

Mediating Role of HRM in Organizational Conflict and Impact on Organizational Effectiveness: Empirical Evidence of Pakistan Public Universities

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Abstract—This paper aims to investigate the role of HRM in managing the organizational conflict in public sector universities. Hence, a questionnaire survey and interview with 371 respondents in the education sector in Pakistan was conducted to examine the respondents' general perception about conflict to assess the role of HRM in conflict in education sector i.e., transforming of dysfunctional conflict into functional conflict. Therefore based on the qualitative data, it is found that functional conflict has a positive relationship with organizational effectiveness. Further, it is also found that HRM practices can transform dysfunctional conflict into functional conflict and have significant relationship with the organizational effectiveness.

Keywords—Functional Conflict, Dysfunctional Conflict, Organizational Effectiveness, Organizational Conflict, HRM practices..

INTRODUCTION

The Government of Pakistan has been allocating a major portion of the annual budget to the education sector to increase the literacy rate in Pakistan since 1947; the time of independence. In 2009-2010, the federal government has allocated an amount of Rs. 31.6 billion (i.e., 2.6 percent of GDP) for this sector. Out of this total amount Rs. 23,372 million has been allocated for higher education affairs and services (Federal Budget, 2009-2010). Despite all efforts of the government, quality of education is still considered low in the public educational institutes compared to that of the private institutes. Gallop & Gillani (2000) in a national survey assert that 70 percent of the population believe that private schools offer better education and overall, 54 percent among this 70 percent population indicates indicate the diminishing standard of education in Pakistan. According to the world university ranking in Time's higher education supplement (2010), none of the public universities in Pakistan meets the international standard. Some research (e.g. EIU views) has highlighted that despite huge investments in this sector, educational system in Pakistan is among the deficient one in Asia. There are many reasons but this study asserts that conflict is one of the reasons of decline of education standards in Pakistan. Mukhtar et al., (2010) find a significant relationship between higher education conflict and quality of education. This study asserts that conflict is as much important in Pakistan public universities as on the borders. Universities are organizational settings that consist of large number of employees and as a result conflict is natural and inevitable phenomenon among the employees of the organizations. How to manage employees to avoid conflict and use it in a constructive manner is a challenge that HR departments are facing in all business sectors as well as in the education sector. Human

resource management (HRM) is still considered at embryonic stage in Pakistan. Thus, this paper aims to discuss the relationship between organizational conflict, HRM and organizational effectiveness and to use such HRM practices in reducing the conflict in the educational sector as well as in other business sector. Therefore, the research questions of this study are: (1) Can HRM practices help moderate the conflict from dysfunctional to functional conflict in higher education? (2) Is there any relationship between organizational conflict and HRM with organizational effectiveness?

To answer these questions, this study develops the following conceptual framework (See Figure 1) and postulates the main hypothesis with sub-hypotheses to test the relationship of organizational conflict with organizational effectiveness and the role of HRM as moderator in transforming or reducing conflict to enhance organizational effectiveness.

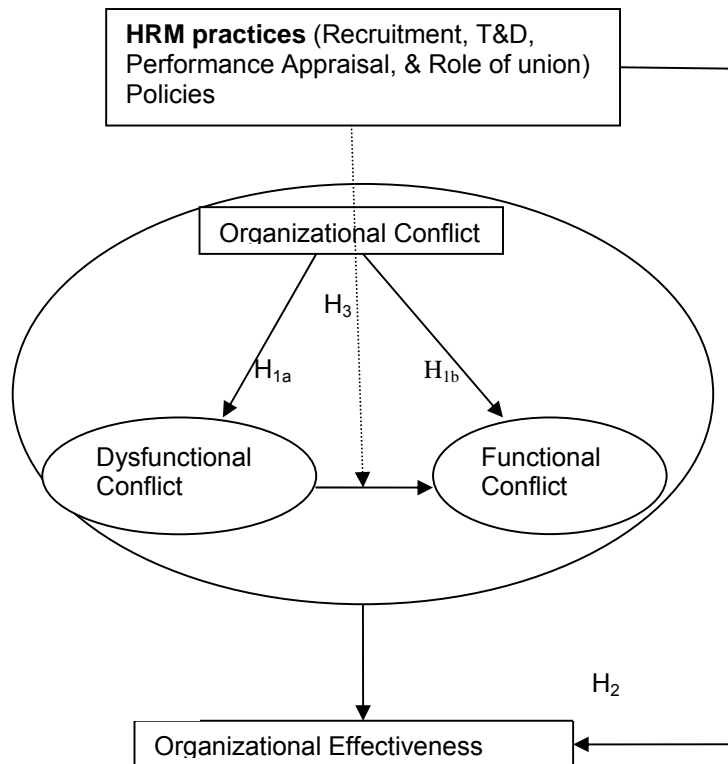


Figure 1: Conceptual framework

Specifically, this paper first presents the brief overview of Pakistan education system and later reviews relevant literature on organizational conflict and HRM and attempts to test the relationship of both constructs with organizational effectiveness and come up with some conclusion and managerial implications.

Pakistan Educational System- An Overview

In Pakistan, federal government oversees the academic affairs of the country to assist and harmonize the educational system of the country, whereas provincial institutes of the specific province are the responsibility of the provincial government. Unlike other countries (e.g., USA), education in Pakistan is divided into five levels: Primary (Grade 1-5); Middle (grade 6-8); High (grade 9-10 leading Secondary School Certificate); Intermediate (grade 11-12 leading to Higher Secondary School Certificate) and university programs leading to graduate and advanced degrees. The literacy rate is about 57%. Public expenditure on education is about 7% of GDP. (Federal Budget, 2010).

In view of the importance of the tertiary education in the potential socio-economic development, government gives special attention on inter-university system for promotion and coordination of educational activities. In Pakistan, such system is working since 1952, but due to changes in political circumstances and allocation of more funds to strengthen this sector in 1970s, the government felt need of strong inter-country university body to improve the quality standards of education. Thus, federal government began to take great interest in policy making, promotion of research and work for educational development. As a result, parliament passed

University Grant Commission Act, 1974 & Act of supervision of curricula, text books and standard of education at all levels. The main function of UGC is to inquire financial need of universities and to allocate and disburse grants to universities, to improve the educational standards, evaluation of academic progress. Later, Higher Education Commission was founded by the presidential order no. L-III in September, 2002 with broad mandate to evaluate, improve and promote the higher education and research sector in Pakistan. Basically, the tertiary educational organizational structure of Pakistan is similar to other countries on some level (See Appendix-A). According to Higher Education Commission (2010) statistics, there are a total of 60 public universities and 42 private universities. Hence, government is trying to enhance the organizational effectiveness of Pakistan tertiary education. Despite all this, still according to the OECD's 2009 Global education digest, only 6.3% of the population is among university graduates. A lot of efforts are needed to improve this percentage in terms of both system and financial terms.

VIABILITY OF CONFLICT AND HRM- LITERATURE REVIEW

The understanding of conflict plays a central role in HRM practices and theory. Yet from some perspectives, conflict is to be avoided; while from others, it is to be embraced to improve the organizational effectiveness. The potential for conflict exists with the existence of human beings and their interaction with other. Conflict at moderate level is natural phenomenon; we face potential conflicts at all organizational levels (Barker et al., 1987). Only problem arises in the organization when conflicts are difficult to retain at moderate level. Hence, conflicts are very important in the organizations.

Literature finds that conflict perspective was introduced by Coser (1956) into American Sociology with his definition of conflict as a struggle over values and claims to the scarce status, power and resources in which the aims of the opponents are to neutralize, injure or eliminate their rivals. Coser (1956) further elaborated that conflict often is experienced and does not just happen nor does conflict escalate, people make choices that escalate conflicts or lead to more constructive outcome (Averill, 1982; Tjosvold, 2006). Pondy (1967) views conflict as "a process that consists of five sequential episodes or stages (i.e., latent conflict, perceived conflict, felt conflict, manifest conflict and conflict aftermath)."

Rahim (2001) identifies that contemporary view on conflict is that it has two underlying dimensions, one dysfunctional and the other functional or constructive conflict. Robbin (1991) states that interactionist approach considers functional conflict responsive and innovative in creativity and productivity. In other words when conflict remains at the threshold level or moderate level then it stimulates innovation and competition etc. Research studies (e.g., Baron, 1990; Cosier & Dalton, 1990; Tjosvold and Johnson, 1983) demonstrate that in presence of functional conflict, people feel free to express their opinions, and to challenge others' beliefs, ideas, and assumptions. On the opposing end, original conceptualization is its dysfunctional form. The traditional view of the conflict is that it is bad and dangerous and should not be generated in the organizations. Based on the studies by Rahim (2001) and very brief literature review discussed earlier, this study postulates the following hypothesis on the relationship of organizational conflict in terms of both functional and dysfunctional conflict with organizational effectiveness in public sector educational setting:

Hypothesis 1: There is a relationship between organizational conflict and organizational effectiveness.

Hypothesis 1a: There is a positive relationship between organizational functional conflict and organizational effectiveness.

Hypothesis 1b: There is a negative relationship between organizational dysfunctional conflict and organizational effectiveness.

Conversely, literature highlights that importance of human resource management has changed over the years. Now survival of organizations depends upon how effectively firms manage their human resources and implements human resource practices on a worldwide scale (Ryan et al., 1999; Erez, 1994; House, 1995; Triandis, 1994). The effectiveness of human resource management as a contributor to organizational success has been suggested by many studies in business and management (Poole and Glenville, 1996). Under human relations approach, the most effective organization is one that provides the opportunities of fullest development of capabilities of the human resources (Argyris, 1964). Research studies (e.g., Fairclough, 1995, 1996) suggest that individuals are subject to variety of conflicting concepts and discursive practices from which they have some freedom to interpret and draw strategically according to their own particular situations. Various researchers (i.e., Huselid, 1995; Becker & Gerhart, 1996; Becker & Huselid, 1998; Ostroff & Bowen, 2000) identify that HRM practices have both direct and indirect impact on organizational effectiveness (see Appendix-B).

This paper considers the four activities of HRM, namely, recruitment & selection, T& D, appraisal process and compensation identified by Edgar et al. (2005) with the addition of union's role to formulate the following hypothesis:

Hypothesis 2: There is a relationship between effective HRM practices of recruitment & selection, T&D, performance appraisal and role of union with organizational effectiveness.

Recruitment and Selection: HRM process starts with recruiting and selecting the employees in the organization. Recruiting is often regarded as a transaction oriented function that merely responds (hopefully in a satisfactory manner) to other departments' requisitions and requirements. Selection is the process of choosing a candidate from a group of applicants who best meets the selection criteria for a particular position. Regardless of whether a job to be filled has been in existence or is newly created, its requirement must be defined as precisely as possible for recruitment to be effective (Byars and Rue, 1994). Cho et al. (2006) has asserted that there is a positive significant relationship among HRM practices and staffing (recruiting source, pre-selecting test, IQ test, structured interview, and biographical information blank test) of the organization for improving financial or profit performance. Organizational productivity and high performance depend on selecting the right person (Huselid, 1995) and placing him/her in the right job. Therefore, this study postulates the following hypothesis:

H2a: Recruitment and selection is positively related to organizational effectiveness.

Training and Development: HRM practices are recognized as an investment and unique practice and as the first step to the learning to improve the organizational performance (Pfeffer, 1994; Appelbaum and Goransson, 1997; Salas and Cannon- Bowers, 2001). Kraiger (2003) assert that successful organizations are thought to invest more in training and development than other organizations. Training is defined as the systematic acquisition and development of the knowledge, skills and attitude required by the employees to adequately perform a task or a job or to improve performance in the job environment (Golstein, 1990; Latham, 1980). Various studies (e.g., Goldstein, 1990; Bartel, 1994) advocate that training enhances employee skills. Furthermore, implementation of such programs enhances labor productivity. Training and development also serves a latent function of communicating to employees that they are valuable to the organization (Moreland and Levine, 2001).

H2b: Training and development is positively related to organizational effectiveness.

Performance Appraisal: Performance appraisal cycle assists organizations to enhance their employee performance by setting work objectives, monitoring progress and assessing how they are doing on the jobs (Locke, 1968). Once evaluated people can get the relevant feedback, discuss the new objectives and take appropriate actions to make it better (Pedler, 1991; Watkins and Marsick, 1993). Various research works (e.g., Delery & Doty, 1996; Kluger & DeNisi, 1996; Smither et al, 1995; Walker & Smither, 1999) conclude that performance evaluation enhances the overall firm performance.

H2c: Performance appraisal & feedback is positively related to organizational effectiveness.

Role of Union: The legitimacy of the employees to express their interests influences management decisions to achieve their objectives (Salamon, 1998). Further Fox (1966) argues that such legitimacy is founded not just in industries but also on 'social values' which recognize the right of the interest groups to combine and have an effective voice in their destiny. Conflicts often arise among the employees and administration in the workplace. Therefore, good labor relations play an important role in resolving such conflict situation (Siengthai et al., 2010).

H2d: Role of union is positively related to organizational effectiveness

MEDIATING ROLE OF HRM

The understanding of conflict plays a central role in HRM theory and practices. From some perspectives conflict is to be avoided, while from others, it is to be embraced to enhance the organizational effectiveness. Conflict management is considered an important part of any supervisor's role to keep conflict at the constructive level, which sometimes takes more than 25% of his or her time (Mintzberg, 1975; Thomas & Schmidt, 1976). In more recent studies, researchers have found that managers spend more than 18% of their time on employee conflict, a figure that has nearly doubled since mid-1980s (Hignite, Margavio, & Chin, 2002).

HRM theories provide framework for predicting, understanding and influencing the thoughts, feelings and behaviors of the employees in the workplace (Latham and Stuart, 2007). HRM theories also provide guidance for designing interventions and interpreting the results (Latham & Crandall, 1991). The first step from HRM perspective is recruitment and selection. The recruitment process starts from attracting the candidates and selection mostly based on the unstructured interviews (Wilk & Cappelli, 2003). After selecting according to desirable criteria a person must be trained and developed. Training and development is considered an investment in any organization. Especially in educational institutes, it becomes a necessity to

keep employees updated (Pfeffer, 1994; Appelbaum and Goransson, 1997). Latham and Stuart (2007) state that a clear articulation about meaning of performance is necessary. Campbell et al., (1993) defines performance as behavior or action. The criteria as Latham and Stuart (2007) for evaluating the faculty are teaching skills, research and service. These different theoretical perspectives of HRM practices provide a basis to use HRM practices to moderate dysfunctional conflict into functional conflict. Thus, this study asserts that HRM is a moderator in transforming the dysfunctional conflict into functional conflict. It is a challenge for HR managers to use conflict at the constructive level. Therefore, this study assumes that system intervention in the form of HRM practices help in transforming and maintaining the level of conflict at a constructive level. Therefore, this study postulates the following hypothesis based on the assumption that HRM practices can moderate the dysfunctional conflict into functional conflict.

Hypothesis 3: HRM practices can moderate dysfunctional conflict into functional conflict.

METHODOLOGY

Sample and Procedure

Sample of this study are respondents from higher educational institutes of Pakistan. The sample universities were drawn from the list of universities based on selection criteria which are their contribution to the education since independence, date of establishment and being in public sector. The universities that did not fit these criteria were screened out. The sample selection procedure ended up with four public universities with more than 10,000 employees. Therefore sampling frame was composed of four universities in Pakistan. The research instrument for this study was constructed to measure HRM practices, organizational conflict and organizational effectiveness. Data were collected during the period of January to April, 2009, using a pre-tested, mailed, self administered questionnaire. The questionnaire was prepared in English. It covers respondent's brief profile, perceptual scale items on organizational conflict and organizational effectiveness. Four public universities in Pakistan were chosen as the research sites. All random sampled respondents were approached in person to participate in this survey within limited time span. Thus, in total about 700 questionnaires were distributed to the sample respondents and 371 usable questionnaires were returned, yielding about 53% response rate. This response rate is much higher than the minimum recommended response rate.

Table 1 illustrates the demographics of the sample. Among 371 respondents, the majority, i.e., 83.6% are male. In terms of age, about 71% are above 25 years old. Faculty accounted for about 54.4% and administration for 45.6%. The dominance of the male respondents is consistent with the occupational statistics of Pakistan where males are dominated over the females in the labor market participation rates.

Table 1: Profile of the Respondents (N=371)

<i>Demographic</i>	<i>Variables</i>	<i>%</i>
Gender	Male	83.6
	Female	16.4
Age	25-35years old	71.4
	36-45 years old	17.8
	46-60 years old	10.8
University	University of Punjab	19.9
	University of Karachi	29.6
	University of Peshawar	26.4
	University of Balochistan	24.1
Faculty	Professor	3.5
	Associate professor	7.0
	Assistant professor	12.9
	Lecturer	31.0
Administrative Staff	Director	3.0
	Assistant Director	3.2
	Administrative staff	39.4

Construct Measurement

Basically, three variables, i.e., organizational conflict, HRM practices and organizational effectiveness are used to assess the role and impact of HRM practices to transform dysfunctional conflict into functional conflict. The questionnaire is composed of items related to organizational conflict, HRM practices and organizational effectiveness. All items are on 5-point Likert scale anchored by 1= strongly disagree to 5= strongly agree.

Perceived Organizational Effectiveness construct

Organizational effectiveness is the dependent variable in this study. It consists of 8 Likert-scale items. Based on the literature review, the scale items for non-profit organization were conceptualized (See Appendix-C). These items were tested later for reliability and validity to derive statistically proven items that could be identified as organizational effectiveness. Qualitative validity was tested through the expert opinions. To test the reliability, Cronbach's alpha reliability was performed, all factors have Cronbach's alpha greater than 0.60 and this indicated that questionnaire has good reliability (Nunnally, 1968).

Perceived Organizational Conflict Construct

The construct "Organizational Conflict" is measured by 10 items to get the perception of university employees about the conflict from both perspectives (i.e., functional and dysfunctional conflict). Functional conflict is measured by asking the respondents whether they think that conflict is necessary for better performance of the organization, beneficial for the organization, stimulates growth, helps improve decision making and is productive for the organization. Dysfunctional conflict measure captures the respondents perception on whether they think that high intensive conflict decreases the organizational effectiveness, is associated with negative outcomes, causes stress, enhances dissatisfaction among employees and decreases job involvement (Appendix-D). To meet requirement of the validity of construct, qualitative validity was measured by expert opinions and theoretical studies. For quantitative validity measure, internal consistency analysis using SPSS 11.5 was performed. Reliability tests show the Cronbach's alpha value is 0.60.

HRM practices Construct

HRM Practices originally were measured by 13 items based on the work of most recognized researchers in the field of HRM (e.g., Huselid,1995;Gould-Williams,2003;Pfeffer,1998) modified and rephrased to ease understanding of the respondents. The results show that about 13 items are sustained (See Appendix E). Cronbach's alpha of the refined scale is 0.69. The measure of the construct items are explained as follows:

- Recruitment & Selection: Internal recruitment, creative thinkers, fair recruitment, selection
- Training and Development: Conflict training, updating training programs, equal opportunities
- Performance appraisal & feedback: Continuous evaluation, clear criteria, performance based rewards and feedback.
- Role of Union: management part, positive role, participation of union in decision making

RESULTS AND DISCUSSION

Table 2 describes the mean, standard deviation and correlation matrix. The Pearson correlation of the studied variables are also significant, none of the value exceeds 0.80, which is the criterion of multicollinearity as recommended by Cooper and Schindler (2006).

Table 2: Mean, Standard Deviations and ^a Correlations

<i>Variables</i>	<i>Mean</i>	<i>S.D.</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
1.Functional conflict	3.54	0.68	1						
2.Dysfunctional Conflict	3.50	0.70	0.51**	1					
3.Recruitment & Selection	3.99	0.82	-0.09	-0.19**	1				
4.Training & Development	3.76	0.81	0.20**	0.03	0.08	1			
5.Performance appraisal	3.92	0.70	-0.05	-0.17**	0.75	0.11*	1		
6.Role of union	3.91	0.66	0.10*	0.13*	0.16**	0.06	0.47**	1	
7.Organizational Effectiveness	3.91	3.21	0.11*	-0.07	0.65**	0.38**	0.57**	0.39**	1
N	371	371	371	371	371**	371	371	371	371

**p<0.01, * p<0.05, all are two tailed tests.

It is suggested from correlation shown in [Table 2](#) that there are significant relationships between functional conflict, dysfunctional conflict and training and development at $p \leq 0.01$. Functional conflict, union and organizational effectiveness are significant at $p \leq 0.05$. Further with respect to recruitment and selection, there is significant association between recruitment and performance appraisal, role of union, and

organizational effectiveness at 0.01 level of significance while recruitment and training and development are significant at 0.01. Recruitment and organizational effectiveness are significant at $p \leq 0.05$. Similarly, there are significant relationships of performance appraisal with role of union and organizational effectiveness at 0.05 level of significance. There is also significant relationship between role of union and organizational effectiveness at 0.01 level of significance. Mean value of all these variables range from 3.54 to 3.99. Thus, the results imply that functional conflict and HRM practices (recruitment, training and development, performance appraisal and policies) are significantly related to organizational effectiveness.

Table 3: Results of Regression Analysis for Relationship between organizational conflict and organizational effectiveness

Hypothesis	Variables	Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
	(Constant)	4.077	.661		6.169
	Age	-.001***	.002	-.013***	-.385
	Gender	-.003	.047	-.002	-.055
	Position	-.007***	.009	-.026***	-.066
1	Organizational Conflict				
	Functional Conflict	.125***	.036	.159***	3.487
	Dysfunctional Conflict	-.065*	.029	-.085*	-2.201
2	HRM Practices				
	Recruitment & Selection	.456***	.035	.695***	13.101
	Training & Development	.210***	.022	.318***	9.602
	Performance Appraisal	-.096*	.045	-.123*	-2.148
	Role of Union	.309***	.037	.379***	.383
3	Interacting Terms				
	^b HRM*OFC	.024*	.008	.142*	2.190

R	0.800
R ²	0.641
Adjusted R ²	0.630
F change	58.189***

^a Dependent variable is Organizational Effectiveness (OE); ^b HRM*OFC is the interaction between Human Resource Management and Organizational functional conflict

+ $p \leq 0.10$

* $p \leq 0.05$

** $p \leq 0.01$

*** $p \leq 0.001$

Regression results (Table 3) suggest that there is a significant relationship between organizational conflict, HRM and organizational effectiveness. The coefficient of correlation is (.800). R-square is .641 and the adjusted R-square is .630. Thus, overall, the proposed model can explain about 64 per cent of the variation in organizational effectiveness. The results support all hypotheses. Results show that Hypothesis 1a and 1b are found to be significant at $p \leq 0.05$. The regression results suggest a negative and significant relationship between dysfunctional conflict and organizational effectiveness. Further, results suggest a positive and significant relationship between functional and dysfunctional conflict with organizational effectiveness.

In addition Hypothesis 2a, 2b and 2d which states that there is a positive relationship between recruitment, training and development and performance appraisal respectively with organizational effectiveness is found to be significant at $p \leq 0.05$ level. However, H3c is found to be significant and negative relation at $p \leq 0.05$ level

In order to test Hypothesis 3, we ran regression analysis in which interaction terms were created by multiplying the HRM practices and organizational (functional) conflict. It is our assertion that an interaction of effective HRM system and organizational (functional) conflict will lead to higher level of organizational effectiveness. In support of hypothesis 3, it can be seen in Table 3 that the interaction term between human resource management (HRM) and organizational functional conflict (i.e., HRM*OFC) is found to be positive and significant at $p \leq 0.05$. Thus, this supports this study's hypothesis that HRM practices can transform the level of conflict.

Furthermore, when taking into account the demographic factors (i.e., age, position and gender), it is found that age group and position have a significant but negative relationship with organizational effectiveness. As the study is based on the perception scale, a wide gap between age groups that participate in this study may be a main reason of this negative result. In addition, it may also suggest that if HRM practices are effective, this negative relationship due to perception of respondents may be reduced.

DISCUSSION

Results indicate, 64 percent of variance in organizational effectiveness is explained by the independent variables. First objective of this study is to find out the relationship of organizational conflict and HRM practices with organizational effectiveness; second and the main aim is to find out the moderating effect of HRM in transforming the dysfunctional conflict into functional conflict.

The demographic data of this study indicate that male respondents are dominated both in the faculty and administrative groups in the universities. On the administrative side very few female employees were observed. Therefore, this study finds male dominance over female in the sample size. Further, the majority of the respondents are in the middle or young age (i.e., 25-35 years old). Further, the majority are lecturers in faculty and lower rank staff on the administration side.

Answering the question that there is a relationship between organizational conflict and organizational effectiveness, this study supports the first hypothesis of the study stating that there is a relationship between organizational conflict and organizational effectiveness. The study finds a significant relation between functional conflict and organizational effectiveness. Regarding H1b that there is an inverse relationship between dysfunctional conflict and organizational effectiveness, this study supports the hypothesis by finding an inverse and significant relationship with organizational effectiveness. Thus, it is evident from the results that functional conflict helps in increasing the organizational effectiveness in the higher education institutes like other business sector; dysfunctional conflict causes decrease in organizational effectiveness.

The second aim of the study is to test whether there is a relationship between HRM practices and organizational effectiveness. This study strongly supports H2 that recruitment & selection, training & development, performance appraisal and role of union have significant relationship with the organizational effectiveness in higher education of Pakistan. Thus, acceptance of this hypothesis provides an important base to the administrators in the higher education in Pakistan that HRM is an important practice in higher education like other business sectors. The findings of this study are in line with the findings of other researchers in the manufacturing and business context (Byars and Rue, 1994; Poole and Glenville, 1996, Pfeffer, 1998; Robbins, 1991). Therefore, this study in context of area study finds that HRM practices in not-for profit organizations are also positively related to organizational effectiveness.

Among HRM practices, the results indicate that recruitment and selection are significantly related to organizational effectiveness (standardized parameter estimate $\beta = 0.695$). Higher education in Pakistan or more specifically public universities give opportunity to existing employees to serve at higher posts. An external recruitment criterion is more strict and emphasizes on the creative thinkers and selects employees based on equal opportunity and capabilities.

Interesting findings were detected in HRM practices of training and development and role of union. Training and development has also a significant relationship with organizational effectiveness ($\beta = .318$). Findings show that Pakistan public universities believe on equal opportunities to all employees to equip themselves with knowledge and skills.

Regarding Hypothesis 2c, stating the positive relationship between performance appraisal & feedback. Findings suggest that performance appraisal is significantly related to organizational effectiveness but

relationship is negative. Thus findings suggest that in Pakistan public universities overall performance appraisal has relationship with organizational effectiveness but employees don't prefer continuous evaluation and performance appraisal based rewards and feedback. As employees in Pakistan public universities have fixed basic salary and performance appraisal is usually done at the end of the term or in some faculties (department) on annual basis so this study finds a negative relationship with organizational effectiveness.

Role of union has been found to have a significant relationship with organizational effectiveness. Thus, the role of union can also help increase the organizational effectiveness ($\beta=0.379$). Pakistan public universities are inherently rooted by political interference and union. Thus, findings with standardized coefficient of 0.379 suggest that role of union has significant and positive relation with the organizational effectiveness. Pakistan public universities are putting emphasis on the positive role of union and increased rate of participation of employees in the decision making.

The second and main aim of this study is to test whether HRM practices can moderate the dysfunctional conflict into functional conflict. As it is hypothesized that effective HRM practices can help maintain conflict at the functional level or can shift dysfunctional conflict into functional conflict. Interaction is also found to be significant with $\beta= 0.142$. The regression results of this study strongly support this hypothesis that HRM practices as moderating variable are significant at $p\leq 0.05$. Thus, this study suggests that if Pakistan public universities use HRM practices as moderator in transforming dysfunctional conflict into functional conflict then it will help in reducing the conflict among the employees to enhance the organization effectiveness.

In sum, all the formulated hypotheses are accepted at $p\leq 0.05$. The results suggest that organizational conflict may enhance the organizational effectiveness if remained at functional level in higher education just like other business sectors. This study also suggests that HRM can play an important role in higher education institutes and helps enhance the organizational effectiveness by improving the employee performance and satisfaction. In addition, this study finds a new dimension of use of HRM as moderator in transforming dysfunctional conflict into functional conflict. Thus findings of this study suggest that HRM practices can help moderate the dysfunctional conflict into functional conflict to further enhance the organizational effectiveness.

CONCLUSION

The strategic and well established importance of HRM practices is being covered in a growing body of academic literature. The primary purpose of this study is to investigate relationship of organizational conflict (i.e., functional and dysfunctional conflict) and HRM with organizational effectiveness and secondly, incorporate HRM practices to transform the dysfunctional conflict into functional conflict to enhance its impact on organizational effectiveness.

Based on the empirical findings, HRM practices have a significant role as moderating factor in shifting dysfunctional conflict into functional conflict. In addition, functional conflict has a positive relation and dysfunctional conflict has negative relation with the organizational effectiveness. In addition all the core HRM practices (i.e., recruitment and selection, training and development, performance appraisal and role of union) are found significantly related to organizational effectiveness. This speculates that Pakistan public universities must give special attention to HRM practices and must invest in more HRM practices to improve the organizational effectiveness.

There are practical implications from the findings. First, to alleviate the problem of conflict in the organizations, importance of conflict should be highlighted for the organizations. Organizational conflict is more difficult and complex phenomenon. If it remains at the functional level then it would work in the interest of the organization. For managers and administrators, HRM practices are extremely important in moderating the dysfunctional conflict into functional conflict and in enhancing the organizational effectiveness. Therefore, HRM practices can play a vital role in higher education as well as in the other business sector organizations in enhancing the organizational effectiveness. Specifically in public institutes Government should give attention on HRM aspect by allocation of budget and by enforcing the HR policies and practices. Thus, in terms of organizational actions, administrators or managers are highly recommended to pay more attention to the role and impact of the HRM practices.

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Appendix-A: Comparison of Pakistan Public University Organizational Structure with American Universities

Pakistan Public Universities Organizational Structure	US Public and Private Universities
Chancellor: President of Pakistan in case of federal University and Governor of province in case of provincial university	For some public universities, the Governor of state has ceremonial position, such as “ the president of the Board of Regents”,
Pro-Chancellor: Usually the federal or provincial minister of Education is the pro-Chancellor of the university.	This post does not exist , in US universities
Syndicate: is the supreme governing and legislative body of the university Chancellor appoints all members. Chancellor is the chairman of the syndicate, However, it's upon discretion of chancellor to attend or not attend the meeting.	Board of Trustees: is similar to Board of Directors of a company. At least some members are elected. There is always student representation
Vice-Chancellor: Chancellor appoints the VC. VC Holds the university academic and administrative affairs.	President: The Board of Trustees elects the chairman. The chairman attends all the meetings.
Pro Vice-Chancellor: assists the Vice Chancellor in his duties. Registrar: The responsibility of the registrar is to interpret academic and administrative affairs	The equivalent duties of these posts in US system are divided between various posts. These includes: <i>Pro-Vost/ Vice President for Academic & Research</i> <i>Vice President Administration & Finance</i> <i>Vice President student affair</i>
Deans: are appointed by the registrar	Deans: are appointed by provost
Head of the Department: Dean appoints the head of the department	Head of the Department: Dean appoints the head of department

Source: Adapted From Higher education in Pakistan “Towards a Reform agenda: a contribution to task force on improvement of Higher Education”.

Appendix B: Literature of relationship HRM practices and Organizational performance (in Business Sector)

Authors	Research study	Sample	HRM & Performance outcome
Huselid (1995)	Examination of impact of Human Resource Management Practices on turnover, productivity & corporate financial performance	N=816	HRM Components: Employee skills, organizational structure & employee motivation Performance Measure: Turnover , corporate financial performance
McDuffie (1995)	Examination of impact of human resource bundles on manufacturing performance	N=62	Training & development, employee participation in decision, performance based compensation. Performance measures: quality & productivity
Delery & Doty (1996)	Investigation of the impact of HRM practices on labor productivity	N=319	HR measures: Investment in planning, recruiting and employee development
Youndt, Snell, Dean & Lepak (1996)	Examination of HRM practices & performance relationship in manufacturing strategy	N=97	HRM Measures: staffing, Training, Performance Appraisal and Compensation Performance measures: product quality, Employee morale, inventory management, employee productivity, on time delivery etc.
Ichniowsky & Shaw (1999)	Effect of HRM system on economic performance in comparison between U.S. and Japanese steel plant	N=41	HRM Measure: problem solving teams, extensive orientation, Training through employees' career, Extensive information sharing, Rotation across jobs, Employee security, Profit sharing Performance Measure: Level of productivity and quality
Applebaum et al.(2000)	Employees' perspectives on HRM practices	N=4000	HRM Measure: Autonomy, Decision making, self directed teams, communication, Training and Development, Incentives Performance Measures: Trust, Job satisfaction, commitment & stress
Guest (2002)	To evaluate worker's attitude and behavior in the analysis of HRM performance relationship		HRM Measures: Job design, Participation, information provision, equal opportunities, family friends. Performance measures: Work and life satisfaction
Ahmed & Shroender (2003)	Investigation of the impact of HRM practices on operational performance in several industries	N=107	HRM Measures: Employee insecurity, selective hiring, use of teams & decentralization, Compensation, Training, Status differences, Information Sharing Performance Measures: Unit cost of manufacturing, quality of product, on time delivery, flexibility to change volume, introduction of new product
Gooderham et al., (2006)	To identify the impact of HRM on performance of European Firms	N=3281 Firms	Hard and soft HRM practices ,Performance related pay

Appendix-C: Items related to Organizational Effectiveness

S. No	Items
1	Organizational performance depends on the individual employee performance.
2	In my organization the performance of the employees is measured on the work load
3	My organization is providing useful and talented output in terms of capable students
4	Performance depends on the satisfaction of the employees.
5	I think in my organization employee turnover rate is low.
6	Job commitment is positively correlated with the organizational effectiveness
7	Job involvement increases the organizational effectiveness
8	My organization involves each party in the decision making so they feel their importance

Appendix-D: Items related to Organizational Conflict

S. No	Items
1	Moderate conflict is good for the performance of the organization.
2	I think conflict is beneficial for the organizations.
3	I think conflict is a type of behavior.
4	I think conflict stimulates growth in the organization.
5	I think conflict helps in improving the performance of the organization
6	Mostly conflicts help in improving the decision making.
7	I think that conflict is productive for the organizations.
8	High intensive conflict decreases the overall organizational effectiveness.
9	I think conflict is always associated with distortion, and withholding of the information etc.
10	I think conflict among the parties causes stress.
11	I think conflict enhances the dissatisfaction among the parties.
12	I think conflict decreases the job involvement

Appendix-E: Items related to HRM

S,No	Items
1	Job should be filled from within the organization.
2	Organization should hire people with creative thinking skills.
3	Fair recruitment policies can help in shifting dysfunctional conflicts into functional conflicts.
4	Selection process is appropriately fit with the institutional needs
5	Training and development about conflict avoidance can help in avoiding the conflicts in the organization.
6	I think that training programs must be updated constantly to enhance the organizational effectiveness.
7	I think that training opportunities must be provided to every employee to enhance the organizational effectiveness.
8	Performance of the employees on continuous basis decreases the dysfunctional conflicts.
9	To me, criteria used to evaluate the performance are clear.
10	I think feedback by supervisor in negative words causes dysfunctional conflicts
11	When I do good job then my performance is noticed and rewarded.
12	I think that clear and defined policies and procedures by the management decrease the level of conflict among the employees and the management.
13	To me union is the part of the management.
14	I think if union work in positive manner then dysfunctional conflict can be shifted in functional conflicts.