



THE IMPACT OF PERCEIVED HUMAN RESOURCE PRACTICES ON PERFORMANCE OF THE EMPLOYEES SPECIAL REFERENCE TO THE TELECOMMUNICATION INDUSTRY IN JAFFNA DISTRICT

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Abstract

The biggest management challenge faced today is how to engage the hearts and minds of the employees in search of improves performance. Therefore the present study was developed to find out the impact of HR Practices on employees' performance. Researcher has selected Telecommunication sector organizations Jaffna district. Sixty employees were selected for this present research. 20% of the population was selected from the total population as sample and data are collected through questionnaires and organization records. In this research, correlation and regression analysis are used to find out strength and nature of the relationship between perceive work related HR Practices and performance of the employees'

Seven hypotheses have been formulated to test the relationship between dependent variables and independent variables. Results indicated that there were positive relationships between HR Practices and performance of the employees. Further it was found that Some HR Practices are highly related with performance of the employees. The finding of this research is that there is a positive relationship between Perceive works related HR Practices and performance of the employees, Therefore organization should find out a best mechanism to enhance best HR Practices to produce high performance.

Key words: Human Resource Practices, Compensation, Training, Performance Appraisal, Career Planning, Employee Participation, Employees' Performance.

Introduction of the Study

Human resources of a company is saying to be one of the important capital is playing such an important role in the operation of an organization. It is argued that human capital has long been held to be a critical resource in most firms. Companies are now trying to add value with their human resources and human resource (HR) department has been set up in order to manage their human capital, whereas organization in last decade, managed their human capital through personnel department which is only a small division of the company. The process of managing the human capital is called human resource management (HRM) and today most of the organizations have started realizing the importance of HRM. Failure in managing human capital and maintaining the harmony within an organization will create fatal problems to the organizations,

We are living in an era where the business world has become a village and the business organizations are facing cutthroat competition from around the globe. One of a source of competitive advantage for any business is its human resources (Becker & Huselid, 1998). When it comes to developing nations like Sri Lanka the role of human resources is visible only in those organizations which are either knowledge organizations or are technology intensive organizations. One sector which has shown tremendous performance can be attributed to its use of technology made possible by its competitive and innovative Human Resource practices is the telecom sector.

In today's knowledge organizations (telecom service provider are good example of such organizations), where value is locked in the heads of the work force, best HR practices only can ensure continued success of business organizations. In developing economies like ours, best Human Resource practices are a recent phenomenon. Most of the firms follow Human Resource practices to the level of compliance of the law of the land.

Objective of the Study

Objective of the present study is to analyze the impact of HR practices on employee performance

1. To identify appropriate Human Resource Practice to build Employees' Performance.
2. To identify existing Best Human Resource Practices in an Organizational Setting.

Research Problem

Human resource practices are most important elements in achieving employee performance. Organization tries to provide or have constant Human Resource Practices with the performance achieved by the employee. As. Human Resources Practice plays a pivotal role in determining.

Research Questions

Any or Every Research has to solve the Problems or Answers the Questions. In this Research the Researcher is going to answer the Following Questions:

1. To what extent Human Resource Practices influence on Employees' Performance?
2. What Human Resource Practices Lead to higher performance of the Employees'?

Limitation of the Study

This study is undertaken with the following limitations

1. The research is based on sample of employees and managers selected from telecom sector. Thus sixty employees and managers are selected for this research
2. Only head office employees and managers are considered
3. Only questionnaire are used for this research

Review of Literature

Baloch, Nazim Ali, Tahir Sultan Kiani, Anjum Ahsan, and Awais Mufty found that All the three HRM practices which are promotion practices, compensation practices and performance evaluation practices showed a significant positive correlation with perceived employee performance. The management of private and public sector banks are enjoined to pay special attention towards compensation practices, promotion practices and evaluation practices in order to increase employees' performance.

Desired behaviour of employees is consistently rewarded and supported by the consistent HRM-practices and undesired behaviour is consistently discouraged. Because employees are treated equally and fairly, they will feel justly treated and this may encourage them to cooperate more with the organisation. Employees compare their rewards with the rewards of relevant others (Bloom & Michel, 2002).

Shahzad, Bashir & Ramay 304 Incentive pay plans positively and substantially affect performance of workers if combined with innovative work practices like 'flexible job design, employee participation in problem-solving teams, training to provide workers with multiple skills, extensive screening and communication and employment security' (Ichniowski et al., 1997). High performance work practices (including compensation) have a statistically significant relationship with employee outcomes and corporate financial performance (Huselid, 1995). Significantly positive correlation has been reported between compensation practices and perceived employee performance by Teseema & Soeters (2006). On the basis of above mentioned literature and arguments it can be safely assumed that compensation practices are correlated with the performance of employees.

According to Huselid (1995) has found that the effectiveness of employees will depend on impact of HRM on behavior of the employees. Patterson et al (1997) while discussing impact of people management practices on business performance has argued that HR practices in selection and training influence performance by providing appropriate skills. Their research has found that HR practices have powerful impact on performance even if measured as productivity.

According to Ichniowski (1995) while observing productivity of steel workers have found that complementary HR practice System effects workers performance. Majority of previous research has verified significant relationship between HR practices and Employee Outcomes (Sels, 2006)

According to Collins (2005) in a research of similar nature targeting small business have found that effective HR practices impact employee outcomes significantly (employee outcomes used by them were different than ours).

According to Huselid (1995) used eleven HRM practices in his study which are personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labor management participation, recruitment efforts, employee training and promotion criteria. This study examines the relationship between three HR practices i.e. compensation, promotion and performance evaluation and perceived employee performance. He found that these Practices positive impact lead to strong positive relation Between HR practices and Employees Perceived Performance.

Past researchers found evidence on the impact of training on productivity and where employees and employers were able to share the benefits from training (Conti, 2005; Dearden, Lorraine, Reed & van Reenen, 2006; Ballot, Gerard, Fakhfakh, & Taymaz, 2006). Dave and Wayne (2005) explained that performance appraisal is an instrument whereby an individual was retaliated by the assessment due to certain personal dissatisfaction, and it has adversely affected future performance.

Brown and Heywood, (2005) found that 'Performance appraisal represents, in part, a formalized process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers'. Brown and Heywood, (2005). Possibility of performance appraisal is enhanced by complementary human resource management practices like formal training and incentive pay and performance appraisal leads to greater influence of productivity of Employees.

Lecky (1999) defined performance appraisal system as a benchmark which is set against specific task performance, define and evaluate current performance. It requires the input and output such as remuneration, pay rise, level of expectation, promotion and managerial planning.

Kanwaldeep Kaur, H.S. Sandhu, (2010) found that Organizational commitment was viewed as a multidimensional concept, Organizational Commitment Scale. While life span theory suggests that the factors associated with chronological age cause changes in behavior and attitudes, and organizational commitment models suggest factors associated with tenure cause changes in behavior. So both the variables were used for the purpose of this study. Career stages were identified by each respondent's self-reported age, and tenure in the organization. The cut off points to each career stage have been established through a review of previous research.

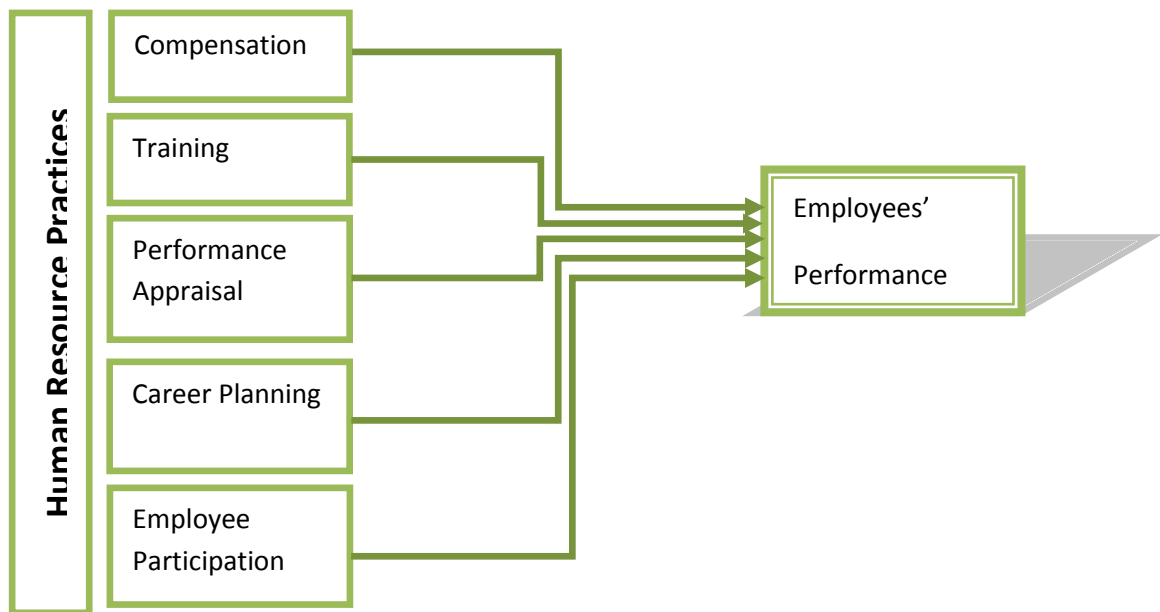
It was hypothesized that there would be significant difference in affective, continuance, and normative commitment at each career stage of employees, and that mid, and late-career stage employees would exhibit higher affective, continuance, and normative commitment than employees in their early-career stage. Findings demonstrate that affective,

continuance, and normative organizational commitment are, indeed, differently related to career stage. This research finds significant difference in affective, continuance, and normative organizational commitment at each career stage of employees.

Bhatti & Qureshi (2007) found relatively strong support for the existence of a positive relationship among employee participation, Job satisfaction, and employee productivity and employee commitment. At this instant this reality is extensively acknowledged that „human resources“ is the paramount organizational resource and the means to accomplish exceptional performance. At a general level, results generated by this study are largely consistent with results obtained in studies of employee participation-organization performance conducted in other geographical settings (Becker and Huselid, 1998). Moreover results of this study add to the available empirical evidence and suggest that such declaration have some credibility (Huselid and Becker 1995, 1996; MacDuffie 1995; Youndt et al. 1996). Outcome of the study put forward an indication that use of the positive relationship between employee participation and the Job satisfaction and job satisfaction with employee productivity, commitment and turnover.

Wagner (1985) reported that employee participation is positively related to performance, satisfaction, and productivity of an employee.

Conceptualization



Hypotheses

Possible hypothesis are to be developed based on the literature reviewed and conceptualization of the research problem. In order to conduct the research finally, these hypothesis are tested whether it is acceptable or not. In relation to this research the following hypothesis are formulated as follows

H 1, High Level of Compensation is positively correlated to Employee's Performance

H 2, High Level of Training impacts Employee's Performance positively

H 3, Best Performance Appraisal System positively influence on Employees' Performance

H 4, High Level of Career Planning impacts Employee's Performance positively

H 5, High Employee Participation positively influence on Employees' Performance

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H6, The Higher the presences of positive Human Resource Practices the Higher will be the Employees' Performance

H7, HR Practices have an impact on employees' performance

Research Methodology

Research sample

Research sample was selected from Tele Communication Industry in Jaffna district. There are Five Companies functioning in Jaffna district such as Sri Lanka Telecom, Dialog Axietra, Etisalat, Mobitel and Airtel. In order to conduct the research, the researcher decided to select participants from Four Company. A total of 160 staffs working in Tele Communication Industry in Jaffna. Each Company Limited was randomly selected with a help of their manager.

Data Collection Techniques

Data collection is an important part of a research generally two types of techniques are used by the researcher to collect the data from selected sample, such as primary data collection and secondary data collection techniques. But in this research only the primary data collection technique has been used by the researcher to collect relevant data from selected employees who are working in the Four Tele Communication Companies Ltd in Jaffna peninsula.

Method of Analysis

Correlation analysis is performed to identify the relationship between two variables. The multiple regression analysis also used to find out the nature of the relationship among the research variables. The line of regression explains the pattern of variation of depending variable in relation to values of the independent variable. At the end, the test of mediating relationship is performed with the help of regression analysis. For all these analysis, the Statistical Package for the Social Science (SPSS) is used to analyze the data.

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Data analysis & Findings

Correlation

Correlation matrix was used to verify existence of relationship between the independent variables i.e. Compensation Practices, Promotion Practices and Performance Evaluation Practices and the dependent variable Perceived Employee Performance. In order to identify the inter relationship between two variables; the researcher has performed an analysis of correlation.

Relationship between Compensation Practice and Employees' performance

		HR Practices	Employees' Performance
HR Practice	Pearson Correlation	1	.502(**)
	Sig. (2-tailed)		.000
	N	60	60
Employees' Performance	Pearson Correlation	.502(**)	1

** Correlation is significant at the 0.01 level (2-tailed). Source:-Survey data Pearson's correlation indicates the value of 0.502. So it can be said that there is positive relationship between HR Practices practice and performance.

Relationship between Compensation Practice and Employees' performance

		Compensation	Employees' Performance
Compensation	Pearson Correlation	1	.450(**)
Employees' Performance	Pearson Correlation	.450(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

The correlation matrix indicates that Compensation Practices are strongly correlated with Employees' performance in telecommunication sector in Jaffna (0.450(**), **p<.01) which is supported by Teseema & Soeters (2006) who found value (0.38(**), **p<.01). Sri Lanka is a developing country with very low per capita income and majority of employees including the employees place compensation at top. These results indicate that employees' performance in the Employees of telecommunication sectors are greatly affected by Compensation Practices.

Relationship between Training Practice and Employees' performance

		Training	Employees' Performance
Training	Pearson Correlation	1	.378(**)
Employees' Performance	Pearson Correlation	.378(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

There is strong positive correlation between training (0.378) indicating that, most of people are idealizing training as an important factor which is directly correlated with Employees' performance. Training Practices are strongly correlated with Employees' performance in telecommunication sector in Jaffna (0.378(**), **p<.01) There is a positive relationship (r =0.378) exists between Training Practice and Employees' performance.

Relationship between Performance Appraisal Practice and Employees' performance

		Per App	Employees' Performance
Per App	Pearson Correlation	1	.367(**)
Employees' Performance	Pearson Correlation	.367(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

The relationship between Performance Evaluation Practices and employees' performance is correlated (0.367(**), **p<.01) which is supported by this present research. There is a positive relationship(r =0.367) exists between Performance Appraisal Practice and Employees' performance

Relationship between Career Planning Practice and Employees' performance

	Career Planning	Employees' Performance
Career Planning Pearson Correlation	1	.432(**)
Employees' Pearson Correlation Performance	.432(**)	1

** Correlation is significant at the 0.01 level (2-tailed).

There is a positive relationship($r = 0.432(**)$) exists between Career Planning Practice and Employees' performance

Regression

Regression analysis is used to predict value of one variable on the basis of other variables. Here HR Practices are the independent variable (X) and employees' Performance is dependent variable (Y).

Regression between HR related Practices and Performance of the Employees.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.502(a)	.252	.239	2.373

Predictors: (Constant), Total HR Practices

In the above model, r^2 is 0.252 thus $r^2 = 25.2\%$. It indicates that 23.2% of changes in Employees; performance are determined by some work related HR Practices. The rest of remaining 74.8% of changes in employees' performance may be determined by other factors.

Dependent Variable: Total Employees' Performance

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	13.597	2.531	-	5.372	.000
Compensation	.120	.027	.502	4.419	.000

Regression analysis also involves developing a mathematical equation that describes the relationship between the variables. In this research following regression equation can be developed.

$Y = 13.597 + 0.120X$, X = HR Practices, Y = Employees' Performance and according to above equation. If HR Practices increases by 1, employees performance level will increase by 0.120.

Testing research Hypotheses

Hypotheses	Description	Hypotheses supported/ rejected
H1	High Level of Compensation is positively correlated to Employee's Performance,	Supported
H2	High Level of Training impacts Employee's Performance positively,	Supported
H3	Best Performance Appraisal System positively influence on Employees' Performance.	Supported
H4	High Level of Career Planning impacts Employee's Performance positively,	Supported
H5	High Employee Participation positively influence on Employees' Performance.	Supported
H6	The Higher the presences of positive Human Resource Practices the Higher will be the Employee Performance	Supported
H7	HR Practices have an impact on employees' performance	Supported

Suggestions for Further Research

There are so many factors influencing Employees' Performance such as goods relationship with co-workers & supervisors, rewards, fringe benefits. Working condition, promotion, supervision, Selection process, frustration and alienation nature of technology, work itself, stress at work, pay, conflict level etc. But, the researcher only considered four variables; Compensation, Training, Performance Appraisal, Career Planning and Employees' Participation. Therefore, in future, to decide to conduct this research, various other factors should also be taken into consideration.

This research only covered Jaffna peninsula Tele Communication Organization. But in Sri Lanka even Jaffna district there are several Tele Communication sectors and other organization. Therefore, in future to decide to conduct this research, there are several organizations and other sectors should be included. Further sample is able to be selected represent whole population. Further extension of sample size, will be able to represent the whole population.

Conclusion

This research conceded that there is as positive relationship between HR Practice and employees' performance. That is high level of fair Compensation, reasonable Training facilities, appropriate performance Appraisal System and good Career awareness leads to high level of employees' performance. In other words, Best HR Practices have positive impact on employee's job satisfaction and their performance. Existing alterative also proved this research conclusion. Even Though there are several factor affecting employees' Performance, the researcher only considered five variables: Compensation, Training, Performance Appraisal, Career Planning and Employees' Participation. Therefore in future conducting a detailed research including various factors in this field, further option findings can be obtained. Hence, conducting future research is further, will be beneficially.

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