunity enhancing practices and organizational outcomes is checked without mediation of laissez-faire leadership ($\beta=0.005$, $t=0.400$). Second, with the mediation effects, the relation between opportunity enhancing practices to laissez-faire ($\beta=-0.229$, $t=2.180$) and laissez faire leadership ($\beta=-0.003$, $t=1.062$) with the organizational outcomes is checked. Therefore, testing $H_{4a}$ that there is an indirect effect of opportunity enhancing HRM practices on organizational outcomes through laissez-faire leadership, results of both indirect ($\beta=0.302$, $t=4.083$) and total effects ($\beta=0.306$, $t=4.193$) supports the hypothesis hence laissez-faire plays full mediating role in between as opportunity enhancing practices create a significant and positive indirect path to organizational outcomes through laissez-faire leadership style. Path coefficients, hypothesis testing and decision can be seen in the table 6 given below.

PLS-SEM aims to maximize the $R^2$ values of the endogenous variables in the path model. In first stage of two-stage approach of structural model coefficient of determination of ES is highest ($R^2=0.489$) which indicates that 48.90 percent of variance in employee satisfaction is explained by AMO enhancing HRM practices. According to Hair et al., (2017) the effect size ($f^2$) determines the effect of independent variable(s) on the dependent variable. Results of our model indicate that ability enhancing HRM practices have moderate effect on cooperative behavior ($f^2=0.186$) and work unit performance ($f^2=0.166$) as compare any other effect in the model. Lastly, through blindfolding procedure predictive relevance is determined which indicate the predictive relevance of model and how well the dependent variables are defined by independent variables. It is found that all the values of $Q^2$ are greater than zero indicate the predictive relevance of the structural model (i.e., ES=0.345 CB=0.112 and WUP=124).

### Table 6. Hypothesis testing (first stage)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Coefficient</th>
<th>t value</th>
<th>p value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_{1a(i)}$</td>
<td>Ability → CB</td>
<td>0.396</td>
<td>5.199</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_{1a(ii)}$</td>
<td>Ability → WUP</td>
<td>0.378</td>
<td>4.563</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_{1b}$</td>
<td>Motivation → ES</td>
<td>-0.060</td>
<td>0.360</td>
<td>0.719</td>
<td>Not Supported</td>
</tr>
<tr>
<td>$H_{1c}$</td>
<td>Opportunity → ES</td>
<td>0.554</td>
<td>2.306</td>
<td>0.021</td>
<td>Supported</td>
</tr>
<tr>
<td>$H_{4a}$</td>
<td>Opportunity → OOT</td>
<td>0.005</td>
<td>0.400</td>
<td>0.689</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>Opportunity → LFL</td>
<td>-0.229</td>
<td>2.180</td>
<td>0.029</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LFL → OOT</td>
<td>-0.003</td>
<td>1.062</td>
<td>0.288</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Opportunity → OOT (Total)</td>
<td>0.306</td>
<td>4.193</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Opportunity → OOT (Indirect)</td>
<td>0.302</td>
<td>4.083</td>
<td>0.000</td>
<td>(Full Mediation)</td>
</tr>
</tbody>
</table>
In the second stage of structural model, the relationship between third order endogenous variable (i.e., HRM practices) and first and second order exogenous variables (i.e., ES, CB, WUP and OOT) with or with mediating effects of transformational, transactional, and laissez-faire leadership styles are taken into account. First, VIF values of AB=3.193, MOT=3.964, OPP=4.360 are above 0.2 (below 5) hence collinearity is not an issue in the second stage of structural model. A bootstrap resampling procedure with 5000 subsamples is developed for the second stage of structural model to demonstrate the hypothesized paths coefficients and their significance level. Testing \( H_1 \) that AMO enhancing HRM practices have direct and significant effect on organizational outcomes. Results support the hypothesis (\( \beta = 0.702, t = 14.275 \)) hence AMO enhancing HRM practices have direct and significant effect on organizational outcomes.

Now to check the mediating effects of leadership styles, the same model is run without mediating variables, testing \( H_2, H_3 \) and \( H_4 \), first the effect of HRM practices on organizational outcomes (without mediation) is checked which indicates significant relationship (\( H_2 \)). Further, the effect of mediators on the organizational outcomes is measured as transformational (\( \beta = 0.663, t = 4.528 \)), transactional (\( \beta = -0.370, t = 2.264 \)) and laissez-faire (\( \beta = 0.246, t = 2.874 \)) leadership styles have significant direct effect on organizational outcomes individually. Similarly, the effect from endogenous variables (HRMP) to mediators is also significant i.e., transformational (\( \beta = 0.738, t = 17.436 \)), transactional (\( \beta = 0.700, t = 14.639 \)) and laissez-faire (\( \beta = -0.294, t = 2.72 \)). This result indicates the partial mediation of transformational, transactional, and laissez-faire leadership styles between AMO enhancing HRM practices and organizational outcomes as mediating effects reduce the path coefficient of HRMP → OOT (\( \beta = 0.541, t = 5.382 \)) from (\( \beta = 0.702, t = 14.275 \)). Due to multiple mediation in the model, specific indirect effects are also checked which indicate among the partial mediation of leadership styles; transformational is the strongest mediator (\( \beta = 0.489, t = 4.146 \)) followed by transactional leadership (\( \beta = -0.259, t = 2.164 \)) however, laissez-faire is turned out to be insignificant in specific indirect effects (\( \beta = -0.072, t = 1.90 \)) for further detail see table 7.

Testing \( H_3a \) that AMO enhancing HRM practices have no indirect effect on the (i) cooperative behavior and (ii) work unit performance through transactional leadership. First, the direct effect of HRMP on CB (\( \beta = 0.364, t = 4.232 \)) and WUP (\( \beta = 0.385, t = 4.35 \)) is checked without mediating effect of transactional leadership. Further, with mediation, the results are HRMP → TSL (\( \beta = 0.704, t = 14.567 \)) and TSL → CB (\( \beta = -0.103, t = 0.653 \)), TSL → WUP (\( \beta = 0.280, t = 1.660 \)). Hence results of hypothesis (\( H_3a \)) supports that there is no indirect effects from AMO enhancing HRM practices to (i) cooperative behavior (\( \beta = -0.073, t = 0.634 \)) and (ii) work unit performance (\( \beta = -0.002, t = 0.017 \)).

According to Hair et al., (2014) to explore the moderating effect of a variable two approaches can be used (i) product indicator and (ii) two-stage approach. Due to the presence of formative constructs i.e., HRMP we cannot imply product indicator approach, we therefore use two-stage approach and simple slope analysis to test \( H_{2a} \) and \( H_{2b} \). The results indicate that the interaction term HRMP*TRL has a negative effect on employee satisfaction (-0.029), in the presence of moderator variable TRL the relationship of HRMP → ES has a value of 0.398. If the transformational leadership becomes higher (i.e., TRL increases by one S.D. point), this will imply that the relationship of HRMP → ES would decrease by the size of the moderation term and obtain the value of 0.398-0.029=0.369 and vice versa is the situation with lowering transformational leadership (see figure 2). Testing \( H_{2a} \) needs to determine the significant relationship between interaction item and employee satisfaction. Bootstrapping procedure with 5000 subsamples is developed which illustrates t-value of 0.425 indicating that moderator effect is not significant. Hence, \( H_{2a} \) is not supported because transformational leadership does not affect the relationship between HRMP and ES.

Similarly, the interaction term HRMP*TRL has path coefficient of (0.326) to work unit performance. Therefore, if transformational leadership increases by one S.D. point this would increase the relationship between HRMP and WUP by the size of moderation term i.e., 0.327-0.326=0.001 and vice versa (see figure 3). Although the moderating effect of transformational leadership is quite
Table 7. Hypothesis Testing (Second Stage)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Coefficient</th>
<th>t value</th>
<th>p value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>HRMP → OOT</td>
<td>0.702</td>
<td>14.275</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H₂</td>
<td>HRMP → TRL</td>
<td>0.738</td>
<td>17.436</td>
<td>0.000</td>
<td>Supported (Partial Mediation)</td>
</tr>
<tr>
<td></td>
<td>TRL → OOT</td>
<td>0.663</td>
<td>4.528</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HRMP → TRL -&gt; OOT (Specific)</td>
<td>0.489</td>
<td>4.146</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>H₂ₐ</td>
<td>Moderating Effect* → ES</td>
<td>-0.029</td>
<td>0.425</td>
<td>0.671</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H₂₉</td>
<td>Moderating Effect* → WUP</td>
<td>0.326</td>
<td>4.926</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H₃</td>
<td>HRMP → TSL</td>
<td>0.700</td>
<td>14.539</td>
<td>0.000</td>
<td>Supported (Partial Mediation)</td>
</tr>
<tr>
<td></td>
<td>TSL → OOT</td>
<td>-0.370</td>
<td>2.264</td>
<td>0.024</td>
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</tr>
<tr>
<td></td>
<td>HRMP → TSL -&gt; OOT (Specific)</td>
<td>-0.259</td>
<td>2.164</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td>H₃ₐ(i)</td>
<td>HRMP → CB</td>
<td>0.364</td>
<td>4.232</td>
<td>0.000</td>
<td>Supported (No Mediation)</td>
</tr>
<tr>
<td></td>
<td>HRMP → TSL</td>
<td>0.704</td>
<td>14.567</td>
<td>0.000</td>
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</tr>
<tr>
<td></td>
<td>TSL → CB</td>
<td>-0.103</td>
<td>0.653</td>
<td>0.514</td>
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<tr>
<td></td>
<td>HRMP → CB (Indirect)</td>
<td>-0.073</td>
<td>0.634</td>
<td>0.526</td>
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</tr>
<tr>
<td>H₃ₐ(ii)</td>
<td>HRMP → WUP</td>
<td>0.385</td>
<td>4.350</td>
<td>0.000</td>
<td>Supported (No Mediation)</td>
</tr>
<tr>
<td></td>
<td>HRMP → TSL</td>
<td>0.704</td>
<td>14.567</td>
<td>0.000</td>
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</tr>
<tr>
<td></td>
<td>TSL → WUP</td>
<td>0.280</td>
<td>1.660</td>
<td>0.097</td>
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</tr>
<tr>
<td></td>
<td>HRMP → WUP (Indirect)</td>
<td>-0.002</td>
<td>0.017</td>
<td>0.987</td>
<td></td>
</tr>
<tr>
<td>H₄</td>
<td>HRMP → LFL</td>
<td>-0.294</td>
<td>2.720</td>
<td>0.007</td>
<td>Not Supported</td>
</tr>
<tr>
<td></td>
<td>LFL → OOT</td>
<td>0.246</td>
<td>2.874</td>
<td>0.004</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HRMP → LFL -&gt; OOT (Specific)</td>
<td>-0.072</td>
<td>1.900</td>
<td>0.057</td>
<td></td>
</tr>
</tbody>
</table>

*Interaction term HRMP**TRL

Note: HRMP → OOT (β=0.541, t=5.382) with (multiple) mediation (H₂, H₃ and H₄)

Figure 2. Conceptual model and PLS SEM Results of Formative Measurement and Structural Model (First-stage)
meager, but it supports $H_{2b}$ (t value 4.926) that organizations with presence of both; AMO enhancing HRM practices and transformational leadership have 0.001 more work unit performance (see figure 4).

For the second stage of two-stage structural model (see figure 5 for reference) initially the variance of second order dependent variable explained by third order independent variable is determined. The PLS algorithm results indicate 49.3 percent of variances in organizational outcomes in explained by the AMO enhancing HRM practices ($R^2 =0.493$) with the effect size ($f^2 =0.971$) and predictive relevance ($Q^2 =0.215$). The model is run again with the mediation effects of leadership styles which increases the $R^2$ to 0.637 indicating the 63.7 percent of variance in organizational outcomes is due to direct effect of AMO enhancing HRM practices and their indirect effects through mediations from leadership styles. Further, it is obtained that AMO enhancing HRM practices have large effect size ($f^2 =0.339$) on the organizational outcomes and the predictive relevance of the model is also greater than zero (i.e., $Q^2 =0.273$) indicating the model predictive relevance.

7. DISCUSSION

The preliminary goals of this study are to (i) formulate a theoretical model with conventional human resource management functions to develop and validate AMO enhancing HRM practices and (ii)
mediating role of different leadership styles relating AMO enhancing HRM practices to employee level organizational outcomes. Several studies confirm that KSA and HRM practices play a vital role towards the organizational better financial performance (Vidija et al., 2016) firm economic value (Truss, 2001) and competitive advantage (Vermeeren et al., 2014). Although according to Zhang & Morris, (2014) HRM practices are more employee centric because the basic objective is to develop human resources in terms of KSA. In this study AMO enhancing HRM practices developed a strong and significant association with the employee level organizational outcomes i.e., employee satisfaction, cooperative behavior, and work unit performance. Further, discussing the effects of ability enhancing HRM practices which are to recruit the potential and skillful employee (Tay et al., 2017), and to deploy training and development to further apprise the skill level of the selected employee for better employee behavior and work unit performance (Jiang et al., 2012). This study supports the relationship of the ability enhancing HRM practices (i.e., Staffing and Training) to cooperative behavior and work unit performance. Additionally, in this study it is formulated that ability enhancing practices are not associated to the employee satisfaction rather towards other organizational outcomes. On the other hand, employee satisfaction is only associated with the opportunity enhancing HRM practices (i.e. Autonomy, Communication and Teamwork) supporting (Tay et al., 2017). These results draw a conclusion that employees get more satisfied with empowerment, autonomy and dissemination of ideas and communication from top to middle and lower management. Their satisfaction is not directly related to motivation enhancing practices (i.e. Career and Performance Management, Rewards and Job Security). These results are not thoroughly consistent with the prior studies (Ali, 2019) but this can be clearly evaluated from the studies of (McClean & Collins, 2018; Tay et al., 2017) that motivation enhancing HRM practices are more focused towards motivation rather satisfaction of the employee. Some very interesting analyses can be drawn from results that AMO enhancing HRM practices have to be implemented altogether to accomplish the better performance, productivity, sustainability, competitive advantage, and firm economic value to attain the employee level organizational outcomes. Rewards, career incentives and performance management are not only the HR functions that bring up satisfaction in employees but ability and opportunity enhancing HRM practices are equally important to attain the better organizational performance and outcomes. The highest significant relation of AMO enhancing HRM practices (third order construct) to organizational outcomes is rationalization of the first motive that is to establish a(n) fact and importance of AMO HRM practices altogether. Leadership styles have always been essential and crucial for organizational outcomes but how these mediate between the HRM practices and outcomes is the second primary objective of this
Several aspects have been further developed and empirically examined in this study; ability enhancing practices (Recruitment, Selection, Training and Development) should be adopted to achieve better attitude, cooperative behavior, and work unit performance. The process of recruitment is an essential prospect for the management to filter candidates having required behavior, later, training and development is also a very important ability enhancing function that may lead to productive and cooperative work environment for better organizational performance. Managers can satisfy their employees through delegation of responsibility to them, information sharing and dissemination of work in teams. Leadership styles are also observed through diverse directions, laissez-faire which is useful leadership style in some organizational cultures strongly supported the theories of delegation of work to teams as full mediator between the organizational outcomes and opportunity enhancing HRM practices but does not mediate between AMO enhancing practices and organizational outcomes. In
contrary to this both other leadership styles partially mediate between HRM practices and outcomes. Results suggest transformational leadership as strong mediator and it also moderates between HRM practices and work unit performance. Organizations should implement AMO enhancing practices along with transformational style of leadership to enhance the employee level organizational outcomes particularly work unit performance. However, to achieve required cooperative behavior and work unit performance, no indirect path and mediation is observed through transactional leadership. Lastly, the overall relation between Ability-Motivation-Opportunity enhancing HRM practices have robust impact on the organizational outcomes either through leadership mediations or direct.

9. LIMITATION AND RECOMMENDATION

Despite of the complex integration of diverse set of variables related to the HRM practices, leadership styles and organization outcomes, yet this study lacks in terms of sample size and respondents are not a true representative of a particular sector/industry as they are included based on their working experience. It is recommended to investigate mediation of some other leadership styles like; strategic, visionary, and entrepreneurial which may bring different set of results. Lastly, researchers may also analyze sector/industry wise effectiveness of AMO enhancing HRM practices and leadership styles towards outcomes, motivation, and employee satisfaction.

CONFLICT OF INTEREST

All the authors of this publication declare there is no conflict of interests.
REFERENCES


APPENDIX: QUESTIONNAIRE

HR Practices
Each item was preceded with the statement ‘please indicate your level of satisfaction with the following practices in your organization’.

Career/Performance Management
1. The way in which your performance is managed
2. The information given to you about career paths in your job and the ways in which a position can be reached
3. The opportunities you have in your job to make full use of your skills and abilities
4. The opportunities you have to discuss your career with your manager
5. Your promotion opportunities
6. The opportunities that you have to discuss aspects of your performance with your manager

Autonomy
1. The amount of flexibility that you have in deciding how your job should be done
2. The opportunities you have to make suggestions about issues affecting your work
3. The opportunities that you have to choose your own job assignments
4. The influence that you have in deciding the way your work is organized

Communication
1. The information provided to you concerning important new initiatives at work
2. The grievance or complaints resolution system
3. The information provided to you about how your organization is performing
4. The organization’s approach to dealing with harassment/bullying
5. The information provided to you on future plans

Training
1. The amount of training that you receive
2. The opportunities you have to engage in training and education activities that are beyond that needed in your job
3. The financial support you can receive from your employer for further education
4. The influence that you have in deciding on the type of training that you receive
5. The level of training provided to new staff

Staffing
1. Your present workload
2. The materials and equipment needed to perform your job
3. The efforts made by your organization to ensure that staffing levels are adequate
4. The opportunities that you have to work flexibly (e.g. job sharing, flexi-time)

Employee Reward
1. The extent to which your pay reflects the contribution that you make
2. The benefits package that you receive

Job security
1. Your level of job security

Teamwork
1. The opportunities you have to work as part of a team
Leadership Style

Table 8. Multifactor Leadership Questionnaire (MLQ) Form 5X-Short

| IA  | 1. Goes beyond self-interest for the good of the group |
| IB  | 2. Considers the moral and ethical consequences of decisions |
| IS  | 3. Re-examines critical assumptions to question whether they are appropriate |
| IM  | 4. Talks optimistically about the future |
| IC  | 5. Helps me to develop my strengths |

**Transactional Leadership**

| CR  | 1. Makes clear what one can expect to receive when performance goals are achieved |
| MBEA | 2. Keeps track of all mistakes |

**Laissez-Faire**

| MBEP | 1. Waits for things to go wrong before taking action |
| LF | 2. Avoids making decisions |

IA – Idealized Attributes  
IB – Idealized Behaviors  
IS – Intellectual Stimulation  
IM – Inspirational Motivation  
IC – Individualized Consideration  
CR – Contingent Reward  
LF – Laissez-Faire  
MBEA – Management-by-exception Active  
MBEP – Management-by-exception Passive

Table 9. Organizational Outcomes

**Employee Satisfaction**

1. Considering everything, how satisfied are you with your job?  
2. Considering everything, how satisfied are you with your organization?  
3. I recommend my organization as a good place to work.

**Cooperative Behaviors**

1. The people I work with cooperate to get the job done  
2. Employees in my work unit share job knowledge with each other

**Work-Unit Performance**

1. How would you rate the overall quality of work done by your work group?
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