

Exploring the link between HR Practices, Employee Motivation, Employee Empowerment and Employee Performance in Engineering Firms of Indonesia

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Abstract---*The prime aim of this research is to examine the link between HR practices, employee motivation, employee empowerment and employee performance in Engineering firms of Indonesia. The mediating role of employee motivation and moderating employee empowerment is also examined. The study has employed the survey-based methodology to accomplish the objectives of research and to answer research questions. The tool used for data analysis in current study is SEM-PLS. The data collection is done from employees of engineering firms in Indonesia. Stratified random sampling is used for sampling of data. The findings of the study have shown agreement with the proposed findings and have argued the HR practices, employee motivation, and employee empowerment as the determinants of employee performance of employees working in the Engineering firms of Indonesia. Current study is among the pioneering study on the issue and will help the researchers and academicians in understanding the issue related to employee performance among the employees in Engineering firms of Indonesia.*

Keywords---*HR practices, empowerment, performance, Indonesia*

I. Introduction

The term motivation is used to differentiate among the workers of the organizations having the same opportunities, abilities and talents so they can perform their job in the same organization. Hence, the employees provided with the same facilities in any organization, but the performance varies among them. The employees having high motivation level always try to get promoted in their job because they are constantly looking for better ways to perform their responsibilities and duties. The tasks are performed in such a way by these employees that with more effort is asserted to complete the job, and they can put more effort to fulfill their task of completing the goals assigned. Understanding the importance of motivation of employees, current paper aims to explore the influence of HR practices and motivation on the employee job performance (Kuranchie-Mensah & Amponsah-Tawiah, 2016). Indonesia is an important country in East Asia. Most of the annual GDP of Indonesia has the contribution of engineering sector showing the importance of the sector for the country. It is the major Pillar of Indonesian economy

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since the 1970s. Manufacturing and mining are two sub sectors of this industry. Similar to another service sector, the engineering industry is also the service industry that relies on its employees for the performance (Kurniawan & Managi, 2018). Therefore, HR practices are very important to keep employees engaged, motivated and committed so they can well-accomplish the organizational goals.

The employee motivation is the most significant concerns for organizations. Inspiring the subordinate is the main task of the managers working as the teams. A number of variables are associated with the motivation of the employees. The first important factor is to perform a chance, whereas; the second one is the completion of task assigned. With the help of appropriate knowledge, employees can get power through the knowledge and also through proper training as well. There are a number of desires of a person and needs whereas, more experienced wants to be increased and to be the factors. Drive to do the work is the main cause to complete the task for the employee. The motivation of the staff create interest for the employees working on a specific task (QADIR, SAEED, & KHAN, 2017).

Furthermore, two types of motivation are discussed in previous literature, i.e. intrinsic and extrinsic motivation of the employees. Individual employee's performance is affected by both kinds of motivations. Intrinsic motivation means the motivation which is clearly pushed through an interest in it. Moreover, the joy to complete the task is alone. The employee relies on internal challenges instead of relying on external challenges. The employees who are motivated intrinsically to complete their tasks are able to fulfil their tasks and will be boosted functionally as well (QADIR et al., 2017).

On the other hand, the efficiency of an employee that is associated with the activities in a way to get good results, in the end, no matter what activities are usually determined intrinsically. The origin of extrinsic motivation is outside the person. Common examples of extrinsic motivation factors include rewards in terms of completion of desired actions, along with the risk involvement of abusing in case of misbehavior. Another good example of extrinsic motivation because the employee is motivated in this case to defeat other people and motive is not only to have fun or get the reward of the activity. To focus on employee motivation is vital for the organization as every organization requires human, financial and physical resources to complete the goal. It is through motivation that human resources can be used through making full use of it. By using the willingness of workers to work can be done through it. Through this, organizations can utilize the resources in their best suitable way. By this the productivity of the organization will be increased, the cost of operations will be reduced, and efficiency will be improved as well. The main point which organizations need to address is how extrinsic and intrinsic motivation can improve the performance of employees (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014).

Workforce is considered as key resource of the organization. There is a need to train and develop the employees in a proper way, so the organization can achieve its expectations and goals (Brewster, 2007). The development of the human resource management concept is the effectiveness of people and treating these people to achieve its objectives and goals in a more strategic and objective way (Zhu, Warner, & Rowley, 2007). The contribution of HRM is great to improve the individual performance as well as the overall performance of organization (Brewster, 2007). The employees are developed by the organizations through proper HRM system so that the competitiveness of the organization can be increased (Sutiyono, 2007). Organizations must strive to understand how the job behavior of employees at the executive leaders, management levels and assistant level impact the goals of the organization in

either a negative or positive way. There are several factors of the workplace that impact the performance of employees.

Association of performance is with the effectiveness of work to be completed, the efficiency of work to be accomplished, attendance on the job, presence on the job, quality/quantity of output and timeliness of output. Basically, employee performance is the completion of the task of the employee is a successful way by a selected individual or team measured by the organization to already defined standards that are acceptable with effectiveness and efficient utilization of resources with changing the environment(Klinger, Mathis, & Jackson, 2009).

Most of the past studies have revealed that there exists a strong association between organizational performance and HRM practices. There exists a number of HR practices including bonuses, flexi-timing, leadership and remuneration. The three strategies regarding Human resource being discussed in current paper are compensation, performance appraisal and training & development(Vermeeren et al., 2014).

An effective appraisal system is significantly in relationship with the process of performance management and significantly influences the level of employee engagement, staff morale and organizational culture. All these aspects enhance the performance of the employee and his/her retention in the organization. Additionally, training programs not only play a significant role in employees' development but in fact organization can use them in an appropriate way to develop a competitive advantage. Therefore, it seems important by the organization to plan and execute the training program for the employee so their competencies and abilities can be enhanced, which are required for the workplace. Additionally, compensation is worthy to align the behavior of employees with objectives of the organization. Value is shown by proper compensation to the employees. Overall, the morale of the employee's increase; people are motivated to perform good job and work hard. Therefore, in this study, Human resource factors impact is measured on the performance of employees(Elnaga & Imran, 2013).

II. Literature Review:

Employee Performance and Employee Motivation

The process by which an individual is willing to complete the job is called employee motivation. The needs of human can be in terms of self-actualization needs, esteem, social, safety and survival needs. To increase the performance and effectiveness of the work, it is essential for organizations to discuss the issues like employee motivation, the satisfaction of employee regarding their job and enhancing the well beingness of employees in terms of their job (Jermisittiparsert, Suan, & Kaliappen, 2019; Siriattakul & Jermisittiparsert, 2019). A person who is motivated is familiar to the goals assigned and the ways which should be adopted to fulfil these goals. Therefore, employees are motivated, their ability to increase productivity is enhanced as well because of high motivation level of employee which is the responsibility of the manager to increase motivation among employees (Said, Zaidee, Zahari, Ali, & Salleh, 2015).

Employee Empowerment

One of the basic tool of management is the empowerment of workers in firms which can be used to exchange the vision that is shared, which is expected by the organization into common goals. In order to diverse plans, empowerment can be used in very effective ways by the organizations (Thabhiranrak & Jermisittiparsert, 2019). Researchers have indicated that the empowerment of employees is the best way by which a win-win situation can be created between organization and worker (Raquib, Anantharaman, Eze, & Murad, 2010). Scholars defined employee

empowerment as the process of transferring the power between employee and employer (Randolph, 1995). In contrast, researchers argued that not only the freedom of doing work is considered as empowerment, but it also includes a high degree of accountability and responsibility. According to it, management should empower the employees so they can be motivated, pleased and committed to their jobs so the objectives of the organization can be achieved (Ongori, 2009).

Employee Empowerment with Motivation and Performance

For the long-term success of the organization, motivated employees are very important. Motivation level of employees directly influences their performance in the firms. Moreover, researchers have also argued that empowerment of employees has a motivational effect on the performance of employees. In the perspective of employee empowerment, there are two perspectives: one is the structural perspective that focuses on actions of managers and other is the motivational perspective which focuses on the motivation of employees (Ongori, 2009). According to the motivational approach on the basis of psychology, empowerment is the process of self-efficacy of the individual. The psychological or motivational empowerment focuses on subjective interpretations regarding the organization. As mentioned by researchers, the behavioral consequences of the employee are the things upon which the impact of motivation on performance is dependent (Bose, 2018).

Empowerment as moderator

Researchers have argued that empowerment of employee is useful because it can develop motivation among the employees, which influence the performance of employees. It's been reported that empowerment show positive effect on behavioral and attitudinal responses of the employees. When the empowerment of employee is increased, it's more likely that their job performance will increase overall, the stress level will be reduced which will impact the performance as well, confidence level will be enhanced as well on the issues of task related matters and increase the ability to perform the job related tasks as well (Chebat & Kollias, 2000).

Researchers have reported that employees having a high level of empowerment have a high-level of motivation to complete the task. It's been argued by the researchers that there are several factors that might motivate the employees including challenging work, work that can create a sense of personal accomplishment, appreciation in case of good performance, the feeling of responsibility, and participations in the activities related to the job. Researchers also highlight that intrinsic factors that motivate the employees include control, increased autonomy, decision making process an involvement in it, skills related to decision making and challenging work (Walsh & Taylor, 2007). The employees who are motivated are task oriented and find meaning in their jobs. The work engagement of such employees will always be positive, and they will be willing to perform their tasks. As a result, it's been expected that the relationship between performance is motivation is positive, and empowerment also has an impact on performance as well (Karatepe, 2013).

Employee performance Appraisal

It is a formal evaluation and review system of an employee regarding a task which is assigned. The appraisal system that is effective measures the accomplishment and develops plans for objectives, goals and employee development. Employee performance appraisal is considered as one of the most important functions of the human resource because the results were drawn from such appraisal system are used for the management level activities. It is a high priority of the organization to develop an appraisal system that is effective (Rusu, Avasilcai, & Hutu, 2016).

Employee Compensation

Compensation is one of the systematic approach in which monetary benefit is provided to the employees working in organization in exchange of duties being performed by these employees. There can be a number of purposes being achieved by compensation including assisting in job satisfaction, job performance and recruitment. There are many forms of compensations which include wage and salary, incentives and fringe benefit. According to studies, compensation is one of the factors that influences the job performance and it is referred to like all forms of financial returns and tangible benefits received by an employee as a part of the employee employer relationship (OTHMAN & ABDULLAH, 2016).

Scholars have mentioned that money is very important for employees to fulfil the psychological as well as other needs of the employees. For this reason, financial compensation is very important for the employee. The morale of the employee is derived by financial rewards and compensation. Moreover, seriousness of the employees to fulfil the organizational goals is also dependent upon the financial compensation. Moreover, four elements of non financial compensation is mentioned by scholars. These factors include, promotion, awards, work environment and employment where employee can record the progress (Rashid, Anom, Othman, Othman, & Fatini, 2016).

Training and Development of Employee

Scholars have explained training as the planned intervention with aim to enhance the performance of the employee. The training of employee is conducted to improve the skills of the employee so they can achieve the overall goals of the organization. The employees who are trained have less anxiety, stress and frustration which has positive impact on the performance of the employee. The aim of effective training is to improve the performance of the employee. There are a number of ways to train the employees including participation in work, cooperation by peers in work and coaching. The employees who get training from the employer improve their performance and produce good results (Elnaga & Imran, 2013).

Employee Motivation; Employee Performance Appraisal, Employee Compensation, Employee Training & Development

The appraisal system of the performance developed by HRM is the most worthy tool utilized to develop the employees. Moreover, a number of companies also use this system to reward the employees in terms of pay raise, promotions and bonuses. Past literature has reported that appraisal is used by the organizations for a number of purposes like providing the assessment to employees in terms of quality and productivity. The main purpose of such a system is to motivate the employees so they can perform better. Additionally, researchers have reported empirical evidence that employee performance is effected positively by motivation (Malik & Aslam, 2013).

Compensation is also an important factor that can be used by the organizations through which the performance and motivation level of employees can be improved. The main reason for the compensation of employees is to give appropriate reward to employees regarding their work. The reward should reflect the value of a job. Hence, it might be concluded from previous literature that employee motivation is significantly influenced by the compensation offered to them (Sudiardhita, Mukhtar, Hartono, Sariwulan, & Nikensari, 2018). On the other hand, it's been also empirically reported by the researchers that motivation of employees is enhanced through training & development process of employees (Güllü, 2016).

Employee performance; Employee Performance Appraisal, Employee Compensation, Employee Training & Development

As mentioned by the studies that performance appraisal is the systematic way to uncover the employees who are efficient and improve the performance of in-efficient employees. In simple words, the appraisal is the measurement of the work completed by the employees. There exists very limited research that focuses on the impact of the appraisal system. The performance of an organization is significantly impacted by the appraisal system. It is important for employees to understand that the performance system is a great opportunity for them. If the appraisal system is not fair, it will have a negative impact on the organization performance and employee performance as well (Iqbal, Ahmad, Haider, Batool, & Ul-ain, 2013).

employees and overall organization. the relevance and type of compensation provide benefits to the employee. for an organization, employees are a very important part. The motivation of employees can be increased by non-financial and financial benefits. In some organizations, the impact of compensation on productivity can be very significant. The employees will be able to bring innovation and fresh ideas as a result of good compensation. A large variety of innovative ideas are very good and fruitful for the organization. It's been reported by the researchers that the health of employee will be improved as well because of a good compensation package. The performance of the employee will also be impacted positively as a result of good health (Yamoah, 2013).

As mentioned by scholars in past studies that HRM should develop and promote the programs related to training and development. The knowledge of workers is positively impacted by training & development. The capability and skills of the employee are enhanced, resulting in a positive impact on the performance. The only way to find out the deprived needs of the employee is through training. Then organizations can build the competence level of employee, which is required so they can perform well to achieve the organizational goals. Whereas, to solve the issues related to performance can be solved by implementing programs related to training. It includes filling the gap between actual performance and standard performance in an effective way to improve the performance of the employee. competencies among employees are developed by the implementation of job-related efficiency of work in a competitive manner. Scholars reported that a high level of competence in employees could be achieved through training & development and performance might get improved both at the organizational and employee level (Elnaga & Imran, 2013).

Research Hypothesis

Based on the above discussion, the following hypothesis is developed

Hypothesis 1: Employee performance appraisal system has a significant impact on employee motivation.

Hypothesis 2: Employee compensation has a significant impact on employee motivation.

Hypothesis 3: Employee training & Development Program has a significant impact on employee motivation.

Hypothesis 4: Employee performance appraisal system has a significant impact on employee Performance.

Hypothesis 5: Employee compensation has a significant impact on employee Performance.

Hypothesis 6: Employee training and development has a significant impact on employee Performance.

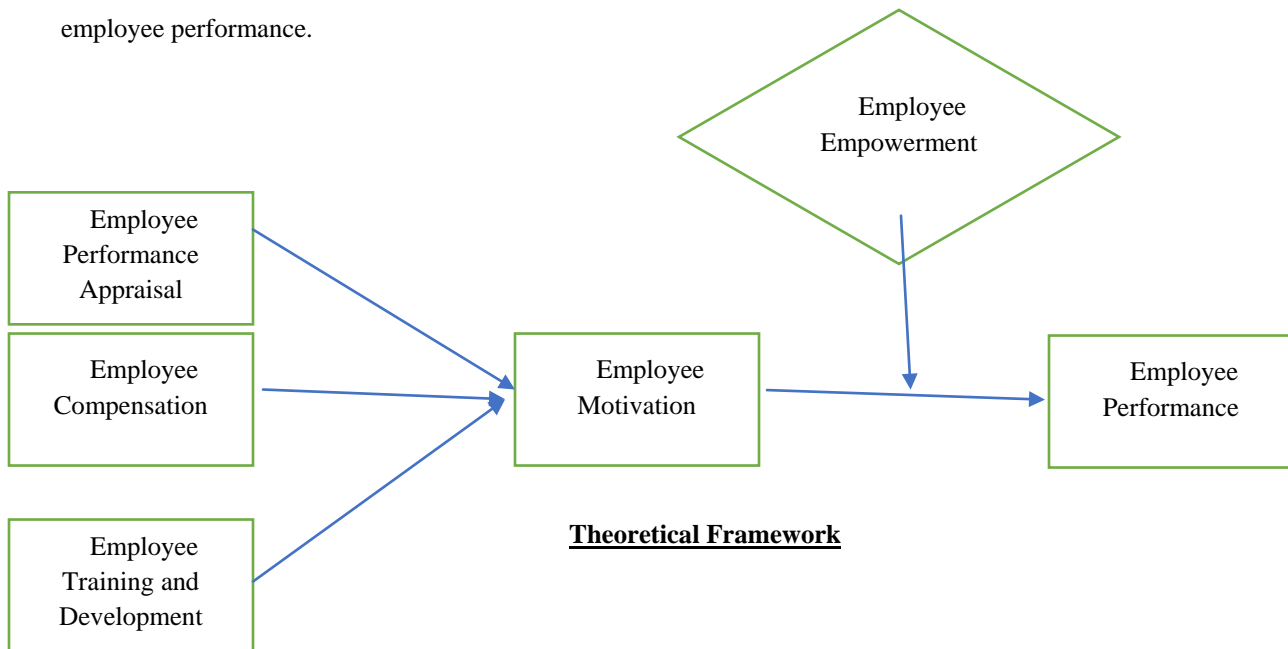
Hypothesis 7: Employee motivation has a significant impact on employee performance.

Hypothesis 8: Employee motivation mediates the relationship of employee performance appraisal system and employee performance.

Hypothesis 9: employee motivation mediates the relationship between employee compensation and employee performance.

Hypothesis 10: Employee motivation mediate the relationship between employee training and development and employee performance.

Hypothesis 11: Employee empowerment will moderate the relationship between employee motivation and employee performance.



III. Methodology

The study has employed the survey-based methodology for answering the research question and to reach the objectives of research. The SEM-PLS is used as the statistical analysis to answer the research questions. The data is collected from the employees working in engineering firms in Indonesia. Stratified random sampling is used for sampling of data. The questionnaire was distributed to 540 respondents, the questionnaires received as filled are 390 and the useable questionnaires were 275. The response ratio of the current study is 51 percent. The four-item scale of employee performance, the six-item scale of compensation and the six-item scale of performance appraisal is adopted from the study of (Shahzad, Bashir, & Ramay, 2008). The six-item scale of employee motivation and four item scale of employee training is adopted from the study of Shahzadi et al. (2014), and the five-item scale of empowerment is adopted from the study of (Hanaysha & Tahir, 2016).

IV. Results

Measurement model estimation is the next step after carrying out data screening and descriptive analysis. The small sample size and data abnormality are the most common issues that the researchers face while taking organizations as the sample for analysis. The present study was faced with the same problem. For this reason, the study adopted PLS-SEM, since it is an ideal statistical approach, whereas CB-SEM was not seemed to be a good option. Following the suggestion by (Hair, Ringle, & Sarstedt, 2011), 121 sample size was chosen for PLS-SEM estimation.

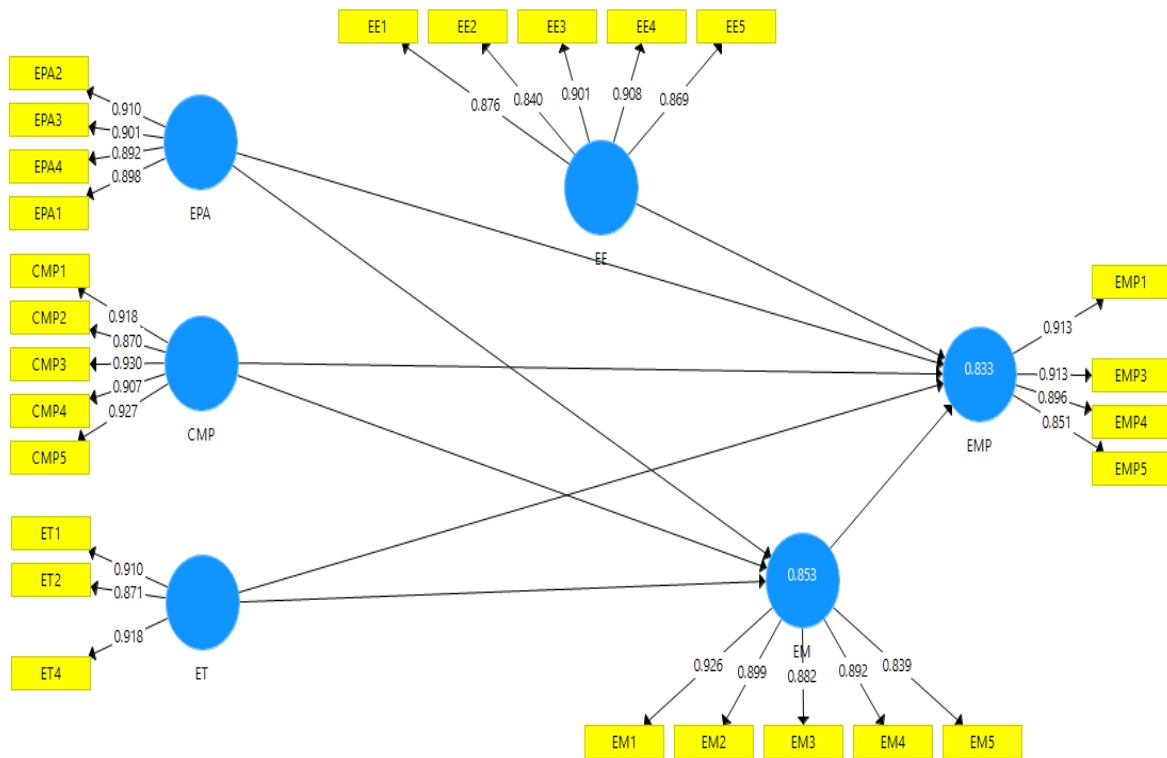


Figure 1: Measurement model

However, a similarity exists between PLS-SEM and CB-SEM i.e. both PLS-SEM and CB-SEM approaches involve two steps estimation. In PLS-SEM, the path model estimation takes place with the determination of the measurement model, followed by the determination of path relations. The measurement model evaluation refers to the statistical estimation of the model elements. This is done to confirm the model quality and appropriateness for further application of statistical techniques. Therefore, the study observed measures, such as internal consistency or reliability, convergent and discriminant validity, construct validity to examine the measurement model through SmartPLS. The outer model loading must exhibit value equal to 0.50 or above, to be acceptable, however, less than 0.50 loadings for the outer model is considered to be unacceptable and in order to improve the data quality, items must be excluded from the model. This is usually done by start excluding least loaded items one after another. Table 5.14 shows the obtained loadings based on the model's construct and indicator. The indicator loadings i.e. 0.749-0.950 show high loadings for their own construct, therefore confirms that the construct validity is achieved for the measurement model.

Table 1: Outer loadings

	CMP	EE	EM	EMP	EPA	ET
CMP1	0.918					
CMP2	0.870					
CMP3	0.930					
CMP4	0.907					
CMP5	0.927					

EE1		0.876				
EE2		0.840				
EE3		0.901				
EE4		0.908				
EE5		0.869				
EM1			0.926			
EM2			0.899			
EM3			0.882			
EM4			0.892			
EM5			0.839			
EMP1				0.913		
EMP3				0.913		
EMP4				0.896		
EMP5				0.851		
EPA2					0.910	
EPA3					0.901	
EPA4					0.892	
ET1						0.910
ET2						0.871
ET4						0.918
EPA1					0.898	

Ensuring the reliability of measures is a prerequisite for the constructs' validity. According to Peter (1979), reliability shows the measures' extent to be free from any measurement errors and are capable of yielding compatible outcomes. The reliability of measures is emphasized because unreliable measures can cause defective effects on the correlation among the measures, resulting in the weakening of the correlations. Therefore, to avoid such errors, a multi-item scaled measurement was proposed, which allows to exclude items from the measurement model to enhance scale reliability. However, no such measurement errors were witnessed in this study, since each measure has been examined multiple times.

The internal consistency measure is used for assessing the reliability of items in terms of their homogeneity. The internal consistency determines the extent of a particular scale items to observe the same construct of the model. In addition, Composite reliability is a measure which is commonly adopted to determine the constructs' reliability or internal consistency. Just as Cronbach alpha (CA), the composite reliability is transcribed in a similar manner. Table 3 shows the result of Cronbach alpha, explaining that all values for reliability are consistent with the threshold level i.e. greater than 0.70 value, thereby confirming the high internal consistency for each construct. According to scholars, the reliability value is termed satisfactory if it lies within 0.70 to 0.90, contrarily, the reliability value is undesirable if it is higher than 0.90 or 0.95, since it indicates the chance that same phenomenon is measured by majority of the variables(Nunnally & Bernstein, 1994).

Table 3: Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	(AVE)
CMP	0.948	0.951	0.960	0.829
EE	0.926	0.927	0.944	0.773
EM	0.933	0.934	0.949	0.789
EMP	0.916	0.921	0.941	0.799
EPA	0.922	0.922	0.945	0.810
ET	0.883	0.885	0.927	0.810

Convergent validity and discriminant validity help to efficiently observe the construct validity. Besides ensuring the construct's particular item validity, examining the item and cross loadings is a precondition for convergent validity. The item is an indicator to measure any variable if it exhibits high loadings for its own construct, on the other hand, if the item has higher loadings for other model constructs then it is indicative of an item's potential issue. The average variance extracted (AVE) criterion must also be examined for assessing the measurement model whose value should be higher than 0.50. On the other hand, studies recommended to analyze the criterion such as factor loadings, average variance extracted, and composite reliability, where the acceptable range for factor loadings is above 0.70, AVE > 0.50 and CR > 0.70 (Hair et al., 2011). Moreover, scholars suggested that if AVE equals 0.50, then it shows that fifty% of the manifested variables' variance is on average explained by the latent construct (Henseler, Ringle, & Sinkovics, 2009).

Discriminant validity is slightly different from convergent validity, since it is generally employed to assess the differences or distinct features of the different measuring tools of the model constructs. Under PLS-SEM, it can be assessed with two different measures. Thus, discriminant validity is achieved when each constructs' square root value exceeds the highest correlation with other model constructs. Therefore, the discriminant validity is observed for ensuring the external consistency of underlying model.

Table 3: Discriminant Validity

	CMP	EE	EM	EMP	EPA	ET
CMP	0.911					
EE	0.906	0.919				
EM	0.649	0.695	0.888			
EMP	0.691	0.710	0.876	0.894		
EPA	0.871	0.895	0.678	0.641	0.900	
ET	0.659	0.706	0.715	0.888	0.645	0.900

The next step after determining the measurement model is the structural model assessment. The structural model aims to assess the correlation and regression assumptions. There is a five-step procedure presented by scholars to assess the structural model (F. Hair Jr, Sarstedt, Hopkins, & G. Kuppelwieser, 2014). Firstly, checking for collinearity; secondly, assessing the relationship significance as well as relevance of structural model; thirdly, observing R² and f²;

fourthly, assessing the model's predictive relevance i.e. Q^2 and; lastly the effect sizes (q^2). In addition, the study also determined the mediating effects of variables. The structural model estimation is presented in the subsequent sections in detail.

Thus, the structural model assessment begins by checking for any collinearity issues. According to scholars the term collinearity referred as the occurrence of high correlation between the two indicators(F. Hair Jr et al., 2014). The collinearity test results reported that all variables are in line with the threshold level, such as $VIF < 5$ and tolerance level > 0.20 , and the obtained range for tolerance level is 0.243-0.439, and for VIF it is 2.278-4.122, thus indicating no multicollinearity problem in this study. Afterwards, the significance of the structural relationships and their relevance were assessed. Scholars have observed that analyzing path coefficients help in assessing the hypothesized relationships between the variables(F. Hair Jr et al., 2014). The structural model also analyzes the directional relationships, path-coefficients, and the t-values, where path-coefficients are just like the standardized beta-coefficients.

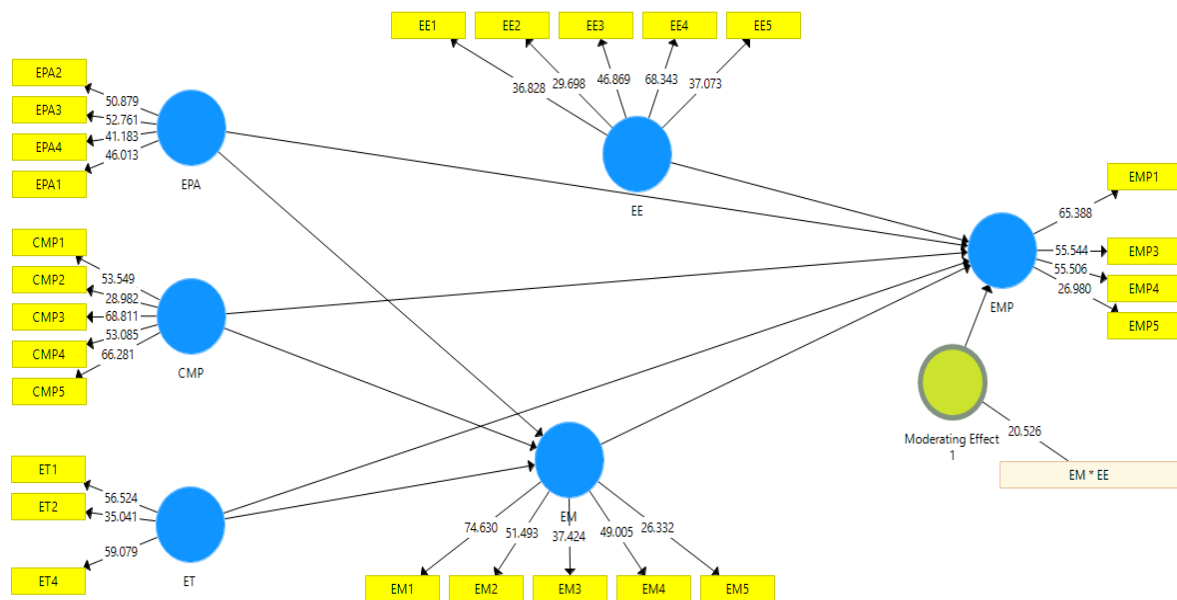


Figure 2: Structural Model

The study also displayed the detailed information i.e. t-values, path-coefficients, and standard errors which form the basis for the acceptance or rejection of hypotheses. The study obtained the t-values following the recommendation by scholars i.e. through 5000 iterations and performing a bootstrapping procedure(F. Hair Jr et al., 2014). The purpose of taking 5000 bootstrap samples is to ensure empirical sampling distribution for every parameter of the model. Moreover, the S.D of sampling distribution serves as an alternative to empirical S.E for model parameter. Thus, the significance level for this study was determined by performing the 1-tailed test, and the observed critical values were 2.33, 1.65, and 1.28 at 1%, 5% and 10% significance level.

Table 4: Direct and Moderating effect

	Original Sample (O)	Sample Mean (M)	Stand. Dev. (STDEV)	T-Stats (O/STDEV)	P Value
CMP -> EM	-0.094	-0.091	0.072	3.311	0.000
CMP -> EMP	0.198	0.199	0.085	2.312	0.021
EE -> EMP	0.072	0.078	0.096	2.746	0.000
EM -> EMP	0.408	0.403	0.087	4.676	0.000
EPA -> EM	0.222	0.228	0.073	3.031	0.002
EPA -> EMP	-0.083	-0.078	0.091	3.906	0.000
ET -> EM	0.834	0.826	0.056	4.957	0.000
ET -> EMP	0.768	0.757	0.065	3.832	0.000
Moderating Effect 1 -> EMP	0.015	0.015	0.025	3.605	0.000

Table 5: Mediation

	Original Sample (O)	Sample Mean (M)	Stand. Dev. (STDEV)	T-Stats (O/STDEV)	P Values
CMP -> EM -> EMP	-0.038	-0.036	0.030	3.268	0.000
EPA -> EM -> EMP	0.091	0.091	0.033	2.754	0.006
ET -> EM -> EMP	0.340	0.334	0.079	4.276	0.000

The predictive accuracy of the model can be assessed through analyzing coefficients, which is the square root of the correlation of actual and predicted endogenous construct values. The combined influence of latent exogenous constructs on the endogenous variables are reflected by the coefficients. Furthermore, the value of R^2 shows the predictive accuracy of the model, and it ranges from zero to one, thus, the greater the value the higher the predictive accuracy. If the values for coefficient of determination equals 0.75 then it is considered to be substantial, if R^2 equals 0.50 it is considered to be moderate, and if R^2 equals 0.25 then it is considered to be weak. Thus, the R^2 for the targeted construct exhibits higher value if there are greater number of paths for the targeted construct. Several researchers seek for the parsimonious model as it requires few exogenous variables for explaining the data.

Table 6: R-Square

	R Square
EM	0.853
EMP	0.833

V. Conclusion

The primary goal of present research is to study and examine the link between HR practices, employee motivation and performance in Engineering firms of Indonesia. Also, the study aimed to explore employee empowerment being a moderator of motivation and performance along with employee motivation is studied as a mediator for HR practices and performance of employees. The study has employed the survey-based methodology approach. The SEM-PLS is utilized as the statistical analysis tool in present research to explore the research questions. The data collection is done from the workers working in the engineering firms in Indonesia. Stratified random sampling is used for sampling of data. The findings of the study have shown agreement with the proposed findings and have argued the HR practices, employee motivation, and employee empowerment as the determinants of employee performance of workers in Engineering firms of Indonesia. The findings of the study have revealed the fact that workers of engineering firms in Indonesia are developed by the organizations through proper HRM system so that competitiveness of the organization can be increased. It is worthy for organizations to understand how the job behavior of employees at the executive leaders, management levels and assistant level impact the goals of the organization in either negative or positive way. There are several factors of the workplace that impact the performance of employees. The findings have argued that the , employee performance is the completion of task of the employee is successful way by a selected individual or team measured by the organization to already defined standards that are acceptable with effectiveness and efficient utilization of resources with changing environment. The study is among the pioneering study on the issue and will help the researchers and academicians in understanding the issue related to employee performance among the employees in Engineering firms of Indonesia.

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