

THE WAY HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES EFFECT EMPLOYEES PERFORMANCE: A CASE OF TEXTILE SECTOR

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ABSTRACT

This study comprehensively evaluated the impact and links between human resource practices and employees performance of the textile sector of Pakistan. This is achieved by developing and testing the model based on human resource practices including recruitment and selection, training and performance appraisal as independent variables on the employee's performance as a dependent variable. This study also helps us to understand the significance of human resource practices on the employee's performance. Questionnaires along with cover letter were sent to the different textile mills and used for the study purpose. Research findings prove significant relationship of Human Resource Management practices and employees performance.

Keywords: *Employee's performance, recruitment and selection, training, performance appraisal, human resource management practices, Pakistan, textile sector.*

INTRODUCTION

Today textile industry of Pakistan is facing few problems regarding power supplies and major of all is the Yarn supply and prices. Our industry is prevailing in highly competitive environment with other export oriented countries like China and India but putting everything behind our industry has a competitive edge on all other competitor due to the quality of our product.

APTMA, (2007) In 2006 Pakistan contributed 32.8% and 8.1% to the total world exports in cotton yarn and cotton cloth respectively. GDP contribution of textile industry was 8.5%. Textile industry employs 38% of the total labor of Pakistan. These values show that there is huge number of human capital involved in this industry. Reason for the best in the market is our labor. On the other hand there is a horrible fact that they don't have sufficient salaries and rewards that's why top quality performers (employees) of Pakistan market have been moved to other countries especially to the Bangladesh market. So here comes the role of human resource practices. Implementation of human resource practices can only be applicable to the organization that is learning and knowledge organization. Keeping in view the competitiveness of the textile market one must have such practices so that the employees could be retained and satisfied.

There is not a significant work in this industry in context of human resource management and reason is that top management never realizes the needs and demands of their employees. There are few textile mills that are practicing the human resource management in its full strength and they are getting maximum benefits from it and it is fact that they are the leaders. So to develop a better understanding a research is carried to know the benefits to practice the human resource and evaluating the losses if don't.

LITERATURE REVIEW

Guest (2002) has demonstrated that the Impact of HRM on performance depends upon response of worker towards HRM practices, so the impact will move in direction of the perception of employees by practicing

HRM. Ghebregiorgis & Karstan (2007) said that the perception of the employees provide broader evaluation of HRM systems. He also evaluated a positive picture of HRM practices including recruitment and selection, training and development and compensation. Qureshi et al. (2007) concluded that HR practices are positively correlated with employee's performance.

Huselid (1995) have argued that the impact of HRM on behavior of the employees results in the effectiveness of the employees. Patterson et al (1997) has explained that HR practices in selection and training effects the performance of the employee provided appropriate skills. Verbeeten (2008) suggested that quality and quantity performance is positively associated with clear and measurable goals; incentives are also positively related with the performance. Medlin & Green (2009) has stated that goal setting, employee engagement and high level of workplace optimism collectively improves the performance of an individual of an organization. Lyons (2006) explained that involvement of team member in designing of training for team leader improves leader knowledge, skills learning and performance.

RECRUITMENT & SELECTION AND EMPLOYEE'S PERFORMANCE RELATIONSHIP

Lynch & Smith (2010) and Cunningham, I. (1999), Recruitment and selection is the initial process to evaluate staff. This is concerned with identification, attraction and selection of the suitable person meeting the job requirements of the organization. It is an important process to carry out otherwise the outcomes inappropriate recruitment and selection is extensive. Qureshi & Ramay (2006) HR practices are positively correlated with employee's performance whereas selection and training is more affecting the performance rather than other practices.

Chand & Katou (2007) demonstrated that recruitment and selection, part of HRM system is strongly correlated with the profitability and suggests that management of the organization must focus on these HRM practices (recruitment and selection) resulting in a improved organizational profit. Stewart & Carson (1997) suggested that recruitment practices of the organization must be consistent and coherent with HRM functions like human resource development, pay, benefits and business strategy of the organization. It is identified that in staffing process, job analysis is sine qua non for all HR planning, development and utilization activities carried out by the organization as job analysis plays a vital role in staffing because it clearly indicates the particular requirement of the job, position in the structure of the organization and human requirements to perform that job. O'Meara & Petzall (2009) found that questionnaire respondents confirmed that job analysis for the particular role including competence knowledge and experience, undertaken by the HR executives. It is important to consider fit between successful candidate and the organization. Selection criteria are used as basis on the questions asked by selection panel and in interview.

Hsu & Leat (2000) revealed that line managers participated more in the final selection decisions than was indicated for the staffing process as a whole.

Heraty & Morley (1998) and Zhu et al, (2002) Stated that the staffing is something which cannot be done lonely, involvement of HR specialist and line management is essential to complete it.

Zhu & Dowling (2002) line managers could help to achieve a better fit between job and the candidate by selecting the required candidate for positions in respective departments.

Wickramasinghe, (2007) explained that it is necessary to have job analysis information as it helped to short list the candidate list and to conduct interview. It is observed that if the description and person specification is not available then it is responsibility of the relevant department to prepare that document with the help of HR department, staffing activities cannot be commenced without any reference to document. Line managers are involved in final selection of the candidate and HR planning at the department level, while HR staff is more interested and involved in matters like policy making, recruiting candidates and their early screening processes.

Marques (2007) involvement of HR department in hiring process helps to enhance knowledge of the workforce and required skills. It is also helpful for the identification of upgrading skill requirement of the employees. By such involvement, good communication seems to have synergy effect and helps to unify the workforce. As a result of this communication, negotiations happen in more positive atmosphere which has an ultimate effect on the quality within the workforce.

TRAINING AND EMPLOYEE'S PERFORMANCE RELATIONSHIP

Tzafirir (2005), Training is an important element in producing the human capital. Investing in training programs can make employees feel indebted to the company. Training is necessary for the employees to perform

particular jobs because job requires particular skills and knowledge by which the job is much easier to perform as it is in the benefit of the employee. Qureshi et al (2007) concluded that training as an HR practice has a very positive impact on the performance of the employees as there is highly positive correlation is found in the study. Danvila del Valle et al (2009), training provides employees with the skills, abilities and knowledge required by the post. This effect can be explained in a way that the organization is interested in investing in training for the employees and giving them confidence and intends to count on them in future, they will make more effort and give their best at their work in an effective way.

Jayawarna et al (2007). Formal training in comparison with informal training is more effective and significantly associated with performance. Denby (2010) Training is a continuous process, one that is constantly refreshed and renewed according to the needs and requirements of the individuals along with encouragement to revisit the contents after the training. Training needs varies from industry to industry so one cannot be sure that the particular industry or the organization should conduct training every year, semi annually or quarterly. Wilson & Western (2000) Sometimes training plans are same for the next year which may illustrates that possible needs required to perform a job are not addressed by the manager and the employee and as well.

Type of trainer is totally depends on the nature of the training as external trainers bring huge, important and diverse knowledge of multi corporate environment to share with trainees and internal trainers as well. So it is advantageous for them to gain knowledge to make jobs easier and effective.

PERFORMANCE APPRAISAL AND EMPLOYEE'S PERFORMANCE RELATIONSHIP

Francis & Kleiner (1994) and Boice & Kleiner (1997). Employee evaluations, also known as performance appraisals are crucial for the operations of the organization as well as the advancement of the employees. Rating the employees is necessary as it helps to identify the people for the leading positions in the organization. To acknowledge employee, a proper work review of the employees must be done which further helps to reward them when appropriate. The implementation of the performance appraisal system is a complicated and difficult job because it requires an accurate and fair appraisal of an employee's performance.

Brown et al, (2010) Performance appraisals are the basic element of human resource management; many HR decisions are totally based on the results of the appraisal.

Kelly et al, (2008) studied that over 80 percent of the respondents are in desire of the appraisal system along with 45 percent respondents indicates that appraisal system needs to improve. Fairness and clarity of the appraisal system is compulsory which results in satisfaction, improvement in performance, motivation and positive perception towards performance bonuses.

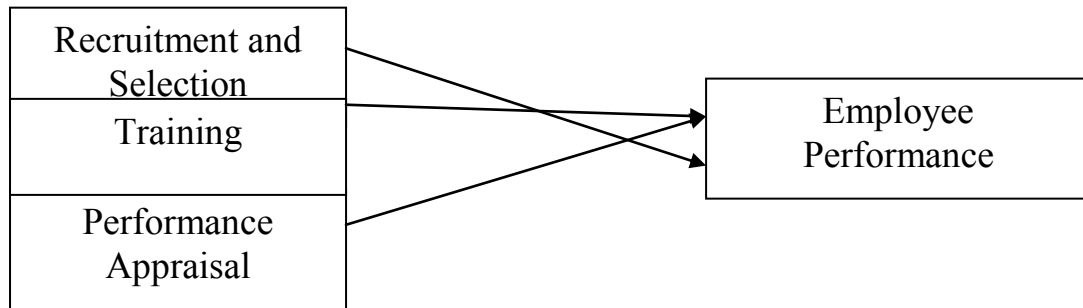
Ubeda & Almada (2007) While implementing performance appraisal system to appraise the competencies of each employee, it is important to notify that which skills, knowledge and attitudes should be developed so that there is a substantial improvement in the process of the organization and jobs and tasks as well.

Feedback from the employees if well managed helps not only in identifying the individual competencies required for the job, but also in sharing professional growth with innovation and competitiveness. Caruth & Humphreys (2008) to evaluate the performance of the employee remember to use only those factors that relates with the job rather than personality characteristics and general traits.

Boice and Kleiner, (1997) reports that effective appraisal system helps to produce committed and motivated employees. It is important to be effective, accurate record keeping, clearly defined measurement system and frequent review of performance. Objectives must be defined with full consultation of the employee and supervisor which helps in direct communication between them.

RESEARCH OBJECTIVES

- To create and enhance the awareness level of employees about Human Resource practices and policies of textile companies.
- To portray the difference in Human Resource policies offered by the different companies of the textile sector of Pakistan.
- To identify the most neglected Human Resource practices which employees believe that could help to perform better than before.
- To explore the importance and to change the mindset of the employers by introducing Human Resource practices as these practices are contributing in the performance of the firm and employees collectively.

MODEL**RESEARCH QUESTION**

How Practices of Human Resource Management effect Employee Performance?

HYPOTHESIS

There is a positive correlation between Human Resource Management Practices and Employee's performance.

H 1 Employee's Performance has positive relation with Selection of Employees.

H 2 Training effects has positive relation with Employee's Performance.

H 3 Performance Appraisal has positive relation with Employee's Performance.

RESEARCH DESIGN

The research methodology was based on empirical data collected through questionnaire surveys with employees working in different textile mills in Pakistan.

Sample of this study is employees of textile sector companies, 110 questionnaires were distributed and 87 returned and used for analysis. Response rate is 79%. All dimensions of HRM practices and Employee Performance were measured on seven point likert scale ranging from strongly disagree to strongly agree. For data analysis, SPSS 17.0 were used.

FINDINGS

There is strong positive correlation between performance and training (0.74) with mean of (4.7) indicating that, most of people are idealizing performance appraisal as an important which is directly correlated with employees performance. All variables (HRM practices) are having positive correlation with employees' performance.

The results of relationship between HRM practices and Employees performance is given in table-II. To accept any hypothesis it is must that p value < 0.05 . Results have proven the significant relationship between Recruitment and selection and employees performance ($r = 0.71$, $p = 0.00$), training and employees performance ($r = 0.59$, $p = 0.00$), performance appraisal and employee performance ($r = 0.70$, $p = 0.00$).

Table-I Descriptive Statistics

| | E.P | R&S | TRN | P.A |
|----------------|--------|--------|--------|--------|
| Mean | 4.90 | 4.92 | 4.56 | 4.7 |
| Median | 5.14 | 5.00 | 4.71 | 5.00 |
| Mode | 5.43 | 5.00 | 3.71 | 5.71 |
| Std. Deviation | 0.96 | 1.10 | 1.18 | 1.30 |
| Range | 4.00 | 5.00 | 5.57 | 4.86 |
| Minimum | 2.29 | 1.57 | 1.14 | 1.71 |
| Maximum | 6.29 | 6.57 | 6.71 | 6.57 |
| Sum | 427.00 | 427.86 | 396.00 | 408.14 |

Table-II Correlations

| | E.P | R&S | TRN | P.A | P | Hypothesis | Results |
|--|-------------|-------------|-------------|------|------|------------|---------|
| Employee performance (E.P) | 1.00 | | | | | | |
| Recruitment and selection (R&S) | 0.71 | 1.00 | | | 0.00 | H1 | Accept |
| Training (TRN) | 0.59 | 0.68 | 1.00 | | 0.00 | H2 | Accept |
| Performance Appraisal (P.A) | 0.70 | 0.64 | 0.74 | 1.00 | 0.00 | H3 | Accept |

CONCLUSION AND DISCUSSION

This study is designed to investigate the impact of Human Resource Management practices on the performance of the employees. To find out the performance determinants research model of HRM practices was used. There are many HR practices like recruitment and selection, training, performance appraisal, career path, compensation, job definition. Only three practices (recruitment and selection, training, performance appraisal) were taken to understand the impact on the performance of the employees. These factors were taken because of their utmost requirement of any textile mills of the industry. This is the interesting study proving the importance of those practices which highly affects the performance of the employees. This study will provide an insight in the textile sector that what makes an employee to perform better.

All variables (recruitment and selection, training, performance appraisal) are found to be significantly related with performance of employees (table-II). So we conclude that recruitment and selection and performance appraisal play a vital role for the performance of the employees as training of the employees is also important but there is something other is more important to work on. These results are may be the outcome of the absence of the other HRM practices which are not used in this study. All HRM practices should be used to understand their impact on the performance of the employees.

LIMITATIONS AND FUTURE RESEARCH

This study considers only three human resource practices (recruitment and selection, training, performance appraisal), while other practices should also be used to get more clear picture of the important performance determinants. The Sample consists of only the executives of the textile mills while other employees can be part of the study. It is important to have motivated employees to achieve the milestone set by the organization by performing their duties and responsibilities so in future impact should be seen on the motivation level of the employees.

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