Relationship of HR practices and job performance of Academicians

Akanksha Gupta¹, Dr. Vikram Singh²
Noida International University, Greater Noida, U.P., India

Abstract

The purpose of this study is to examine the impact of human resource management practices on organizational performance. A total of 90 employees from public and private universities comprising of both academicians and supporting staff responded to the survey. The survey questionnaire had 49 items covering selected HRM practices and universities performance. The findings suggested that management might be able to increase the level of the commitment in the organization by improving satisfaction with compensation, policies, and work conditions. Companies should involve their employees as they are viewed as an indispensable source of competitive advantage. One way of increasing the job satisfaction at the workplace is expanding the interactions level with employees in staff meetings and rising guided discussions of topics related to these issues. Open communication or information sharing promote fast decision making. It will influence commitment and job satisfaction among employees. If the employees are well aware of the organization environment, their duties, and objectives, they can better perform their tasks, and it helps the organization to enhance their productivity. A highly committed and competent workforce allows companies are succeeding these strategies and gain a competitive advantage as long as these procedures are communicated and the workforce is involved in both the formulation and implementation phases.

1. INTRODUCTION

Organizational performance is the overall growth of an organization (Drucker, 2002). Human resource is the most important asset in any organization. It is necessary for the organizations to manage their employees effectively and efficiently. Human resources play a vital role in any organization. It, thus, requires the considerable attention of the management so that employees can work up to their full potential (Ahmad & Schroeder, 2003). Human Resource means individuals or staff or workforce within the boundary of an organization they are responsible for performing the tasks assigned to them and they aim to meet the organization objectives and make the profit. Human resource can provide a sustainable competitive advantage by giving them different practices (Huselid, 1995). A company's success depends upon the people who are working in the organization. Human resource considered more important asset in any organization (Vlachos, Tsamakos, Vrechopoulos, & Avramidis, 2009). In any organization, the employees must be treated as a valuable asset; the organization's mission will be achieved in a better way if their skills would be developed. In the presence of the competitive environment, the success of any organization depends upon the capabilities and the caliber of their Human Resource and their programs and practices (Rehman, 2011). If there are no human resource management practices, then company always face the difficulties and not able to perform in the competitive society. Company current and potential human resources are essential considerations in the development and for the execution of its strategic business plan (Huselid, 1995). Human resources include individuals, staff or workforce within or even outside the boundary of an organization who are responsible for performing the tasks assigned to them. The main aim of an organization's human resource team is to help the organization in achieving its objectives. Human
resource helps the organization in making sustainable competitive advantage (Huselid, 1995). Human capital, at times, is irreplaceable (Awan & Sarfraz, 2013). Despite this enormous importance of human capital, organizations don't pay attention to their employees. An organization should consider it's employees’ valuable asset as employees contribution to the organization will help the organization in achieving its vision and mission. The capabilities and skills of human resources help the organization in surviving in the competitive environment (Rehman, 2011). The employee participation encourages the employees it boost the employees in an organization (Syed & Yan, 2012). Likewise, the reputation of the organization and in maintaining relations with society. Dissatisfied employees may cause problems for the organization (Syed, Yan, 2012). Human Resource Management (HRM) is concerned with the efficient and effective utilization of human capital of the organization. HRM policies and practices may either help or constrain employees in performing their roles (Ngo, Foley, Loi, & Zhang, 2011). In the last two decades, Human resource management practices provide the organizations a sustainable source of competitive advantage (Barney, 1995). Human resource practices mean the process or the functions that used to manage the employees and it directed the firm toward the development (Lado & Wilson, 1994). Employee's performance depends on how efficiently firm manages them by using their operations. The performance of the employees is the output of the performance of the workers it efficiently enhances the organization operations (Hameed & Waheed, 2011).

In last ten years, Pakistani universities improved their ranking by attracting and retaining excellent and experienced academicians and support staff. The increasing contribution of Pakistani universities for national economies and other partnering nations made it an essential sector for research and analysis. Despite this growing importance, universities are facing problems in attracting and retaining talented people. It requires an appraisal of HRM policies of an organization. From HRM point of view, considerable attention was given to the issue of the influence of HRM practices on employees' compensation and selection (Becker & Gerhart, 1996). In Pakistani tertiary education sector, the link between job satisfaction and with organizational performance is not explored very much (Bhatti, Qureshi, 2007). During the last decade, the Human Resource Management field has shifted from a micro focus (Fey, Björkman, & Pavlovskaya, 2000). If the employee would satisfy, then it enhances the organizational performance. Today the employees are facing many challenges in the organization if organization workers are not satisfied, then it is not possible to increase the productivity level of the organization. Although the influence of HRM policies on organizational performance in the tertiary education sector was recently evaluated (Amin, Ismail, 2014) but it the research model did not incorporate job satisfaction as mediator. As we did not find any research in Pakistani education sector which had explored the impact of HRM policies on organizational performance using job satisfaction as the mediator, so we decided to explore this link. This research aims to evaluate the mediating influence of job satisfaction between HRM practices and organizational performance.

2. LITERATURE REVIEW

Human resources are considered the most important asset of an organization, but very few organizations can fully harness its potential (Ahmed, Schroeder, 2003). We had taken some important human resource practices which affect the organizational performance. There is increasing interest in the notion that complementary bundles of human resource practices enhance organizational performance (William, 2010). In Pakistan, we have chosen this topic because there is the very little scope of human resource in Pakistan. Today, work attributes involve mental challenge which leads to satisfaction and dissatisfaction (Becker, 1997). Job satisfaction is a significant factor, so that's why we take job satisfaction as mediating variable.
Job satisfaction remains a variable that has been relatively little studied in economics and industrial relations (Clark & Oswald, 1996).

2.1. Training

Training is improving the one's capability, capacity, productivity, and performance. Training is intended to modify individual's skills or attitudes (Harold, Fedor, 2003). Training is positively associated with the job satisfaction, and job satisfaction is positively associated with the organizational performance (Jones, Jones, Latreille, & Sloane, 2009). Complexities of tasks are increasing so there is the need to learn modern skills (Amin, Ismail, Selemani, 2014).

2.2. Performance Appraisal

When people perceive an imbalance in their outcome-input ratios relative to others tension is created (Ramlall, 2004). If it is not present in an organization, it caused many problems like low morale, decreased employee productivity and low enthusiasm to support the organization, and it declines the organizational performance (Amin, Ismail, Selemani, 2014).

2.3. Employee Participation

Employees participation known as the employee involvement in decision making, persuade the involvement of stakeholders at all levels of an organization in the examination of problems, development of strategies and implementations of solution (Helum, Armstrong, Graham, 2006). Participation of employee can satisfy the employee's needs and the employee involvement boost the job satisfaction, so it shows the positive association between them (Syed, Yan, 2012).

2.4. Job Definition

Job definition means the job description in the organization. Job description covers the tasks, duties, and responsibilities. If these are clear, then it can enhance the organizational performance. It defines the duties, and the tasks responsibilities that are expected of the employee and the company expect from him to perform (Amin, Ismail, Selemani, 2014). The job definition is the combination of the knowledge skills and abilities (Bryant, 2002).

2.5. Compensation

Compensation means the pay, money, monetary tool awarded to someone. Compensation is a pay practice one of the human resource management practices which normally refers to pay, wages, salary, and benefit, etc. (Tooksoon, 2011). Compensation is the reward system a company provides to an individual who is excellent (Amin, Ismail, 2014). Reward system is based on the performance of the employees that ultimately enhances the firm performance (Syed, Yan, 2012). The compensation system in any organization has a significant effect on the employee's productivity and the organization's growth. Performance-based compensation has a positive effect on employee and organizational performance (Vlachos, 2009).

2.6. Job Satisfaction

Job satisfaction defined as a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience (Bhatti, Qureshi, 2007). It defines attitude individuals have about their jobs results from their perceptions of jobs and the degree to which there is a good fit between individuals and organizations
Job satisfaction is a significant factor in many studies, and it acts as a mediating variable and an issue in the organization (Jehanzeb, Hamid, & Rasheed, 2015).

**3. RELATIONAL THEORETICAL BACKGROUND**

**3.1. Training on Job Satisfaction**

Training plays an important part in job satisfaction. Providing formal and informal training experiences, such as necessary skills training, coaching, mentoring, and management development can further influence employees’ development (Huselid, 1995). Human capital theory defines some labor is more productive than others because more resources invested into the training of the labor (Ramlall, 2004). As A Result of the training, job satisfaction needs to be applied to influence the workers to stay longer in their organizations (Tooksoon, 2011). Training is necessary because many changes come in a competitive environment. The current market nowadays faces increasingly rapid amount of changes in technology, system, and products (Awan & Sarfraz, 2013).

**3.2. Training on Organizational performance**

Training is an important factor for productivity as higher productivity observed in firms that result of training (Tan & Batra, 1995). If the employee couldn't understand the job, then he would prefer another job so the company can enhance the employee productivity by investing more money in the employee training.

H1: An emphasis on providing training has significant positive effect on a) employee Job Satisfaction and b) organizational performance.

**3.3. Performance Appraisal on Job Satisfaction**

It is the very important factor we take it as an important human managerial practice because this study conducts in Pakistan and most of the organizations ignore the employee merit-based promotion (Syed, Yan, 2012). Performance appraisal is the driver of the employee performance. If the employees perform better it leads toward the job satisfaction of employees (Syed, Yan, 2012). If the employee is internally satisfied or happy with his or her job, then it shows the productive results of an organization. Employees who get the fair appraisal system are more satisfied with an organization than other employees. Therefore, promotion is associated with low employee turnover (Fey et al., 2000). Fair chance of promotion can enhance the employee productivity, and employees react more satisfied with an organization. The employees are more passionate and satisfied when an organization gives them a fair chance of promotion (Syed, Yan, 2012). There is a significant relationship between the performance appraisal and the job satisfaction (Ali & Ahmed, 2009)

**3.4. Performance Appraisal on Organizational performance**

A sense of performance appraisal provides the sense of fairness and justice among the employees who are valued to an organization (Pfeffer, 1995). If the performance appraisal is merit-based and without any biases, then it enhances the productivity of the organization. Reward theory links the fair promotion and the job satisfaction. It means the change in the ranking system (below to above level) enhance the motivation level of employee and enhance the productivity of the organization (Lawler III, 1986).
H2: Performance appraisal has significant positive effect on a) employee job satisfaction and b) organizational performance.

3.5. Employee Participation in Job Satisfaction

If the organization involve the employees in the decision making, then it motivates the employees and employee happy with his or her work. Employees’ involvement fulfills their self-actualization need. According to the Maslow’s need hierarchy theory, in self-actualization, organization provide training, provide challenges and encourage creativity (Ramlall, 2004). Managers have responsibility for creating such environment in which they use the full potential of employees. If the employer fails, then it causes the poor performance, employee frustration, lower job satisfaction and increases the withdrawal of organization (Steers & Porter, 1983). Participation of employees satisfies the employees it fills the self-actualization need, and it enhances the productivity of the employees (Syed, Yan, 2012). It shows that there is a positive relationship between them.

3.6. Employee participation in organizational performance

Participative decision making can be evaluated regarding various outcomes, including workplace democratization, reduction of industrial conflict, and employees’ involvement indecisions (Cotton, Vollrath, Rroggat, 1988). There is the link of participative approach theory between the employee participation and the organizational performance (Amin, Ismail, Selemani, 2013). Company gives a chance to their employees to exchange information and ideas (Mohammad A. Binyaseen, 2010).

H3: The Employee Participation has significant positive effect on a) employee Job Satisfaction and b) organizational performance.

3.7. Job Definition on Job Satisfaction

Job description includes all the task duties and responsibilities. If these are clear to the employees it increases the satisfaction level of the employees and enhances the organizational performance as well. If the employees are well aware of the organization environment and their duties, objectives then they are better to perform their tasks, and it helps the organization to enhance their productivity. Proper job description and job specifications help the employees to grow (Manning, 2012). Conducting job analysis and subsequently providing employees with the job description prevents the situation in which the employees do not know what is expected of them (Abeysekera, 2007). If an organization defines the outlines, responsibilities, working conditions and expected skills, then the employee can give the better results and more satisfied (Amin, Ismail, 2013).

3.8. Job Definition on Organizational performance

Job description plays an important role in the organizational performance. It defines the duties, and the tasks responsibilities that are expected of the employee and the company expect from him to perform (Amin, Ismail, 2014). If the job is clear, then employees efficiently manage their work, and it helps the organization to motivate and retain the employees. So, if company make clear the job description then it enhances the organization productivity as well.

H4: The job definition has significant positive effect on a) employee job satisfaction and b) organizational performance.
3.9. Compensation on Job Satisfaction

Compensation is the pay, wages, salary, and benefits. If the company give rewards to the employee based on his performance, it motivates the employee and enhances the satisfaction level of employee ( Tooksoon, 2011). If an organization gives high wages, the employee satisfaction becomes high which lead the high productivity. In other words, a higher wage increases effort by increasing workers’ loyalty to the firm (Akerlof, 1984).

3.10. Compensation on Organizational performance

Performance-based compensation has a positive effect on the employee and organizational performance (Cardon & Stevens, 2004). We chose this practice in our research because it is the dominant predictor (Vlachos, 2009). Performance-based compensation is viewed as an ingredient in organizational incentive system that encourages the individual performance and retention(Uen & Chien, 2004). Incentive planes in any organization enhance the satisfaction level, and the employees show loyalty toward an organization. To be effective compensation practices and policies must be aligned with organizational objectives (Vlachos, 2009). Employees think it is the employer mechanism to control their behavior.

H5: The use of performance-based compensation has significant positive effect on a) employee job satisfaction and b) organizational performance.

3.11. Job Satisfaction on Organizational performance

Job satisfaction is an individual cognitive, affective and the evaluation reaction on the job ( Tooksoon, 2011). Job satisfaction is widely studied work-related attitude in the field of the organizational behavior ( Tooksoon, 2011).The higher job satisfaction relates to the organizational performance(Hackman & Oldham, 1975). Low level of employee job satisfaction tends to have a low level of commitment and productivity(Wong-Riley, 1989).if in any organization there is no job satisfaction then there is high intention to leave the job. The work environment is an important factor in the job satisfaction and the organizational performance ( Tooksoon, 2011). If employees have a high level of satisfaction, it will lead towards less turnover and high organizational performance (Amah, 2009).

H6: A positive relationship exists between the employee job satisfaction and organizational performance.

3.12. Research Framework

This study examines whether there exists a relationship between human resource practices and the performance of companies in Pakistan. There are five independent variables including training, performance appraisal, employee participation, job definition, compensation. While there is only one mediating variable which is employee job satisfaction and also only one dependent variable which is organizational performance.
Figure 1 shows the relationship between independent and dependent variables as a direct effect and through mediating variable as well. We have developed seven hypotheses from H1 to H7 which shows direct as well as indirect relationships. It is also separately showed in Figure 1 that black arrow relations show direct relationship, while red line arrows show indirect association.

4. METHODOLOGY

4.1. Data Collection

The data was collected from the questionnaires. It was distributed equally to academicians and support staff at all faculties and administration offices. Data was collected from the universities of Gujranwala sector including PUGC (Punjab University Gujranwala Campus), UCP (University of Central Punjab), and Gift University. The sampling technique that was being used in this research was non-probability sampling technique, which includes convenience sampling technique. We had selected the sample of 50 administrative staff like teachers and the other employees who were working in different departments of universities and 40 support staff. This sample size was enough to get the results. In this research, the total number of variables were seven, and each variable had seven questions in it. The sample size was 90 because it was Qualitative research design and due to the shortage time limit, it was enough. The Sample size was limited due to the limitation, and these results couldn't be generalized (Batt, 2002). The Questionnaire survey tool was used to collect the data. The structured questionnaire was used and this research based on the Self-developed instrument on Likert scale.
4.2. Study Design

In this study, we want to check the effect of human resource management practices on organizational performance. Moreover, this research needs to cover the relationship between the variables. We were intended to check whether the association actually existed between the variables which the researchers presented in the framework and if yes then what could be the possible factors for that. The statistical tools which were being used in this research were Anova, T-Test, and Regression. We chose the regression because it told us the relationship between independent variables and dependent variable. In this research, there were different variables, and various questions like, training was the independent variable and we checked whether it was positively or negatively related to the organizational performance. In model summary, the adjusted R square told us about the model fitness. We used ANOVA, to know the significance level of the best-fitted model, and it also presented whether the sample size applied to the population or not. We run T-Test which told us that sample was applicable on population or not. This test also helped to see whether the hypotheses were accepted or rejected. Also, regression was done in this research, to show there was a significant relationship between the variables.

5. STATISTICS AND RESULTS

5.1. Regression Model

Table 1 shows that all the independent variables explain 56% to the dependent variable and the model is best fitted up to 56%. It also shows that 44% are the other variables that did not explain this model. It might be the other variables which didn't considered due to the limitations. In table 1, 46% can be adjusted by adding the independent variables. It gives us an idea of the scatter of the points around the line of regression. The table shows that 0.23028 scattered.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.745</td>
<td>0.555</td>
<td>0.463</td>
<td>0.23028</td>
</tr>
</tbody>
</table>

Note: Dependent variable: job satisfaction (JS). Independent variables: compensation (C), employee participation (EP), performance appraisal (PA), job definition (JD) and Training (T)

5.2. ANOVA

The value of F is statistically significant at a level of 0.05 or less, and this suggests a linear relationship between the variables. Statistical significance at a .05 level means there is a 95 percent chance that the relationship between the variables is not due to chance. On the other hand, the value of the P is less than the 0.05 then it will be significant, and the hypothesis which you stated will be accepted. The significance level must be less than .05, and it shows that independent variables how much explain the effect of the dependent variable. After that F=5.998 and P=0.001 is statistically significant.
6. CONCLUSION

The objective of the study is to examine the impact of human resource management practices on organizational performance and to examine the effect of human resource management Practices on the Job satisfaction (Mediating Variable and on the organizational performance (Dependent variable). In our study, all the hypothesis accepted except the employee participation. Training variable has the significant positive effect on the job satisfaction and organizational performance (Amin, Ismail, 2014). The appropriate training program for both academicians and support staff is helpful for the universities to organize the employees efficiently which help the universities to continue to improve the skills of employees (Qureshi, Franceschini, & Lastras-Montano, 2010). Furthermore, performance appraisal is guided by the performance management policy (Guest, 1997). Similarly, the employee Participation is rejected. In Pakistan, in Public universities, the decision taker is the Government and the top management (Wagner, 1994). The Research conduct with the small sample size and sample is collected from both the public and private universities of Gujranwala. One of the significant limitations of this study is the small sample size thus the findings are not generalizable (Amin, Ismail, 2014). The Gujranwala is the congested area, and the culture varies from city to city it might be a reason. Compensation and the job definition both practices have the significant positive effect on the job satisfaction (Syed, Yan, 2012). Furthermore, employee Participation has the negative relation with the job satisfaction because if the organizations don’t involve their employees they think that they are not important for the organization it decline the motivation level of the employees in the universities. Human resource practices have the significant direct link with the job satisfaction (Hamid, Rasheed, 2015). Job satisfaction is positive effect because if the employee is happy then he is more loyal and enhances the productivity (Chen, 2009). So it is important to follow the best human resource management practices, in order to enhance the performance of employee which ultimately would lead to the profitability.

References


