Presentation of Structural Equation Modeling  
the Role of Human Resource Strategies  
on the Development of Job Performance  

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Abstract. The purpose of this research was to provide a "Structural Equations Modeling Template" for the role of Human resources (HR) strategies on occupational performance development of colligate personnel. The current study is an applied research in terms of purpose, and a descriptive-analytical sample in terms of research method. The statistical population of this research included all employees Islamic Azad University of Shiraz Branch. The sampling method was "Random Classification". The standard questionnaire was used for data collection. By applying SMART PLS software, the research hypothesizes were made based on structural equations modeling & factor analysis. Findings showed that, there is a positive and significant relation between human resources development strategies and occupational performance of employees. Meanwhile, the HR development strategy, and employees' recruitment strategy have the greatest and the least impact on employees' occupational performance, respectively. The research findings showed importance of human resources strategies
in evaluating occupational performance of employees. Therefore, HR strategies should be considered in Islamic Azad university of Shiraz.

**Keywords:** Strategy, Human Resources, Occupational Performance, Structural Equations.

1. **Introduction**

Today, human resources, as one of the most valuable assets of organization, are the most important competitive advantage and the most infrequent source in knowledge-based economy (Belcourt and et al., 2008). Looking at the past, we find out that, human resources are urgent requirement for running operation of organizations, and despite of all advances made in technology, and applying diverse technologies by organizations, human resources are still considered to be as the most important practical arm to achieve progress and advancement by organizations (Seyyed Javadin, 2002). Certainly, success of organizations and managers is result of a number of key factors, hence the identification and strengthens of such factors will lead to more prosperity of the organizations, including occupational performance that is the most critical issue for any organization. Asadnia et al., 2016 defines performance as general values which the organization expects from behavioral separated parts, which any individual performs in a given time duration (Barati, Ahmadabadi, et al., 2010). To make it possible for an organization to achieve its goals, its employees must do their work at an acceptable level of efficiency. Taking into account this fact is necessary for state-run organizations whose poor performance provides a ground to fail in providing public services, and for non-state companies that their poor performance leads to their bankruptcy (Naiami, 2002). Occupational performance is a multi-dimensional phenomena which includes efficiency, economy, utility, quality, and behavior effective elements (Nakpodia, 2011). The concept of occupational performance addresses whether a person is doing his job well or not? This concept is a very important index in addressing organizational success (Shahchragh et al., 2014). Occupational performance is an important factors that affects job success and leads to increase in individual efficiency. Borman et al. (2001) categorized performance as task performance and
underlying performance, but differentiated between these two. The part of performance describing regular job is named task performance. The underlying performance is defined as a behavior which helps to increase efficiency of organization, by affecting psychological, social, and organizational backgrounds (Arshadi & Piraei, 2014). According to Spector (2008), employees have good performance when they benefit from, training, reward, good relations, and needed ability & motivations. Regarding this, we can describe human resources strategy as one of the factors affecting employees' job performance. Human resource strategy is a model of decisions which addresses policies and procedures related to human resources. The goal behind collecting and executing human resources strategy is to link policies and methods of human resources to strategic goals of human resources (Anthony et al., 1996), in such a way that the organization can create internal consistency, i.e., integrity and solidarity, between human resources sub-systems, and enable the organization to make external consistency and integrity between human resources strategy and, the organization strategy (Bamberger & Fiegenvaim, 1996).

2. Literature review

Human resource strategies focus on special goals of an organization, on what should be done, and the change should be made. The issues that are taken into consideration in these strategies include: Ensuring that the organization has its own necessary employees. Education, motivation, reward, flexibility, teamwork, and stable relationships between staff are among the topics that guarantee successful achievement of goals by company's system (Michael, 2011). Scholars believe that, the central core of human resource strategy is maximizing talent and ability of employees. These strategic issues are linked to each other and build other organizational strategies (Buller and McEvoy 2012). The goal of human resource strategies is to provide guidelines in order to formulate and execute programs, in addition to providing a means for relating the organization's goals into management of human resources. These strategies enable the organization to measure progress and to evaluate the results given to desired goals (Michael, 2011). Human resource strategy is a guideline for human resource system in
which the mission, perspective, and priorities of the human resource functional unit are determined (Fownkel, 2014; Ulrich, 1997). Specifically, the effective strategy of human resources is a strategy that meets needs of the business, is based on detailed and comprehensive study and analysis not merely a superficial thinking to practical programs that predict requirements and implementation problems, it is convertible, integrated and coherent, and is composed of components that are in harmony and enforce each other mutually, it considers needs of operational managers and employees, along with needs of the organization and beneficiary groups. According to Armestrang, the most important strategies of human resources include, Staff Recruitment Strategy, Human Resources Development Strategy, Staff Relations Strategy, Performance Management Strategy, and Reward Strategy (Michael, 2011). Human resources recruitment strategies are those address recruiting qualified staff who have competencies, skills, knowledge and potential that are necessary for future training. The method of recruiting those staff who can meet needs of the organization in the best way should be considered as the main operation of the organization, and most human resources policies that are designed to foster and motivate employees should be established on the basis of these activities (Stewart and Brown, 2011). Since 1980s, development of human resources was considered more seriously than before by the scholars in human resources management domain. Peter Capelli (2015) suggested, employees' training and development as one of the most important macro processes and performances of human resources domain. Human resources development topics focus on growth, excellence, education, rehabilitation and empowerment of human resource. Human resources development topics include organization, structure, preserve, salary & allowances, development, and promotion sub-systems. In this process, educating employee is part of employees' promotion and development sub-system (Rostami, 2005). Strategic development of human resources aims at creating a pervasive and integrated framework for staff education. Much of the human resources development process is focused on providing an environment in which employees are encouraged to learn and develop their knowledge and skills. Researchers believe that, employees' relationship strategy is
something more than a set of human resources roles or duties, and believe that this strategy is related to those strategic activities of management that monitor psychological treaties between employer and employees, therefore form the physical environment and normative basis of an organization, i.e. the culture, which is less tangible. In the field of expressing basis of the HRM model in employee relationships we can say, managing employees' relationships is a necessary factor for creating and developing commitment between employees; emphasizing on mutual benefits; employing techniques to improve employees' participation such as quality circles or improvement groups; continuous emphasis on quality; emphasizing on teamwork and harmonizing conditions for all employees (Armstrong, 1999). Performance management is a domain of human resources that can have the most contribution in improving organization's performance. Strategies of performance management try to increase effectiveness of organization; to increase the productivity of employees and groups; and to obtain a higher level of skills and competency; and to increase commitment and motivation in staff. (Zaheer et al., 2008). Strategies of performance management explain individuals' expectation based on their job, which means what they would get if they assist the company to achieve its objects. Performance management can be defined as a strategic and integrated method used to help an organization to achieve sustainable success through improving its employees' performance (Wehrmeyer, 1996; Oates, 1996). Reward strategies focus on how organizations prepare and design programs, in order to ensure that the employees' effective behaviors and performances in achieving the organization's goals are appreciated. Reward strategies should be based on this important principle that states, the final source for creating value is staff of the company. It means, reward processes should meet needs of employees and organization in a creative way. The basis of this strategy should be to oblige the organization to improve performance in the short and long term. Reward strategy may support change, strengthen and formalize organization's operation (Zingheim and Schuster, 2006). Reward strategy should strengthen the organization's values, especially creativity, teamwork, flexibility, quality, and customer service values; as well as should lead to improve in organizational culture and to promote desirable behaviors in different parts of the organization.
In this way, the reward strategy can play an important role in achieving goals by the organization (Armstrong, 1999). In today's competitive world, many organizations believe that, to make it possible for an organizations to stay in competition circle, they should more take into account their employees' performance, because benefits and performance of the organization depend on individual performance of its staff (Yao et al., 2009). Those employees doing their work as occupation demonstrate better performance than staff doing their work only to earn money (Rego et al., 2007). Therefore, individual performance focuses on employees' behaviours and actions, not on results of these actions, while these behaviours should be controlled by people, and it does not include behaviours limited by the environment (Chen et al., 2014). Occupational performance, which is also called occupational behavior, means a visible, explainable and verifiable action by employees which directly affects efficiency of an organization, both desirable and undesirable way (Akkermans & Tims, 2017). Due to its role in increasing productivity in an organization's environment, job performance is highly observed by organization (Bakker et al., 2012). The concept of function should focus on behavior rather than the outcome (Murphy, 1989) because through focus employees can find the easiest way to achieve a result, and other important behaviors do not formed. Campell et al. (1990) suggested that, performance is not consequence of behavior; instead it is the behavior itself. In the other word, performance includes behaviors that employees are really engaged them. On the contrary, Motowidlo et.al, stated that, the performance is not just behavior; but includes behavior and its assessment. The performance is introduced as general values that an organization expects from behavioral separated parts which are going to be done in a given period by an individual (Motowidlo, 2003). Also, occupational performance means a degree in which employees perform duties assigned for them in special work conditions (Mohyeldin & Suliman, 2007). Importance of performance is result of its role in improving and advancing an organization and health of its staff (Tabassi & Bakar, 2009). Different definitions about performance are provided. In adding up, they can be categorized in two perspectives: in the first, performance is considered to be equivalent to organizational productivity and outcomes; in the second, performance is measured at the level of
employees and individuals and given to results and consequences of their activities. According to studies conducted on research thematic background, there is not any study carried out inside the country which directly refers to "evaluation of human resources strategies effect on development and empowerment of occupational performance of Islamic Azad university of Shiraz employees". However, various studies examined these two issues separately, as follows: Mc, Doffy(1995), quoted from Bamberger & Mashloom (2002), studied a sample of world-class car manufacturing units, and confirmed there is a relationship between human resource strategies and performance. The results showed, although each HR strategy can be related to the performance of the organization, but the greatest effect may be seen when this mode of performance is executed within the organization as a group of coherent operations. Lio et al (2007), in response to this question "whether human resources management affects organizational performance or not", and based on data obtained from 19000 organization concluded that, human resources management creates great value for the organization. Overall, this value-added will be maximized when it relies on human resources strategies. Atafar et all( 2010), in a research on effects of human resources strategies on organization performance used Balanced Points Model in General Office of Tax Affairs in Tehran province concluded that, in all aspects of the model, the effect of human resources strategies on organizational performance was more than average. Nasiri et al., (2014), in a research studied the correlation between human resources strategies based on Alen Yelsi pattern and organizational performance of employees of Shahrekord. Findings showed, there is a significant relation between organizational performance and human resources strategy. Given that effect of human resources strategies on performance of organization under studied was evaluated more than average, it is suggested that the manager should emphasis on this strategies to benefits from its advantages in improving organizational performance. According to research literature and conceptual model, the research hypotheses are as follows:

• Employees Recruitment Strategy has a significant effect on employees' job performance.
• Management Performance Strategy has a significant effect on
employees' job performance.

- HR Development Management has a significant effect on employees' job performance.
- Reward Strategy has a significant effect on employees' job performance.
- Employees Relationship Strategy has a significant effect on employees' job performance.

Figure 1. The conceptual model Ajit, et al. (2011)

3. Method
The current study is an applied research in terms of goal, and an analytical-descriptive in terms of methodology, and cross sectional in terms of time. In order to collect data, the surveying method was used. Tools for collecting data was Standard Questionnaire of Occupational Performance based on Chiang and Tsung (2012) questionnaire that includes 7 items, and Human Resources Strategies questionnaire based on Armstrong (1999) that includes 25 items. The statically population of the study included all employees Islamic Azad University of Shiraz Branch. The sample size was assigned based on Cochran formula for 181 people. To choose sample, random classification method was used. The procedure for distributing the questionnaires was as follows, after making coordination with the relevant authorities at University, we call on the employees randomly, and then while describing the type of study and
the purpose of doing it, and the questionnaires were delivered to be fulfilled by them. We will continue to analyze the data.

4. Findings

Alpha Cronbach is classical index for assessing reliability. This index provides an estimation for reliability based on internal correlation of referrals, and its appropriate value is bigger than 0.7 (Cronbach, 1951). In order to calculate the reliability, there is another criterion that has advantages over the traditional method of computing it with the Alpha Cronbach, which is called the Composite Reliability (CR). The superiority of CR criterion to alpha criterion is due to the fact that, the reliability of the structures is not calculated in absolute terms, but in relation to the correlation of their structures with each other. Furthermore, indexes with more standardized loading have more importance in its calculation. Therefore, to evaluate reliability better, both criterions were used. For composite reliability (CR), the rate more than 0.7 is suitable (Nunally, 1987). The convergent validity is another criterion used to evaluate suitability of measurement models in structural modeling method. Fornrll & Larker (1981) suggested Average Variance Extracted (AVE) as a criterion for assessing convergent validity; a criterion that is displayed for desirability of (AVE) is bigger than 0.5. In the following, in Table 1, the above mentioned values are listed.

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
<th>CR</th>
<th>Alpha</th>
<th>$R^2$</th>
<th>Prediction Power Index ($Q^2$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupational Performance</td>
<td>0.501</td>
<td>0.81</td>
<td>0.84</td>
<td>0.46</td>
<td>0.34</td>
</tr>
<tr>
<td>Employees Recruitment Strategy</td>
<td>0.498</td>
<td>0.70</td>
<td>0.75</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management of Performance Strategy</td>
<td>0.502</td>
<td>0.72</td>
<td>0.71</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Human Resources Development Strategy</td>
<td>0.531</td>
<td>0.78</td>
<td>0.74</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reward Strategy</td>
<td>0.523</td>
<td>0.77</td>
<td>0.80</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employees; Prelateship Strategy</td>
<td>0.540</td>
<td>0.75</td>
<td>0.73</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Given to table 1, we can see that all numbers for Alpha Cronbach are bigger than 0.7, for CR more than 0.7, and for average variance composite is more than 0.5, so these values prove suitability of the model is in a desirable rate. We will study standardized loading of research variables. Confirmatory Factor Analysis is used to assess the validity and reliability of the measurement scale. In the confirmatory factor analysis, certain assumptions about standardized loading structure and interrelationships between variables are tested. In the confirmatory factor analysis, the closer is standardized loading to number one, the more it reflects the fact that, the questionnaire has a stronger relationship with the hidden variables, and if the standardized loading is zero, it means there is no relation between the questionnaire and the hidden variable. The final results of the confirmatory factor analysis are shown in Table 2. Standardized loading above 0.5 have desirable validity.

<table>
<thead>
<tr>
<th>Items</th>
<th>Standardized Loading</th>
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<th>Standardized Loading</th>
<th>Items</th>
<th>Standardized Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>0.504</td>
<td>Q9</td>
<td>0.640</td>
<td>Q17</td>
<td>0.758</td>
<td>Q25</td>
<td>0.856</td>
</tr>
<tr>
<td>Q2</td>
<td>0.568</td>
<td>Q10</td>
<td>0.714</td>
<td>Q18</td>
<td>0.712</td>
<td>Q26</td>
<td>0.811</td>
</tr>
<tr>
<td>Q3</td>
<td>0.543</td>
<td>Q11</td>
<td>0.612</td>
<td>Q19</td>
<td>0.522</td>
<td>Q27</td>
<td>0.53</td>
</tr>
<tr>
<td>Q4</td>
<td>0.860</td>
<td>Q12</td>
<td>0.580</td>
<td>Q20</td>
<td>0.580</td>
<td>Q28</td>
<td>0.622</td>
</tr>
<tr>
<td>Q5</td>
<td>0.612</td>
<td>Q13</td>
<td>0.751</td>
<td>Q21</td>
<td>0.582</td>
<td>Q29</td>
<td>0.610</td>
</tr>
<tr>
<td>Q6</td>
<td>0.519</td>
<td>Q14</td>
<td>0.599</td>
<td>Q22</td>
<td>0.663</td>
<td>Q30</td>
<td>0.651</td>
</tr>
<tr>
<td>Q7</td>
<td>0.644</td>
<td>Q15</td>
<td>0.731</td>
<td>Q23</td>
<td>0.686</td>
<td>--</td>
<td>---</td>
</tr>
<tr>
<td>Q8</td>
<td>0.547</td>
<td>Q16</td>
<td>0.686</td>
<td>Q24</td>
<td>0.602</td>
<td>--</td>
<td>---</td>
</tr>
</tbody>
</table>

After assessing validity and reliability of the measuring model, the structural model was evaluated through the relationships between variables. Three criteria, T-values, \((R^2)\), and \((Q^2)\) were used in this paper, that are listed in table 3. Accordingly, all significant coefficients are bigger than 1.96, so it indicates significant relations between variables at 0.95 confidence level. The results shown in table 1 related to analyzing structural model suggest suitability of \((R^2)\) for endogenous variable of research model. Results obtained by this criteria show that, as Chin (1998) explained, suitability of structural model is higher than average which is in desirable rate. In addition, in order to evaluate the predictive power of the model, a criterion, that is \((Q^2)\), has been
analyzed. According to studies by Hensler et al. (2009), and by considering results of this criteria listed in Table 1, we can conclude that, the model has predictive power higher than average, and finally, for the general suitability of the model, GoF criteria was used. Since the mentioned criteria is 0.48, based on Wetzels et al. (2009), the general suitability of the model is strongly confirmed. After studying suitability of measuring and construction models, and while we have a desirable suitability for the models, we study and test research hypotheses. The results of significant coefficient for each of hypotheses, the standardized coefficient for the paths related to each of the hypotheses, and results of hypothesis investigation are listed in Table 3.

<table>
<thead>
<tr>
<th>Relations of conceptual model</th>
<th>Path coefficient</th>
<th>t statistics</th>
<th>Confidence level</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees Recruitment Strategy → Occupational Performance</td>
<td>0.178</td>
<td>2.28</td>
<td>0.95</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Strategy of Performance Management → Occupational Performance</td>
<td>0.220</td>
<td>2.51</td>
<td>0.95</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Strategy of Developing Resources → Occupational Performance</td>
<td>0.451</td>
<td>5.18</td>
<td>0.99</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Reward Strategy → Occupational Performance</td>
<td>0.372</td>
<td>4.21</td>
<td>0.99</td>
<td>Confirmed</td>
</tr>
<tr>
<td>→ Occupational Performance</td>
<td>0.191</td>
<td>2.91</td>
<td>0.99</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

In the following, Suited Model Path Chart is presented along with estimated parameters (standardized values).
Figure 2. Structural equations model in the case of standard estimation
5. Conclusions
Internal and external consistency of human resources management strategies with organizational strategies results to outcomes and consequences for the organization, and its effects on systems, processes, structures, leadership, and other organizational components and
dimensions can be investigated. This research conducted aiming at evaluating effect of human resources strategies on developing occupational performance of Islamic Azad University of Shiraz Branch. Results of this study indicated that, human resources strategies have positive and significant effect on occupational performance. Therefore, through adopting human resources strategies, the job performance of individuals can be at the optimal level. In the following, we will explain each of the research hypotheses and their consistency with previous studies. Findings showed that, employee’s recruitment strategy has a direct and significant effect on occupational performance of employees. Recruitment strategies should be consistent with organization strategies to fulfill required occupational performance of the organization through hiring human resources proportionate with need of the organization. The greater are internal and external consistency of recruitment, integration, intelligence, and purposefulness of these strategies, the more is their capability to improve occupational performance. The results of this study are consistent with results of study by Chang and Huang (2005). According to Chang & Huang, recruitment strategy in Taiwanese companies has a positive effect on occupational performance of employees, and companies should take a suitable strategy when they recruit human resources, and manage and control them correctly in order to achieve desired organizational performance. Alipour et al. (1395), in a research entitled "The Relationship between Human Resources Strategic Management and Employees Performance," investigated the impact of HR recruitment strategies, especially the internal chances of organization recruitment on employee performance. The results indicated a positive relation. Atafar et al. (2010) in another study confirmed positive effect of employees' recruitment strategy components on occupational performance of staff. The statistical analysis results showed, strategy of performance management has a direct and significant effect on occupational performance of employees. By promoting quality of programs advancement, management of processes, feedback, and amendment procedure, the strategies of performance management lead to enhancing occupational performance and transparency of its horizon. Tian & Cordy (2016) in a research confirmed this hypothesis. These scholars concluded that, the strategy of
performance management leads to progress and improvement of occupational performance of employees. Therefore, it is suggested that, strategies of performance management, as one of the factors and necessaries of occupational performance promotion that is in interact with other strategies, should be appropriately formulated and addressed. Lio et al. (2007) investigated 19000 organizations and indicated that, reward strategies have positive effect on occupational performance. Khan (2010) in his study concluded that, reward strategies influence occupational performance greatly. Bamberger & Mashloom (2002) suggested that, human resources strategies, through sub-systems of human resources including reward, have a major influence on occupational performance. Atafar et al. (2010) studied effect of reward and compensation strategies on occupational performance of employees. Finally, according to research findings, the hypothesis regarding to model based on direct effect of employees' relations strategies on occupational performance was confirmed. Those strategies related to employees' relations which support proper organizational culture and occupational performance facilitate achieving goals of the organization, and play an important role in formation of a suitable platform and workplace. In fact, creating integrity and coherence in employees' relationships provides a good basis for the efficiency and effectiveness of business processes, therefore promotion of business and organizational performance is achieved. Bamerger & Mashloom (2002) have identified staff relations strategies as a powerful tool for coordinating staff with the organization in realizing organizational strategies, and identified these strategies as one of the strategic human resources factors in promoting job performance. Chang & Huang (2005) investigated effect of employees' relations on occupational performance of human resources and evaluated it positive effect and introduced employee’s cooperation, problem solving meetings, employees' independence, and such things as fields for compiling strategies of employee’s relations. Alipou et al. (2016) in their study proposed that, employees’ relations strategies and cooperation are factors influence occupational performance.
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