# THE IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON LEADERSHIP STYLES: THE MEDIATING ROLE OF EMPLOYEE TRUST

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## ABSTRACT

*The objective of this research was to explore the relationship of Human Resource Management practices and Leadership styles with mediating effect of employee trust. Literary gap was identified where the relationship of HRM practices and leadership styles was not previously explored and empirically tested. Data was collected from a sample of 589 managerial level employees of 132 private sector companies listed on Pakistan Stock Exchange. The two stage methodology of Structural Equation Modeling (SEM) in AMOS was employed to test the proposed relationships. The findings revealed a significant positive association between HRM practices and leadership styles. Employee trust only partially mediated the relationship of HRM practices and Leadership styles. HRM and Leadership have the potential to counterbalance each other and will ensure that the organization has an adequate supply of management and leadership competence at every level of the organization.*

**Keywords:**     Human Resource Management; leadership style; trust; Structural Equation Modeling.

## INTRODUCTION

Humans are an organization's greatest resource. Capitalizing on human beings is vital for producing value for both organization as well as individuals in organization. From the previous two decades, scholars have tried to give credence to the significance of capitalizing on human beings in the workplace with focus on two well-developed streams of research: HRM and Leadership. The scholarship of Leadership and HRM share a common objective of creating an enhanced understanding of how to successfully manage individuals in organizations. Leadership inspires people and work at the individual or group level while HRM influences more through systems and processes. Leadership is usually concentrate on considering the individual and relational dynamics of how people impact each other towards shared objectives (Northhouse, 2015). HRM views at the systems and practices in an organization that try to inspire individuals in an organized way, typically on a greater level. Together Leadership and HRM are involved in what we can broadly call people management.

In spite of this common objective, these subjects of study remain mostly unrelated. HRM and Leadership have the potential to counterbalance each other. The present study is based on the assumption that both HRM and Leadership contribute to making sure that humans are an organization's most significant resource. In other words, investing in people management through HRM and Leadership should enable more productive and motivated workforce. Thus, the objective of this research was to study the relationship of Human Resource Management practices and Leadership styles with mediating effect of employee trust.

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## THEORETICAL FOUNDATIONS OF THE STUDY

The resource – based view of firm (Barney, 1991) stated that three kinds of assets i.e. physical, organizational and human assets can serve as a basis of competitive advantage for a firm. The growing level of scientific and technological advancement and the quick transmission of information has reduced the competitive advantage that was formerly achievable via utilization first two types of assets. Wright, (McMahan and McWilliams, 1994) asserted that organizational resources should not be considered as strategic since they are easily copied, rather it is the human capital of a company that makes a difference. To make a distinction now remains with the people who produce new ideas or provide the product. The most significant duty of HRM is to make sure that organization has a sufficient supply of leadership and management competence at each level of organization. Moreover, the modern-day management and employment relationship in organization poses numerous challenges for management of organization to sustain the motivation and trust of employees, which can be termed as leadership challenge. As a result, the secondary challenge for management is to develop leadership competency throughout the organization, which in turn creates challenge for Human Resource Management. The current study was based on the notion that competitive advantage be gained through leadership. The basis of sustained competitive advantage for organization is to have leadership capacity throughout the organization and this leadership capacity is produced by Human Resource Management. Drucker, (1973) emphasized the good use of human resources to meet the challenges of the new millennium. Moreover, Abbas and Batool, (2017) argued that enhancing socio-economic benefit and increased corporate value imply shared trust between organization and its employees. Thus, it is also proposed that to sustain employee trust organization has to overcome the problem of ineffective leadership by developing leadership capacity at each and every level of the organization through Human Resource Management.

## PROBLEM STATEMENT

Despite the large number of studies in the field of HRM, Leadership and Management, the relationship of HRM and leadership styles has been ignored. The relationship is a gap or void in the body of knowledge. Scant research exist about the relationship of HRM and Leadership Styles. Therefore, it is imperative to examine the relationship of HRM and leadership styles.

## LITERATURE REVIEW

Robbins and Coulter, (2008) defined leadership as the process of commanding a group of people and inspiring that group to attain its goals. The current study explored the relationship of HRM Practices and leadership styles namely transactional, transformational and laissez-faire leadership. Transactional leadership centers on the transaction that occurs between leader and follower (Burns, 1978; Bass, 1985). Martinez-Corcoles and Stephanou, (2017) concluded that active transactional leadership had a substantial influence on performance via safety climate. Bass and Avolio, (1994) identified four components of transactional leadership. Contingent reward (CR) implies that leader explains target and reward workers when target is accomplished. The leader explains prospects and determines rewards for meeting those prospects. Management by exception (active) signifies the extent to which the leader observes and seeks deviances from guidelines and morals and take remedial actions. Management by exception (passive) denotes the kind of management in which the leader intervenes only when the standards are not met. Passive leaders are not proactive and they delay till the

behavior produces difficulties before taking actions (Judge & Piccolo, 2004).

A transformational leader recognizes the desirable change, produces a vision to direct the change through motivation and execute the change with the dedication of the fellow members (Burns, 1978). There are four elements of transformational leadership: idealized influence (charismatic leadership), inspirational motivation, intellectual stimulation and individualized consideration (Bass & Avolio, 1994; Bass & Riggion, 2006). These elements are labeled as the four "I's". Charisma or idealizes influence (II) is the degree to which a leader specify their standards, principles and idea in such a manner that is convincing and has a deep impact on supporters, related to other dimensions of transformational leadership (Bass & Riggion, 2006; Illies, Curseu, Dimotakis & Spitzmuller, 2012). Inspirational motivation (IM) denotes the extent to which leaders offer a vision, utilize suitable signs and descriptions to assist others concentrate on their effort and attempt to cause others sense their job is important. Intellectual stimulation (IS) shows the extent to which leaders inspires others to be imaginative in viewing old issues in new ways, produce a setting that is forbearing of apparently dangerous positions and develop individuals to question their personal beliefs and those of organization. Individualizes consideration (IC) designates the extent to which leader displays concern in others welfare, allocate task independently and pay consideration to individuals who look less involved in the group.

Laissez-Fair bears certain closeness to management by exception but scholars claimed that as it signifies the lack of any leadership, it would be considered distinctly from other transactional components (Bass & Avolio, 1998). Laissez-faire, actually non-leadership is the avoidance or absence of leadership. Leaders who score high on laissez-faire leadership avoid making decision, hesitate to make decisions and are absent when needed.

Leadership and trust are critical issues for survival of the organization (Engelbrecht & Cloete, 2000). Trust is defined as the inclination of an individual or group to be vulnerable to the activities of another based on the expectation that the other will carry out a particular action vital to the trustor, regardless of the ability to observe or control that other party (Mayer, Davis & Schoorman, 1995).

## RESEARCH HYPOTHESES

The current study tested the following hypothesized relationships:

> *Hypothesis 1:* There is a significant association between HRM practices and Leadership Styles
>
> *Hypothesis 2:* The relationship of HRM practices and leadership styles is mediated by employee trust.

## RESEARCH METHODOLOGY

*Participants and Data Collection Procedure*

The study was descriptive in nature. Primary data was used in this study. Data was collected from the participants in a non-contrived setting through a Likert-scale questionnaire ranging from 01 to 05 where 01= strongly disagree, 02= disagree, 03= neutral, 04= agree and 05= strongly agree. The participants were managers of 574 private sector companies listed on Pakistan Stock Exchange (PSX. 2016). The minimum required sample size was 383 (Saunders, Lewis and Thornhill, 2007). The sample was derived from the population by using Simple random sampling. Over sampling was done to attain a response rate of 65%. The desired sample size was achieved through allocation of equal sampling units to each company. Through Equal allocation, five (05) organizational members

including at least one representative from HR department were randomly selected and five questionnaires were distributed in each organization. This gave a total number of 660 sampling units (132 * 5=660).

## MEASUREMENT SCALES

### Human Resource Management Practices

In this study, HRM practices were measured on scale developed by Demo, Neiva and Rozzette (2012). The scale consists of 40 items which measures HRM practices along six dimensions. Previously, this instrument has been used in several studies and validated in several contexts (Abubakar, Chauhan & Kura, 2014; Bal, Buzkart & Ertemsir, 2014; de Jesus & Rowe, 2015; Tabouli, Habtoor & Nashief, 2016; Abba, Anumaka & Mugizi, 2017; Kura, 2017; Mayes, Finney & Johnson, 2017; Mayes et al., 2017).

### Leadership Styles

A modified version of the multi-factor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1998) was used to measure leadership styles. There were 15 items to measure leadership styles. Earlier, this instrument has been used in several studies (Bass, 1995; Carless, 1998; Van Muijen, Den Hartog & Koopman, 1997; Bass, Avolio, Jung & Berson, 2003; Rowold & Heinitz, 2007; Jones & Rudd, 2008; Schneider & Goerge, 2011; Dumdum, Lowe & Avolio, 2013; Dabke, 2016; Hu et al., 2016, Zaech & Baldegger, 2017; Holtz, Hu & Hu, 2017).

### Employee Trust

For measuring Employee Trust, the scale developed by Tzafrir & Dolan (2004) was used which consists of 16 items.

## OPERATIONAL DEFINITION OF VARIABLES

### Human Resource Management (HRM) Practices

All those activities related to the acquisition, appraising, compensating, training and developing workforce and concentrating on labor affairs, well-being, security and fairness concerns (Dessler, 2003).

### Leadership Styles

The approach and manner of motivating individuals, executing strategies and offering direction. It comprises the entire design of obvious and inherent activities accomplished by the leader (Newstrom & Davis, 1993).

### Employee Trust

*A willingness to increase one's resource investment in another party, based on positive expectations,* resulting from past positive mutual interactions (Tzafrir & Dolan, 2004).

## RESULTS

### Demographic Features of the Participants

The statistics for gender, age, experience, and organization size and management level were

calculated for total of 384 respondents. Of the total respondents, 366 (95.3 %) were male and 18 (4.7 %) were female. 245 (63 %) of the respondents were from the lower management, 120 (31.3 %) from the middle management and 19 (0.04 %) from top management. 244 (63.5 % )   of the respondents were of the age between 25 and 35,  52 (13.5%) were between the age of 36 to 40 years, 34 (09 %) were between 41 to 45, 30 (08 %) were between 45 to 50 and 15 (04%) of the respondents were above the age of 50.

*Exploratory Factor Analysis*

Exploratory factor analysis with Principal Component analysis (Hottling, 1933) was employed to explore the factor structure of variable HRM Practices, Leadership Styles and Employee Trust. The factors accounted for 80 percent of the variation in latent variable HRM Practices. Items with factor loadings less than 0.5 were suppressed. All the items exhibited factor loadings of greater than 0.6. Among the items TD2 exhibited the highest factor loading of 0.979 and IN2 exhibited the lowest factor loadings of 0.615. The results of the exploratory factor analysis (EFA) for HRM Practices are offered in Table 1.

**Table 1:** Results of Exploratory Factor Analysis of HRM

| Dimensions | Items | Rotated Factor Loadings | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| WC | WC1 | .838 | | | | | |
| | WC2 | .916 | | | | | |
| | WC4 | .954 | | | | | |
| | WC6 | .829 | | | | | |
| CR | CR1 | | .905 | | | | |
| | CR3 | | .961 | | | | |
| | CR4 | | .946 | | | | |
| | CR5 | | .942 | | | | |
| RS | RS2 | | | .920 | | | |
| | RS3 | | | .857 | | | |
| | RS4 | | | .825 | | | |
| | RS5 | | | .802 | | | |
| | RS6 | | | .714 | | | |
| PA | PA2 | | | | .908 | | |
| | PA3 | | | | .707 | | |
| | PA4 | | | | .950 | | |
| | PA5 | | | | .911 | | |
| INV | IN2 | | | | | .615 | |
| | IN3 | | | | | .627 | |
| | IN5 | | | | | .833 | |
| | IN8 | | | | | .930 | |
| TDE | TD1 | | | | | | .971 |
| | TD2 | | | | | | .979 |
| | TD5 | | | | | | .961 |

Extraction Method: Principle component analysis

Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

For dependent variable Leadership Styles three factors were retained which accounted for 72 percent of the variance in the latent variable Leadership Styles. All the items exhibited factor loadings greater than 0.70. Among the items LS7 and LS4 had the highest factor loadings of 0.852 and 0.833 respectively as given in Table 2.

**Table 2:** Results of Exploratory Factor Analysis of Leadership Styles

| Dimensions | Items | Rotated Factor Loadings | | |
| --- | --- | --- | --- | --- |
| | | 1 | 2 | 3 |
| TSL | LS1 | .820 | | |
| | LS2 | .825 | | |
| | LS4 | .833 | | |
| | LS7 | .852 | | |
| | LS10 | .719 | | |
| TFL | LS16 | | .747 | |
| | LS17 | | .717 | |
| | LS19 | | .752 | |
| LFL | LS20 | | | .832 |
| | LS22 | | | .807 |

Extraction Method: Principle component analysis
Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

For Employee Trust (ET) the number of factors to be extracted were restricted to 03 which accounted for 74 percent of the variation in the latent variable. The factor loadings of all items were greater than 0.70 as depicted in Table 3. Among the items TRR1 and TRR5 exhibited the highest factor loadings of 0.974 and 0.899 while the items TRR2 and TRH3 exhibited factor loadings of 0.699 and 0.738.

**Table 3:** Results of Exploratory Factor Analysis of Employee Trust

| Dimensions | Items | Rotated Factor Loadings | | |
| --- | --- | --- | --- | --- |
| | | 1 | 2 | 3 |
| TRR | TRR1 | .974 | | |
| | TRR2 | .699 | | |
| | TRR5 | .899 | | |
| TRC | TRC1 | | .822 | |
| | TRC2 | | .807 | |
| | TRC3 | | .801 | |
| | TRC4 | | .795 | |
| | TRC6 | | .815 | |
| TRH | TRH1 | | | .820 |
| | TRH3 | | | .738 |
| | TRH4 | | | .890 |
| | TRH5 | | | .777 |

Extraction Method: Principle component analysis
Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

# RELIABILITY AND VALIDITY ANALYSIS

### Reliability Analysis

The internal reliability of the constructs was determined by employing Cronbach's alpha co-efficient of Reliability. The alpha co-efficients were computed in SPSS for all the constructs measuring the research variables namely HRM Practices, Leadership Styles and Employee Trust. The results of the internal reliability analysis offered in Table 4 indicated that the dimensions of all the constructs used in the study exhibited α values greater than 0.70 which confirmed that the constructs used in the study were internally reliable.

A value of critical ratio CR> 0.60 is considered to be an acceptable value for the composite reliability of a construct (Hu & Bentler, 1999). The critical ratio (CR) values for the dimensions which measure constructs of HRM Practices, Leadership styles and Employee Trust presented in Table 4, indicated that all the sub-scales exhibited CR>0.60 which revealed the composite reliability of the constructs.

**Table 4:** Results of Reliability Analysis

| Constructs | Dimensions | Cronbach's α | CR |
|---|---|---|---|
| Human Resource Management | INV | 0.922 | 0.923 |
| | WC | 0.961 | 0.961 |
| | CR | 0.968 | 0.968 |
| | RS | 0.921 | 0.953 |
| | PA | 0.951 | 0.922 |
| | TD | 0.969 | 0.969 |
| Leadership Styles | TSL | 0.976 | 0.975 |
| | TFL | 0.889 | 0.884 |
| | LFL | 0.810 | 0.814 |
| Employee Trust | TRR | 0.951 | 0.951 |
| | TRC | 0.910 | 0.910 |
| | TRH | 0.894 | 0.894 |

$CR = (\Sigma Ҝ)^2 / [(\Sigma Ҝ)^2 + (\Sigma 1 - Ҝ^2)]$

### Validity Analysis

Average Variance Extracted (Fornell & Larker, 1981) was calculated for all the dimensions of the constructs to determine the convergent validity of the constructs. The results presented in Table 5 indicated that AVE values for the constructs of HRM Practices, Leadership Styles and Employee Trust were greater than the standard value of 0.50. The constructs met the criteria of convergent validity.

Fornell and Larker (1981) suggested that for any construct, AVE should be greater than MSV. Moreover, to establish discriminant validity CR>AVE>MSV>SCE (Hair et al., 2010). The results presented in Table 5 indicated that the constructs satisfied the criteria for discriminant validity. All the sub-constructs/dimensions exhibited significant factor loadings greater than 0.6 which indicated the unidimensionality of the construct.
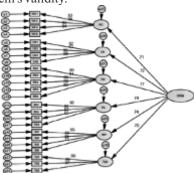
**Table 5:** Results of Validity Analysis

| Constructs | Dimensions | Factor Loadings | Significance level p<0.001 | CR | AVE | MSV |
|---|---|---|---|---|---|---|
| | INV | 0.68 | *** | 0.923 | 0.605 | 0.339 |
| | WC | 0.72 | *** | 0.961 | 0.805 | 0.341 |
| Human | CR | 0.72 | *** | 0.968 | 0.859 | 0.460 |
| Resource | RS | 0.79 | *** | 0.953 | 0.801 | 0.458 |
| Management | PA | 0.73 | *** | 0.922 | 0.625 | 0.385 |
| | TD | 0.70 | *** | 0.969 | 0.840 | 0.387 |
| | | | | | | |
| | TSL | 0.60 | *** | 0.975 | 0.733 | 0.341 |
| Leadership | TFL | 0.69 | *** | 0.884 | 0.565 | 0.340 |
| Styles | LFL | 0.77 | *** | 0.814 | 0.594 | 0.324 |
| | | | | | | |
| | TRR | 0.69 | *** | 0.951 | 0.797 | 0.243 |
| Employee | TRC | 0.72 | *** | 0.910 | 0.628 | 0.247 |
| Trust | TRH | 0.63 | *** | 0.894 | 0.636 | 0.207 |

Factor loadings were Significant at p<0.001. AVE= $\Sigma$ K² / n.

*Confirmatory Factor Analysis*

To confirm the factor structure a confirmatory factor analysis in AMOS (23) was used. The model fitness was examined through a Chi-Square and Model Fit Indices. Besides the Chi-Square (Wheaton et al., 1977), seven Fit Indices namely CFI (Bentler (1990), GFI (Joreskog & Sorbom, 1984), AGFI (Tanaka & Huba, 1985), NFI (Bollen, 1989b), TLI (Bentler & Bonet, 1980) and RMSEA (Brown & Cudeck, 1993) were used to examine how well the theoretical model predicted the endogenous variables.
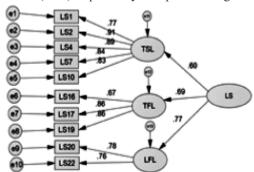
Confirmatory Factor analysis in AMOS was employed to confirm and validate the factor structure of six dimensions of HRM namely WC, CR, RS, PA, INV and TDE. All the model fit indices met the standards of model fitness: CMIN/DF= 3.017, CFI= 0.953, GFI= 0.971, AGFI= 0.936, NFI= 0.932, TLI= 0.946, PMR= 0.031 and RMSE= 0.048. The results revealed that the path co-efficient estimates between the latent factor HRM and all the factors were significant at p<0.01 as presented in Figure 1. All the factors exhibited standardized factor loadings greater than 0.70 indicating well designed construct in terms of observed item's validity.



**Legends:** HR: HRM Practices, WC: Working Conditions, CR: Compensation & Reward, RS: Recruitment & Selection, PA: Performance Appraisal, INV: Involvement, TDE: Training & Development.
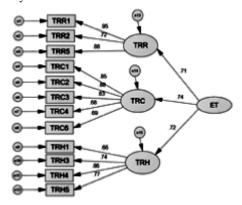
**Figure: 1** Confirmatory Factor Analysis HRM

Similarly, factor analysis for the construct Leadership styles was performed. The criteria of model fitness was satisfied: CMIN/DF= 2.811, CFI= 0.975, GFI= 0.956, AGFI= 0.925, NFI= 0.962, TLI= 0.965, PMR= 0.036 and RMSE= 0.067. The factor LFL exhibited the highest factor loading of 0.77 followed by TSL (0.69), and TFL (0.60) respectively as depicted in Figure 2.



**Legends:** LS: Leadership Styles, TSL; Transactional Leadership, TFL: Transformational Leadership, LFL: Laissez-faire Leadership.

**Figure: 2** Confirmatory Factor Analysis Leadership Styles

In the same fashion, factor analysis for the construct Employee trust was performed. All the fit indices satisfied the criteria of model fitness: CMIN/DF= 3.188, CFI= 0.959, GFI= 0.938, AGFI= 0.905, NFI= 0.943, TLI= 0.948, PMR= 0.033 and RMSE= 0.079. It is evident from Figure 3 that all the factors exhibited standardized factor loadings greater than 0.70 indicating well designed construct in terms of observed items' validity.



**Legends:** ET: Employee Trust, TRR: Reliability, TRC: Concern, TRH: Harmony.

**Figure: 3** Confirmatory Factor Analysis Employee Trust

### Assessment of Proposed Theoretical Framework

*Hypothesis H1:* There is significant association between HRM Practices and Leadership Styles. The Proposed Theoretical Framework is given in Figure 4. First, the model fitness was evaluated in terms of Statistical Significance and Model Fit Indices. The error term indices RMSEA and PMR values were 0.042 and 0.039. These values were less than the benchmark values of 0.08 indicating that

the measurement model has low magnitude of residuals. The CMIN/DF value was 2.843 which was less than the standard value of 5.0. In addition, all other comparative model fit indices were found to be statistically reasonable i.e. GFI= 0.963, AGFI= 0.921, CFI= 0.987, NFI= 0.982 and TLI= 0.964. The results revealed that the model was a decent model.
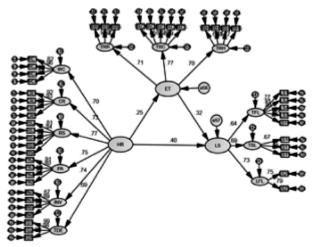


**Figure: 4** Proposed Theoretical Model

**Legends: HR:** HRM Practices, WC: Working Conditions, CR: Compensation & Reward, RS: Recruitment & Selection, PA: Performance Appraisal, INV: Involvement, TDE: Training & Development, LS: Leadership Styles, TSL; Transactional Leadership, TFL: Transformational Leadership, LFL: Laissez-faire Leadership, ET: Employee Trust, TRR: Reliability, TRC: Concern, TRH: Harmony.

The path co-efficient estimate of the direct path between exogenous variable HRM Practices and endogenous variable Leadership Styles was statistically significant at alpha (α) level 0.001. The standardized regression weight was 0.40 for HRM Practices in predicting Leadership Styles as depicted in Figure 7. It means that a one unit change in HRM Practices will bring 40 percent change in Leadership Styles. Thus, HRM Practices had significant and positive association with Leadership Styles. Hence, hypothesis "H1" was supported.

*Mediation Analysis*

**Hypothesis H2:** The relationship of HRM practices and Leadership styles is mediated by Employee Trust.

Structural equation modeling (SEM) was utilized to test the mediating relationship of employee trust. Three types of effects such as total effects, direct affects and indirect effects were calculated. The direct effect of HRM Practices and Leadership Styles was statistically significant (P < 0.001). The standardized path co-efficient estimate (regression weight) of the exogenous variable HRM Practices was β=0.40 for predicting the endogenous variable Leadership Styles as displayed in Figure 4. The indirect effect of exogenous variable HRM Practices on mediating variable Employee Trust was statistically significant (P=0.000) with standardized path co-efficient (regression weight) of β=0.25. Similarly, the indirect effect of mediating variable Employee Trust and endogenous variable Leadership Style was also statistically significant (P=0.004) with Standardized path co-efficient

estimate (regression weight) of β=0.32. Therefore, the indirect effect was β=0.080 with P<0.001, which was calculated through the multiplication of the effect of HRM Practices to Employee Trust and the effect of Employee Trust to Leadership Styles (β=0.25*0.32=0.080 and P=0.000*0.004=0.000). Moreover, the total effect was the addition of direct and indirect effects (β=0.40+0.080=0.48, P<0.001). Furthermore, the direct effect of HRM Practices on Leadership Styles β=0.40 came close to β=0.080 in indirect effect. The results presented in Table 6 indicated that Employee Trust partially mediated the relationship of HRM Practices and Leadership Styles. Since the relationship of HRM Practices and Leadership Styles was still significant after the mediation, hypothesis H2 was supported.

**Table 6:** Direct, Indirect and Total Effect

| |
|---|
| **Total Effect= direct + Indirect effect** |
| **Direct Effect** = HRM Practices to Leadership Styles |
| **Direct Effect**= **0.40, p<0.001** |
| **Indirect Effect**=HRM Practices to Employee Trust*Employee Trust to Leadership Styles |
| Indirect Effect=0.25*0.32 |
| **Indirect Effect**= **0.08** |
| **Total Effect=0.40+0.08=0.48** |

Relationships were significant at p<0.001

**Table 7:** Standardized Estimates of Paths between Variables in Theoretical Model

| Constructs and Measures | | | Estimate | S.E. | C.R. | P |
|---|---|---|---|---|---|---|
| LEADERSHIP_STYLES | <--- | HRM | .320 | .061 | 4.840 | *** |
| TRUST | <--- | HRM | .271 | .041 | 3.726 | *** |
| LEADERSHIP_STYLES | <--- | TRUST | .207 | .105 | 2.567 | .004 |

Relationships were significant at p<0.001

## CONCLUSION AND DISCUSSION

The findings revealed that HRM practices are significantly associated with Leadership styles and Employee trust partially mediated the relationship of HRM practices and Leadership styles. It can be inferred from these results that HR system must analyze and defy basic leadership role components to confirm that they support the company strategy requirements. The leadership roles must be created to produce the maximum level of output for the division and the individual leader. This requires an ample supply of competent individuals in organization. A company recruitment and selection effort must be tailored to develop competitive hiring process to attract competent individuals. Individuals should be provided with opportunities to develop skills needed to successfully accomplish job duties and responsibilities. Creating a performance management system by which management accomplishment is well-defined and performance is evaluated at all levels will help individuals recognize at what level they are expected. Reward system should monitor a division's strategic input and properly weigh a leader's personal and leadership elements. An organization can develop leadership capacity within by creating in an environment where employee trust their leadership and organization.

In a nutshell, HRM need to properly combine talent acquisition, learning, promotion and compensation to make sure that the organization has the essential leadership competency.

## IMPLICATIONS

First, the current research will fill the theoretical gap in the existing literature by exploring the relationship of HRM practices and leadership styles. Second, HRM and Leadership have the potential to counterbalance each other and can contribute to making sure that humans are an organization's most significant resource. It will confirm that the organization has an adequate supply of management and leadership competence at each level of the organization. Third, it possibly will aid to hire, train and retain competent employees in organization.

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