

# Impact of socially responsible human resource management on organizational sustainability: Evidence from SMEs in Khyber Pakhtunkhwa, Pakistan

**Waheed Ullah\***, Ph.D. Scholar, Department of Management Sciences, Islamia College Peshawar, Pakistan, Email: waheedkhanmohmand@gmail.com, https://orcid.org/0000-0002-3401-8642

Fayaz Ali Shah, Assistant Professor, Department of Management Sciences, Islamia College Peshawar, Pakistan, Email: fayaz@icp.edu.pk

**Shahid Jan Kakakhel,** Associate Professor/Chairman Department of Management Sciences, Islamia College, Peshawar, Pakistan, Email: <u>shahidjan@icp.edu.pk</u>

**Abstract-** Socially responsible human resource management (SR-HRM) is becoming increasingly important both for academics and managers. Therefore, the purpose of this article is to analyze the effect of SR-HRM on organizational sustainability. The four dimensional measure of SR-HRM has been used to examine its effect on organizational sustainability. Data was collected with an adopted questionnaire from a sample of 328 employees. Analysis was conducted by applying partial least square structural equation model (PLS-SEM) using SmartPLS 3.3. The results showed that in general SR-HRM has a significant effect on organizational performance. Further, legal compliance HRM, employee oriented HRM and CSR facilitation HRM has significant and positive effect on organizational sustainability, whereas insignificant effect of general CSR conduct on organizational sustainability has been observed. The study contribute to the growing body of knowledge by examining SR-HRM practices is the context of SMEs in Khyber Pakhtunkhwa, Pakistan.

#### Keywords: Socially Responsible HRM, organizational sustainability, PLS-SEM

### I. INTRODUCTION

In today's dynamic and competitive business world, organizational sustainability emphasize on the existence of organization in relation to economic, ecological and social sustainability. Govindarajulu& Daily (2004) argue that organizations need to consider social and environmental requirements along with the traditional economic and financial parameters to sustain and strive in the market. Moreover, organizations while making effort to enhance industrial and economic growth should also ensure that the environment is well preserved and promoted (Daily and Huang, 2001). This leads to an increase in the economic growth (Thijssens, Bollen and Hassink, 2016) of organizations, because stakeholders rewards the firms greatly (Antolín-López et al., 2016), which leads to organizational sustainability.

However, the main focus of traditional human resource management (HRM) is on high performance work practices are on companies' performance and interest. Stone (2005) considers HRM as an art and skill of effectively utilizing the employees and their capabilities in way that guarantees the attainment of organizational objectives. Since, the goal of examining the influence of HRM practices employee outcomes is to optimize resources for ultimate interest of firms (Guest, 2011) with less attention on employees' needs and interest (Boxall &Macky, 2009; Kehoe & Wright, 2013). Moreover, employee commitment and satisfaction are consider only for achieving organizational results and interest over those of employees (Godard, 2004; Ramsay, Scholarios, & Harley, 2000). Such an approach of traditional HRM leads to critical situation of the employees' exploitation where they are deprived from their basic rights and wellbeing in the industrialized societies. Hence, adverse effects can appear in employees, such as job stress and burn-out (Lopes et al., 2014).

As a result, a range of unique concepts related to HRM have taken birth lately. For instance, Greenwood (2002) focused on HRM Ethics while Shen et. al (2009) talked about HR Diversity Management. Further, Guthrie (2001) stresses on High Involvement HRM, Guest (2004) on flexible HRM and family friendly oriented HR practices by Bardoel et al. (2008). All of these concepts only focus and highlights the importance of employees' interests and wellbeing.

Similarly, according to Husted and Allen (2006) and Aguilera et. al., (2007), Corporate Social Responsibility (CSR) has gained popularity and prominence in the recent past. Majority of companies are emphasizing on the practicing of the concept of CSR in every perspective and even creating new models, as they are striving sustainability in the marketplace in an ethical manner (Matute, 2018). Further, these social responsible companies are making effort to involve other stakeholders in their policies and decisions. Because, an effective implementation of CSR phenomenon results in variety of benefits such as financial benefits, (Wang et al., 2016; Voegtlin and Greenwood, 2016), produce social capital (Maak, 2007) and enhance work-related behaviors like retention and workplace commitment (Cameron, 2011; Doh et al., 2011).

The relationship between the concept of CSR and HRM has very recently become a hot and productive area of research (Baek and Kim, 2014), which builds the foundation for a new emerging area "socially responsible human resource management" (SR-HRM). Both CSR and HRM have a strong linked because of the fact that socially responsible practices are designed for stakeholder "employees" considering the guidelines of HRM emphasizing improving well-being of employees within the organization. Since, economic, social and environmental practices credited to a socially responsible firm, which has a direct influence on the performance of firm through meeting all the stakeholders' expectation (Serebour and Ansong, 2017), similarly SR-HRM have a positive influence not just on employees but also on other stakeholders. However, the main focus in SR-HRM is on employees' interest rather on firms' interest as the final objective.

Hartel et al., (2007) argue that such a statement is evidence how the focus shifted from administering the employees to motivating them and creating job satisfaction.Pearson, Seyfang, and Jenkins (2002) argue that working and pleasant relations between labor and the organization is a respected and significant matter of CSR. It is the Human Resource that implements the CSR initiatives such protection of environment and human rights etc. Therefore, an HRM that is socially responsible requires to address the wellbeing and interest of all stakeholders whether inside the organization or outside.

While research work in the mainstream HRM have contributed in understanding and defining effective human resources from internal perspective, whereas recent research is focusing on the influence of HRM on broader perspective including business, social and environmental performance (Baek and Kim, 2014). Further, human resource management also plays a crucial role in how CSR practices are formulated and communicated within the organization. It can fosters values to promote CSR commitment that create a social responsible culture within the organization (Shen and Zhu, 2011). Moreover, the mechanisms through which firms implement CSR practices have implication for both employees and HR managers (Voegtlin and Greenwood, 2016). On one hand, CSR practices results in work motivation, organizational identification, commitment, performance and sustainability (Shen and Zhu, 2011), while on the other hand, it help in defining HRM goals to introduce new standards for decent work within the organization (Mariappanadar and Kramar, 2014).

Hence, both concept HRM and CSR has been recognized and considered the key elements for achieving competitive edge in the marketplace. Existing Research reveal that HRM has a direct effect on organizational performance through organizational commitment which is an outcome of employee attitude and behavior (Nishii et al., 2008; Shen and Zhu, 2011). Similarly, Fombrun (2005) and Spar and La Mure (2003) proved that CSR has a direct and positive relationship with performance and attitude of the employees and firm performance. If all this is true then in accordance with these studies, CSR based HRM should also positively affect the performance, commitment, attitude of the employees and organizational performance and sustainability. Literature does not indicate such studies in SMEs sector in the context of Pakistan and specifically KPK. Keeping in mind the genuine concern for organizational sustainability, employee needs and wellbeing and CSR, a socially responsible HRM with its effects on organizational sustainability is a serious research quest.

To answer this question, the present dissertation will analyze the influence of SR-HRM on organizational sustainability in small and medium sized enterprises (SMEs). SMEs are chosen because of the fact that they are vary in several ways from their counterpart i.e. large companies. Research shows that SMEs have different preferences and mechanism for recruitment and talent management (Festing et al, 2013), give less focus on employees training (Westhead &Storey, 1997), and less likely to conduct a formal structure of performance appraisal (Carrol et al, 1998). Similarly, SMEs are also different in practicing CSR activities from large companies (Kusyk and Lozano, 2007; Spence, 2007). They have less CSR strategies, less likely to report it and fewer financial resources for investing in CSR practices (Perrini et al., 2007). The present dissertation will investigates social responsible HRM practices within the SMEs in Khyber Pakhtoonkhwa (KP).

# II. LITERATURE REVIEW

# 2.1 CSR Based HRM (SR-HRM)

Bowen (1953) believes that the concept of CSR was first introduced in 1950s and with the passage of time it has extended to other fields and developed tremendously (Basu, 2008; Karamer, 2002). Porter and Kramer (2002) observed that CSR is considered to be a pivotal tool for business growth, goodwill and prolonged sustainability. Fombrun (2005) and Turban and Greening (1996) found that there is abundant research based evidences that CSR has positive relationship in improving market goodwill and public relation of the organizations. In addition, Parker (2002) also observed it helped in predicting and preventing any legal concerns and sanctions; Spar and La Mure (2003) concluded CSR has positive relations of public's response to NGO's activities. Moreover, customer loyalty and employee retentions are also found to be positively linked to CSR (Bhattacharya and Sen, 2004).

The main purpose of CSR is to protect the tangible and nontangible interests of all stakeholders including organization, employees, shareholders, community, customers and special interest groups to name a few (Hopkins 2003; Le Menestrel, Le Menestreland de Bettignies 2002; Lee2008). Jenkins et al (2002) argues that in relation to employees, researchers have given due focus to labor laws when it comes to protecting the rights of the employees. But it would not be true and just to limit the scope of CSR to the mentioned issues only, rather, it addresses far beyond these.

When it comes to importance, different scholars have stressed different CSR issues as priority. For instance, Jenkins (2005) considers poverty reduction, Walsh (2005) believes in awareness regarding aids, Le Menestrel and de Bettignies (2002) take climate change and environmental issues as important and priority (Basu and Palazzo 2008). Organizations, when, take up steps and get involved in these areas of CSR, they achieve organizational and social legitimacy and HRM's one important aspect should be serving the community (Winstanley et al. 2006). This HRM goal can be obtained only when an organization is involved in CSR practices. However, this requires efficient planning, human, financial and physical resources and proper standardization and evaluation processes.

Labor laws, CSR and employee centric HRM practices are the main concepts related to SR-HRM that have given birth to these discussions (Rowan 2000; Rhoades and Eisenberger 2002). According to Waring and Lewer (2004), these concepts covers HRM aspects such as personal development, training, career support, job security, satisfaction, organizational justice, health and safety, equal opportunity and job involvement. Fulfilling these ensures the interests of all internal and external stakeholders are met efficiently and effectively and would lead to sustainability.

# 2.2 SR-HRM's relationship with Organizational Sustainability

According to Wright e al., (2003), it is an undeniable reality that effective HRM practices have improved organizations' performance. Sels et al., (2006) supports this claim and adds that such a reality is regardless of the size of an organization. Sheehan (2014) argues that when linking HRM with organizational performance ought to be based on resources based theory. Boxall (2009) claims that his is so because this theory provides a solid base in understanding how "humans" as organizational resource is the key to achieve competitive advantage. Barney (1991) is of the opinion that achieving competitive advantage over competitors is only possible when organizations have the capacity of acquiring the three aspects of resources i.e. valuable, rare

and unique. These arguments necessitate the acquisition of HR competences such as behavior and knowledge that may lead organizations toward sustainability. Human capital becomes a critical source of competitive advantage when there is a shortage of it in the market and competitors are unable to imitate or produce such valuable resource (Javadein et al., 2011). In contemporary marketing term, employees are considered as organizations' internal customers and when these "internal customers" are treated according to marketing tactics, will lead to employee satisfaction (Berry, 1981). Javadein et al., (2001) argue that when employees are satisfied, they are involved in their jobs and committed toward organizational goals and produce quality services which would eventually produce sustainable competitive advantage. According to Cegarra-Leiva et al., (2012), literature shows that CSR and CSR based HR initiatives improves employees' commitment. Miraset al., (2014) observed that the relationship between CSR and organizational performance has drawn tremendous attention of the researchers in the recent times, however, Herrera et al., (2013) argues that this relationship at SMEs has not been explored well enough. So far, the only appropriate studies have been conducted in Spain such as Gallardo-Vázquez and Sánchez-Hernández Gallardo-Vázquez (2014) and Turyakira et al., (2014).

Jackson et al., (2011) argues that SRHRM improves organization's performance while Jabbour et al., (2011) concluded that it leads toward better organizational culture and teamwork. In addition, it helps organizations in reducing their organizational costs (Hart, 1997). Boselie et al., 2001) observed that SRHRM initiatives have improved organizational efficiency and performance. Cantele (2017)are of the opinion that environment based HRM i.e. SRHRM has gained pivotal importance for organization while devising strategies and HR policies. According to Grolleau et al., (2012), the integration of SRHRM with organizations' strategies lead toward sustainability.

Cantele (2017)'s research concluded that SRHRM can be used as a core strategy and CSR initiative. Such SRHRM and CSR initiative may seem small steps for SMEs but could have profound effects on employees' involvement and motivation which could improve organizational commitment and lead toward sustainability. This study applied Shen and Zhu (2011) and Kundu and Gahlawat (2015) four dimensions model of SR-HRM to assess its effect on organizational sustainability in SMEs sector in Khyber Pakhtunkhwa, Pakistan.

Legal responsibility means that organizations that function in a particular society are expected to observe rules and regulations of that area, respect their standards and incorporate these laws in their routine activities to ensure these are not violated (Mura and Bonoli, 2005). Greenwood (2002) and Bucčiūnienė &Kazlauskaite(2012)argue that HR managers and professionals would engage in employees' issues such as fair treatment, equality, employees' rights; because it is the main responsibility of the HR professionals to initiate and be responsible of CSR activities (Cohen, 2010).

Employee-oriented HRM addresses employees' personal and family needs that are above and beyond legal minima. It focuses on employee needs for personal development, such as training, feedback, mentoring, career and managerial development and the adoption of workplace democracy, such as employee participation and involvement and power sharing (Waring and Lewer 2004). Van Veslor and Quinn (2012) argue that if organizations link organization's sustainability with employees' job description and their routine activities, with organization's strategy and with its production mechanism, it would enable the organization to efficiently utilize resources, protect environment and employees would realize how their job and job activities help organizations gain sustainability.

The third dimension of SR-HRM is general CSR facilitation HRM; is refers to the implication of HRM policies and practices that enable firms to engage in CSR programs. This dimension ensures that organization considers the interest of all stakeholders including both internal and external stakeholders, in order to achieve and accomplish both short-term effectiveness and long-term sustainability (Yu, 2017). Further, Sammer (2009) concluded that CSR activities can significantly influence HR role in creating sustainable organization by influencing company performance. Shen and Zhu (2011) argue that CSR activities are necessary for organization in order to remain and sustain in the market and HRM would help in creating internal and external ethical environment to improve organizational performance.

The dimension of general CSR conduct relate to the firm's activities towards the environment and community in which they are operating. Because, for organization in order to survive in the current competitive environment, needs to consider that their long term objectives partly depends on fulfilling social and environmental challenges by being socially responsible (Collier & Esteban, 2007). Hence, any business organization involve in resolving environmental issues, fostering community development, creating awareness regarding human rights and focuses on employee wellbeing are considered to be socially responsible. Since, majority of literature highlighted the importance of CSR programs and found a significant influence on organizational sustainability (Voegtlin and Greenwood, 2016).

This discussion leads the researcher to deduce the following hypothesis:

 $H_1$ : Legal Compliance HRM has a significant influence on organizational sustainability of SMEs.

*H*<sub>2</sub>: Employee oriented CSR has a significant influence on sustainability of SMEs.

 $H_3$ : General CSR facilitation HRM has a significant influence on organizational sustainability of SMEs.

 $H_4$ : General CSR conduct significantly influence organizational sustainability of SMEs.

### III. RESEARCH METHODS AND METHODOLOGY

# **3.1 Population and Sampling**

Since, the aim of the present thesis is to analyze the influence of SR-HRM on organizational commitment in SMEs based in Khyber Pakhtunkhwa. Hence, the population of the study comprises of owners, managers and employees of all SMEs located in KP. As the population is unknown, therefore the sample frame could not be developed. However, for the purpose of data collection a total 400 survey questionnaires were distributed among the respondents. The sample size is selected on the basis of rules of Structural Equation Model (SEM) reported by Hair et al. (2010). Further, these questionnaires were distributed among the participants using simple random sampling. Simple random sampling is a probability sampling in which all the elements of population have an equal chance of being selection for filling the questionnaire.

### 3.2 Data Instrument

The data for the study was collected through a self-administered survey questionnaire. The questionnaire was adopted from the previous studies presenting the same issue in other developed and developing economies. The advantage of an adopted questionnaire is that, it has a high reliability and validity. Moreover, the survey questionnaire developed in English language, since, majority of respondents understand it in the context of Pakistan. All the responses for the items of construct will be taken on a five-point Likert-scale ranging from strongly disagree (1) to strongly agree (5).

**3.2.1 Independent variable:** Social Responsible HRM is treated as the independent variable in the current research. In order to measure the perception of managers, owners and employees regarding SR-HRM, the author use multidimensional scales, namely, legal compliance HRM, employee-oriented HRM, general CSR facilitation HRM and general CSR conduct.

The scale of legal compliance HRM consist of six items and were adopted from (Shen and Zhu, 2011), employee oriented HRM consist of four items adopted from (Shen and Zhu, 2011), general CSR facilitation HRM consist of three item adopted (Shen and Zhu, 2011), and general CSR conduct consist of three items and was adopted from (Kundu and Gahlawat, 2015).

**3.2.2 Dependent Variable:**The 7-item organizational performance scale is used to measure organizational sustainability developed by Green et al, (2011). Respondents were asked to measure their organizations' financial and marketing results over the past three years as opposed to the industry average.

# 3.3 Data Analysis

The reliability of data instruments was measured through Cronbach's Alpha and compsie reliability. Further, the validity was assessed with AVE and Fornell and Lorcker Criterion. Demographic characteristics of the respondents was analyzed using descriptive frequency distribution. Further, to determine the relationship

among the variables Pearson correlation test is applied on the data set. While, to analyze the influence of SR-HRM practices on organizational sustainability partial least square structural equation model was applied on data set. All the analysis were carried out by SPSS 22 and SmartPLS 3.3 software.

#### IV. ANALYSIS AND RESULTS

### 4.1 Demographic Distribution of Respondents

Table 4.1 reports the demographic distribution of respondents such gender, age, education and experience has been presented. The analysis is conducted through frequency distribution.

Characteristic	Frequency	Percent		
Gender				
Male	278	85.8		
Female	46	14.2		
Age				
20-30 years	117	36.1		
30-40 years	116	35.8		
40-50 years	74	22.8		
Above 50 years	17	5.2		
Education				
Matric	49	15.1		
Intermediate	99	30.6		
Bachelor	125	38.6		
Master	51	15.7		
Experience				
0-5 years	125	38.6		
6-10 years	117	36.1		
11-15 years	51	15.7		
16-Above years	31	9.6		

Table 4.1	Demographic	Distribution	of Res	pondents
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### 4.2 Internal Consistency Reliability

Internal consistency is used to estimate the reliability of the construct by assessing the within-scale consistency of the response to the items of the construct. The most commonly used method for estimating internal consistency is Cronbach's (Coefficient) Alpha. The Cronbach's Alpha value for all the constructs are greater than 0.70, thus showing evidence the presence of internal consistency reliability.

However, some researchers and statistician tends to prefer Composite Reliability (CR) over Cronbach Alpha; since, Cronbach Alpha is criticized for its lower bound value, which underestimates true reliability. Therefore, the present study also used composite reliability for assessing internal consistency reliability. The results of composite reliability revealed that all the constructs have composite reaneliability value of greater than 0.70; hence indicating the presence of internal consistency reliability. See table 4.2 below

Table 4.2 Reliability Analysis			
Variable	Cronbach's Alpha	<b>Composite Reliability</b>	
CSR Faclt HRM	0.775	0.869	
Employee Orient HRM	0.744	0.829	
General CSR	0.721	0.817	
Legal Comp HRM	0.798	0.857	
Org Performance	0.850	0.886	

### 4.3 Convergent Validity

Convergent validity measure the extent to which measures of constructs that theoretically should be related, are in fact related. In order to measure convergent validity the Average Variance Extracted is used in the current study. The threshold value of AVE is equal or above 0.50 as recommended by Fornell and Larcker (1981). The results presented in table shows that all the constructs have AVE greater than 0.50, therefore indicating the presence of convergent validity.

Table 4.3 Convergent Validity			
Variable	Average Variance Extracted (AVE)		
CSR Faclt HRM	0.689		
Employee Orient HRM	0.555		
General CSR	0.608		
Legal Comp HRM	0.506		
Org Performance	0.529		

### 4.4. Discriminant Validity

Discriminant validity are used for assessing construct validity of constructs of the study. Construct validity determine how well a test measures what it is supposed to measure. In this study Fornell and Larcker criterion is used to assess discriminant validity. In this measure of discriminant validity the square root of AVE is compared with the correlation coefficient of same construct with other construct. As a rules of thumb the square root of AVE should be greater than the correlation values of each construct for meeting discriminant validity (Fornell and Larcker, 1981). The diagonal value indicates the square root of AVE, which are greater than the correlation coefficient values of the same constructs. Therefore, it is evident that all the variables meet discriminant validity in the model.

	CSR-HRM	EO-HRM	GCSR	LC-HRM	Org Performance
CSRF-HRM	0.830				
E0-HRM	0.148	0.745			
GCSR	0.022	0.143	0.780		
LC-HRM	0.596	0.026	-0.073	0.712	
Org Performance	0.516	0.273	0.076	0.459	0.727

#### 4.5 The Structural Equation Model

After assessing internal consistency reliability, convergent and discriminant validity the structural equation model was applied on the data set. The detail are discussed here in subsequent section.

#### 4.5.1 R Square

Table 4.5.2 shows results of R square and adjusted R square of the model. R square values measure the extent to which independent variables explained the variations in the dependent variable. The R square value is 0.359, which indicates that 35.9 percent of variation in dependent variable "organizational performance" is due to independent variables "socially responsible HRM".

Table 4.5.1 R Square			
	R Square	R Square Adjusted	
Org Performance	0.359	0.349	

#### 4.5.2 Structural Equation Model and Hypotheses Testing

Table 4.5.3 reports results of direct path model of structural equation model. The table reports coefficient value, standard deviation, T-statistics and p value. The hypotheses were tested based on p value of significant.

The first hypothesis of the study proposes that legal compliance HRM has a positive and significant effect on organizational performance. The results shows that coefficient value of legal compliance HRM is significant ( $\beta$  = 0.257; p = 0.005). Therefore, hypothesis one is accepted and concludes that legal compliance HRM has a significant and positive effect on organizational performance.

The H2 of the study hypothesize that employee oriented HRM has a positive and significant effect on organizational performance. The statistics presented in the table shows that coefficient value of employee oriented is significant ( $\beta = 0.197$ ; p = 0.001). Hence, hypothesis H2 is accepted and concludes that employee oriented HRM has a significant and positive effect on organizational performance.

H3 of the present study hypothesize that CSR facilitation HRM has a positive and significant effect on organizational performance. According to statistics reported in the table indicates that CSR facilitation HRM is also significant ( $\beta = 0.317$ ; p = 0.000). Thus, it provides evidence for acceptance of H3; and conclude that CSR facilitation HRM has a significant and positive effect on organizational performance.

Further, H4 of the present study hypothesize that general CSR conduct has a positive and significant effect on organizational performance. The results indicates that coefficient value of general CSR conduct is insignificant ( $\beta = 0.071$ ; p = 0.246). Therefore, H4 is rejected and concludes that general CSR conduct does not affect organizational performance of SMEs.

Table 4.5.2 Direct Path Model				
Coefficient	<b>STDEV</b>	T Statistics	P Values	
0.317**	0.058	5.476	0.000	
0.197**	0.059	3.339	0.001	
0.071	0.061	1.162	0.246	
0.257**	0.092	2.795	0.005	
	Coefficient 0.317** 0.197** 0.071	Coefficient STDEV   0.317** 0.058   0.197** 0.059   0.071 0.061	CoefficientSTDEVT Statistics0.317**0.0585.4760.197**0.0593.3390.0710.0611.162	

\*\*. Coefficient is significant at the 0.01 level

\*. Coefficient is significant at the 0.05 level

#### LCHRM 8.38. LC BURNAT LCHRM4 **LCHRMS** Legal Comp HBM LCHIMAG 0.257 (0.005) EDHRM ECHIRM2 ECHRMI 0.197 (0.000) EOHRM4 Employee Drient HRM 0.317 (0.000) Org Performa CSR02 0.071 (0.265) CSR Fach HRM General CSR

#### Figure 4.1: Conceptual Model showing beta coefficient and significance value



Despite the existing of available literature on the relationship between CSR and HRM, which provide a theoretical support to the present study, still this area is empirically and conceptually under developed (Voegtlin and Greenwood, 2016), particularly in the context of SMEs in KP, Pakistan, to explore how sustainable and social responsible SMEs enterprises manage and motivate their employees (Cantele, 2017). Further, these both concepts CSR and HRM are very crucial for firms' strategies. Moreover, organizations are striving for new ways and strategies to increase not only firm's performance but also competitive advantage in the market. In this regards, socially responsible HRM initiatives are considered significant factors for organizational competitiveness and performance (Sánchez-Hernández and Gallardo-Vázquez, 2016).

The purpose of this study is to investigates that impact socially responsible HRM on organizational performance. Using PLS-SEM analysis on a data collected from a sample of 324 employees in SMEs sectors in KP, Pakistan, the results demonstrate that SR-HRM has a significant influence on organizational performance. The results further indicates that dimension of SR-HRM such as LC-HRM, EO-HRM and CSRF-HRM have a significant and positive effect on organizational performance. Whereas, GCSR conduct has an insignificant effect on organizational performance. The findings of this study is consistent with majority of previous studies such as Shen and Zhu (2011), Newan, Hofman and Zhu (2016), Kundu et al, (2015) and Zulfiqar et al., (2019). Their studies also found that SR-HRM have a significant effect on employees' attitude, work motivation and organizational commitment. In agreement with these author, the present study concludes that SMEs SR-HRM initiatives contribute to employees commitment which leads to high employee performance that ultimately contribute to organizational sustainability.

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