

# The Moderating Role of Gender between HRM Practice and Organizational Performance

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## Abstract

*This study aimed to examine the gender effect on organizational performance and the moderating impact of gender between HRM practices and organizational performance. 2251 officer-level employees of nine Nepalese public financial institutions were the population. Among them, 430 was the sample size. The purposive sampling method was used to select the sample. An independent sample t-test is applied to compare the organizational performance of males and females. Process Macro Model One is used to examine the moderating impact of gender on the relationship between HRM practices and organizational performance. The result showed that organizational performance is significantly different between male and female. Gender moderated the association between HRM practices and organizational performance in Nepal's public financial institutions. Gender are crucial factors that improve the connection between HRM practices and organizational performance.*

**Keywords:** HRM Practices, Organizational Performance, Gender, Nepalese Public Financial Institutions

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## Introduction

Human resource management practices (HRMP) refer to selection, training and development, performance appraisal, performance-related reward, communication, and empowerment (Ko & Smith-Walter, 2013). Organizational performance has several definitions, such as efficiency, effectiveness, financial results, and employee satisfaction (Gopalakrishnan, 2000). It should be noted that performance will determine the degree to which an organization achieves its goals and objectives (Daft, 1995). The role of gender can improve organizational performance (Ngao & Mwangi, 2013; Ko & Smith-Walter, 2013). Gender diversity can contribute to organizational performance (Hsu & Lawler, 2019). But gender diversity can't contribute to organizational performance (McMillan-Capehart & Simerly, 2008). The role of gender improved the link between knowledge sharing and organizational performance (Moreno et al., 2018). HRM practices enhance employee engagement through gender in the Vietnamese banking industry (Vuong & Sid, 2020). However, gender did not develop the link between GHRM and organizational identification in the automobile sector of India (Chaudhary, 2020). Similarly, gender did not influence the link between GHRM and organizational identification. Moreover, the role of gender did not improve the relationship between high-performance work system and job satisfaction in Pakistani universities (Bashir et al., 2011). Employee age did not affect the relationship between perceived HRM practices and organizational commitment in the Nepali banking sector (Suryanarayana, 2022). Thus, this study was to assess the moderating effect of

gender on the relationship between HRM practices and organizational performance in Nepalese public financial institutions.

## **Literature Review**

### **HRM Practices**

HRM practices are organizational methods and activities designed to manage the workforce efficiently in order to increase job satisfaction, productivity, and organizational goals. HRM practices are vital in creating an organized work environment where employees are motivated and their skills are aligned with organizational requirements (Dessler, 2020). HRM practices are crucial for developing a productive workforce, coordinating employee goals with corporate objectives, and establishing a pleasant workplace culture (Armstrong & Taylor, 2020).

### **Organizational Performance**

Organizational performance concerns the actual results of an organization linked to the organization's predetermined results (Tomal & Jones, 2015). The amount to which a business meets its goals—profitability, expansion, market share, customer happiness, and internal efficiency—is referred to as organizational performance. It is frequently applied to gauge an organization's success in meeting strategic objectives and preserving competitiveness. Organizational performance typically involves analyzing financial indicators, operational efficiency, and non-financial measure such as customer loyalty and employee morale (Kaplan & Norton, 1996).

### **Social Role Theory (SRT)**

SRT suggests that gender variances in behavior and attitudes ascend from societal expectations and norms associated with gender roles. In an organizational context, SRT helps to expound how gender might influence perceptions and responses to HRM practices, thereby affecting organizational performance (Eagly, 1987; Eagly & Wood, 1999).

### **Gender and Organizational Performance**

The positive effects of gender diversity on performance are most evident in inclusive environments where diverse perspectives are actively valued and utilized (Herring, 2009). Examining how employee gender affects organizational performance was the goal. The findings indicated that organizational performance is influenced by gender (Ngao & Mwangi, 2013; Ko & Smith-Walter, 2013).

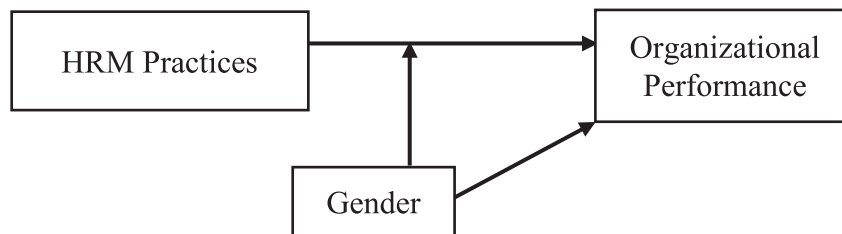
### **HRM Practices and Organizational Performance Mediated by Gender**

Highly selection staffing, performance-based pay, empowerment, internal career opportunity, and result-oriented appraisal were considered high-performance work system (HPWS). Examining how gender influences the link between HPWS and job satisfaction at Pakistani universities was the aim of the study. The results unveiled that the link between HPWS and job satisfaction was not moderated by gender (Bashir et al., 2011). Investigating the impact of gender on the link between organizational performance and knowledge sharing in public sector organizations within the State of Mexico administration was the goal. The result showed that gender moderated the relationship between knowledge sharing and organizational performance (Moreno et al., 2018). Compensation, incentives, job security, employee involvement, promotion and career development, job design (job context), job design (autonomous), and work teams were defined as high-performance work practices (HPWPs). The aim was to examine the moderating effect of gender on the relationship between HPWPs and job satisfaction. The finding unveiled that gender partially moderated in the relationship between HPWPs and job satisfaction (Brinck et al., 2019).

Chaudhary (2020) considered green recruitment and selection, green training and development, green performance management, green compensation and reward, and green involvement as green human resource management

(GHRM). Examining how gender influences the link between GHRM and organizational identification in the Indian automobile sector was the aim of the study. The connection between GHRM and organizational identification was shown to be unaffected by gender. HRM practices were identified as recruitment and selection, training, performance appraisal, reward and recognition, career advancement, employee participation, and information sharing. The objective was to analyze the moderating effect of gender on the relationship between HRM practices and employee engagement in Vietnamese banks. The finding unveiled that gender moderated the relationship between HRM practices and employee engagement (Vuong & Sid, 2020). The study was conducted by Rana and Singh (2022) to examine the moderating effects of gender in the relationship between performance appraisal justice and affective commitment in the Indian banking sectors. The result showed that gender moderated the relationship between performance appraisal justice and affective commitment. Moderating effects of gender showed that the association between performance appraisal justice and affective commitment was high for females as compared to men in the banking sector.

## Conceptual Framework



Source: Ko and Smith-Walter (2013); Bashir, et al. (2011)

## Hypothesis

$H_1$  : Gender has a positive effect on organizational performance.

$H_2$  : Gender moderates the association between HRM practices and organizational performance.

## Methodology

A quantitative research approach has been used in this study. An independent sample t-test is used to analyze opinion differences between two groups (Byrne, 2007). It has been used to analyze the effect of male and female (gender) on organizational performance. SPSS PROCESS macro version 4.1 is applied to test moderating effect (Hayes, 2022). Process Macro Model One has been used to test the moderating effect of gender on the relationship between HRM practices and organizational performance. The primary data has been used. In general rule, the sample size should be at least ten times the number of observations per variable (Hair et al., 2019). In this study, seven constructs have been measured using 43 items. Therefore, the sample size has been 430. The purposive sampling method has been used to select the sample from the Nepalese public financial institutions.

Gender has been taken for collecting the demographic information. Human resource management (HRM) practices have been explained by selection, training and development, performance appraisal, performance-related reward, communication, and empowerment. The selection related to five items has been taken from the study of Moideenkutty et al. (2011), Wei et al. (2010), and Tsaor and Lin (2004). The training and development have been measured with five items taken from the study of Al Damoe et al. (2017), Wei et al. (2010), and Tsaor and Lin (2004). The performance appraisal has been measured using four items adapted from the study of Hashim (2010) and Whiting et al. (2008). The performance-related reward has been measured using five items adapted from the study of Ko and Smith-Walter (2013) and Wei et al. (2010). The communication-related four items have been taken from the study of Nassar (2017) and Ko and Smith-Walter (2013). Empowerment has been measured with four items adapted from the study of Boon et al. (2007). Organizational performance (explained by customer perspective, internal business perspective, pay and benefits perspective, and innovation and technological perspective) has been measured using sixteen items (Wang et al., 2015; Garg & Ma, 2005; Hartman et al., 2002;

Raju & Lonial, 2001). All responses have been taken by using the seven-point Likert scale question that ranges from 1, “strongly disagree,” to 7, “strongly agree” in this study.

The estimated model was prepared by comprising *G* (moderating variable) as the independent variable on the relationship between HRMP (independent variable) and OP (dependent variable). The estimated model of *HRMP*, *G*, and *HRMP \* G* on *OP* is developed as

$$OP = i_{OP} + b_1HRMP + b_2G + b_3HRMP * G + e_{OP} \dots \dots \dots i$$

Where,

*OP* = Organizational Performance, *HRMP* = Human Resource Management Practices, *G* = Gender, *HRMP \* G* = Interaction, *i*<sub>OP</sub> = Intercept or Constant; *b*<sub>1</sub>, *b*<sub>2</sub>, *b*<sub>3</sub> = Beta (change), and *e*<sub>OP</sub> = Error Term.

## Result

### Gender Effect on Organizational Performance

Gender as a categorical variable has two levels. The male is considered as 1. The female is considered as 2. Organizational performance is a dependent variable. Gender effects on organizational performance are given in Table 1.

Table 1

Difference in Organizational Performance Between Male and Female

Levene's Test for Equality of Variances												
t-test for Equality of Means												
	Mean	SD	N	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
											Lower	Upper
Male	3.9408	0.26146	230	37.392	0.000	24.064	278.743	0.000	.94114	.03911	.86416	1.01813
Female	2.9996	0.50669	200									

Table 2

Male and Female Effect on Organizational Performance

G	Effect	se	t	p	LLCI	ULCI
Male	.0412	.0060	6.8775	.0000	.0294	.0529
Female	.0729	.0042	17.3710	.0000	.0646	.0811

There is a significant difference ( $t_{278.743} = 24.064$ ,  $P\text{-value} = 0.000$ ) in the mean scores of gender; the mean score for males ( $M = 3.9408$ ,  $SD = 0.26146$ ) is higher than the mean score for females ( $M = 2.9996$ ,  $SD = 0.50669$ ). The magnitude of the differences in the means ( $M = 0.94114$ ), with a 95% confidence interval of 0.86416 to 1.01813, is significant. Thus, organizational performance is significantly different between male and female employees. Male effects on organizational performance (.0412) and female effect on organizational performance (.0729). Both are significant ( $P = .0000$ ). Hence, female employees have a greater than male employee effect on organizational performance. Thus,  $H_1$  (Gender has a positive effect on organizational performance) is accepted. Therefore, female employees make a greater contribution to improving organizational performance than male employees.

### Moderating Effect of Gender between HRM Practices and Organizational Performance

Gender represents categorical data. HRM practices and organizational performance are continuous data. So, gender, HRM practices, and organizational performance-related data are converted to mean-centered data by using mean values. Process Macro Model One (1) tests the moderation with a 95 percent confidential interval and 5000 bootstrap samples, as Hayes (2022) proposed. The moderating effect of gender between HRM practices and organizational performance is presented in Table 3.

Table 3

Moderating Effect of Gender between HRM Practices and Organizational Performance

Mode 1 Summary

R	R-sq	MSE	F	df1	df2	p
.8761	.7676	.0854	515.1716	3.0000	426.0000	.0000

Mode 1

	Coeff	se	t	p	LLCI	ULCI
Constant	3.5762	.0158	225.9198	.0000	3.5451	3.6073
HRMP	.0547	.0039	14.1165	.0000	.0471	.0623
G	-.6640	.0318	-20.9119	.0000	-.7264	-.6016
Int_1	.0317	.0073	4.3416	.0000	.0174	.0461

Test of highest order unconditional interaction

	R2-chng	F	df1	df2	p
X*W	.0094	18.8494	1.0000	426.0000	.0000

Note: R-sq = R-Square, MSE = Mean Square Error, df1 = Degree of Freedom 1, df2 = Degree of Freedom 2, P = Probability Value, Coeff = Coefficients, se = Standard Error, t = t-value, ULCI = Upper Level Confidence Interval, LLCI = Lower Level Confidence Interval, HRMP (X) = Human Resource Management Practices, G(W) = Gender, Interaction (Int\_1) = HRMP (X) × G(W), R2-chng = R-Square Change

Regressing HRM practices (HRMP), Gender (G), and interaction (HRMP\*G) on organizational performance (OP), the estimated model is

$$OP = i_{OP} + b_1 HRMP + b_2 G + b_3 HRMP * G + e_{OP} \dots \dots \dots i$$

$$\widehat{OP} = 3.5762 + .0547 HRMP - .6640 G + .0317 HRM * G$$

The overall model shows that organizational performance is predicted by 76.76 percent independent variables such as HRM practices, Gender, and interaction. Likewise, this estimated model has a good fit ( $F_{(3, 426)} = 515.1716$ ,  $P = .0000$ ). Thus, this estimated model (i) is established.

HRM practices positively and significantly impact organizational performance ( $\beta = .0547$ ,  $t = 14.1165$ ,  $p = .0000$ ). Gender negatively but significantly influences organizational performance ( $\beta = -.6640$ ,  $t = -20.9119$ ,  $P = 0.000$ ). Interaction (HRMP × Gender) positively and significantly impacts organizational performance ( $\beta = .0317$ ,  $t = 4.3416$ ,  $P = .0000$ ), and the test of unconditional interaction (X\*W) reveals that the change in R-square (.0094) increases due to interaction. Thus, this is also significant ( $F_{(1, 426)} = 18.8494$ ,  $P = .000$ ). Therefore, the association between HRM practices and organizational performance is positively moderated by gender. Thus,  $H_2$  (Gender moderates the association between HRM practices and organizational performance) is accepted. Therefore, gender is essential in improving the association between HRM practices and organizational performance.

### Discussion

This study's finding reveals that gender has a positive effect on organizational performance in Nepalese public



financial institutions. This result is consistent with the earlier study by Ngao and Mwangi (2013) and Ko and Smith-Walter (2013), who found that gender influenced on organizational performance. This study's result shows that gender positively moderates the association between HRM practices and organizational performance in Nepalese public financial institutions. This result is consistent with the previous study by Vuong and Sid (2020), which indicated that the association between HRM practices and employee engagement was favorably moderated by gender. However, the finding of this study contradicts prior research by Bashir et al. (2011), who discovered that gender did not alter the relationship between HPWS and job satisfaction. This study result supports the theory of social role because gender is necessary to improve the association between HRM practices and organizational performance.

## **Conclusion and Implication**

In Nepalese public financial institutions, female employees make a greater contribution to improving organizational performance than male employees. Gender is crucial factor that improves the connection between HRM practices and organizational performance. Managers can plan gender as a moderator that is crucial in enhancing the relationship between HRM practices and organizational performance. It is proposed that future studies can be conducted using the same methodology in other categories of public enterprises (PEs), such as trading, industrial, and service sectors. Future research can include moderating variables including age, marital status, tenure, and educational level.

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