

**THE IMPACT OF MAIN FACTORS OF HRM PRACTICES ON ORGANIZATIONAL PERFORMANCE A CASE OF PAKISTANI TELECOM SECTOR**

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**ABSTRACT**

Human resource management practices play a vital role in mounting the organizational performance. HRM practices are the precious assets. The main function of HRM practices is to achieve the organizational goals effectively. The idea of this study is to find out the major determinants of HRM practices and its effects on organizational performance. This work revealed that these factors have positive and significant impacts on organizational performance. Training and development, recruitment and selection found positive and significant impact on organizational performance. The present study has limited to telecom sectors working in Pakistan. The main offices of these telecom sectors are located in Islamabad.

**Keywords:** Human Resource Management Practices, Organizational Performance, Training and development, Recruitment and Selection and Performance Appraisal.

**INTRODUCTION**

In Pakistan telecom corporations have incredible and surprising improvement in modern years. It plays decisive and substantial roles in receiving advantages from evolving market, therefore the selection criteria should be very clear in these sectors. These sectors in Pakistan have attracted more than 54 % of FDI (Marwat, Qureshi, & Ramay, 2007). The common marvelous human resource management practices are indispensable to maintain the companies and shareholders' value and support. In the telecom sectors large investment has been done and only the HR practices make the possibility of sustainable achievement. In growing economies like ours, best human resource practices are indispensable.

To be creative and innovative, the main confront is to identify and become the satisfactory workers and provide appropriate training and development for the development and enlargement of the sectors. This challenge is appropriate for a variety of sectors in spite of capacity. HRM view consists of managing the employees and other tasks. The human resources compose of understanding mental power, associations and spirit that may connect economic value to the sector. In order to draw, keep and motivate telecom sectors should productively manage their unique HR functions such as recruiting, selecting, hiring, training and worker growth (Asad, et al., 1981).

Globalization has greatly influenced the telecom sectors and the sectors should adopt HR practices to live and stay in the current market. The surroundings of telecom sectors are changing; it effects users' attitudes and behaviors. The human resource management practices are important to construct and develop employees capital and employees capital is the vital part to increase organizational performance (Wang, Hwang, & Lin, 2011).

HRM is the main practice by which managers integrate the dealings and behavior of employees to preserve their task (Arumugam & Mojtahedzadeh, 2011). HRM is the method of supervision of human aptitude to acquire managerial objectives and provide apt strategy for ensuring the policies. It is helpful in providing the solutions for the problems which arise during the working. (Pandey, 2012).

**LITERATURE REVIEW**

Training and development consist of the use of standard procedures to communicate information and help employees to acquire the skills. The major tip of training and development is on practical skills

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and is related with executing techniques and processes. The main task of training and development is to prepare the employees and extract out the potential abilities. (Boohene & Asuinura, 2010). Human resource manager constantly focuses on training and development due to which firms surpass others related to information, skills, intensification and development. Training and development is normally a specific temporary arrangement that involves designing programs that intend at increasing organizational performance (Daoud, 2010). Those sectors that spend extra in training and development will generate positive and constructive consequences. The training focuses further on existing job duties or tasks, while development points to future job tasks (Kennedy, 2009).

Recruitment and selection are a costly and momentous factors of HRM practices and play the decisive function in acquiring the organizational performance. The principal firm focuses on hiring the capable and skilled staff and selecting employees neutrally. Hiring competent employees are considerable and depends on transparent recruitment and selection techniques, which intends to select the 'right' employees and discard the 'wrong' ones (Daoud, 2010). The biased recruitment and selection practices direct to go wrong. It is with the responsibility of the HR manager that he or she should lenient in the selection and recruitment of the workforce, irrespective of the favoritism of their sex, race and disability. All employees should be given the same chance during recruitment and selection. If the owner desires the firm to be efficient, HR manager keep focus on recruitment and selection practices that the procedure should be translucent. The impartial recruitment and selection will reduce the output of the organization.

Recruitment intention is to acquire information about empty positions in the sector. Job requirement is an assessment of the kind of employees it takes to do the job and it lists the education desired, as well as how to locate the way to look for and draw appropriate applicants that will fit into the job (Chan, 2012).

Performance appraisal is crucial and fundamental because it often manipulate very important issues such as pay raise, promotions, and other organizational functions (Kurtzberg, Naquin, & Belkin, 2005). The fundamental thought of performance appraisal is to determine the performance of an employee and assimilate with the organizational performance. It assists in understanding the responsibilities among the employees in the organization. (Sumangala, 2012). It is the process to assess how employees are performing and how they may develop their performance. It is generally predictable and used in spite of evident facts that it is classically counterproductive (Grubb, 2007). Performance appraisal intention is to produce progress in effectiveness during the monitoring of employees performance (Brown & Heywood, 2005).

Performance appraisal formation provides information for more HRM activities such as promotion, layoffs, firing. It can also make available contribution to training and development needs of employees (Sozer, 2004).

### **Research Questions**

Following are the research questions of the study.

- a. Does training of employees influence organizational performance?
- b. How performance appraisal is a significant element of organizational performance?
- c. Is recruitment and selection essential component of organizational performance?

### **Hypothesis**

The following Hypotheses were drawn from the current study:

**H1:** Training and Development has a significant impact on organizational performance.

**H2:** Recruitment and Selection has a significant impact on organizational performance.

**H3:** Performance appraisal has a significant impact on organizational performance.

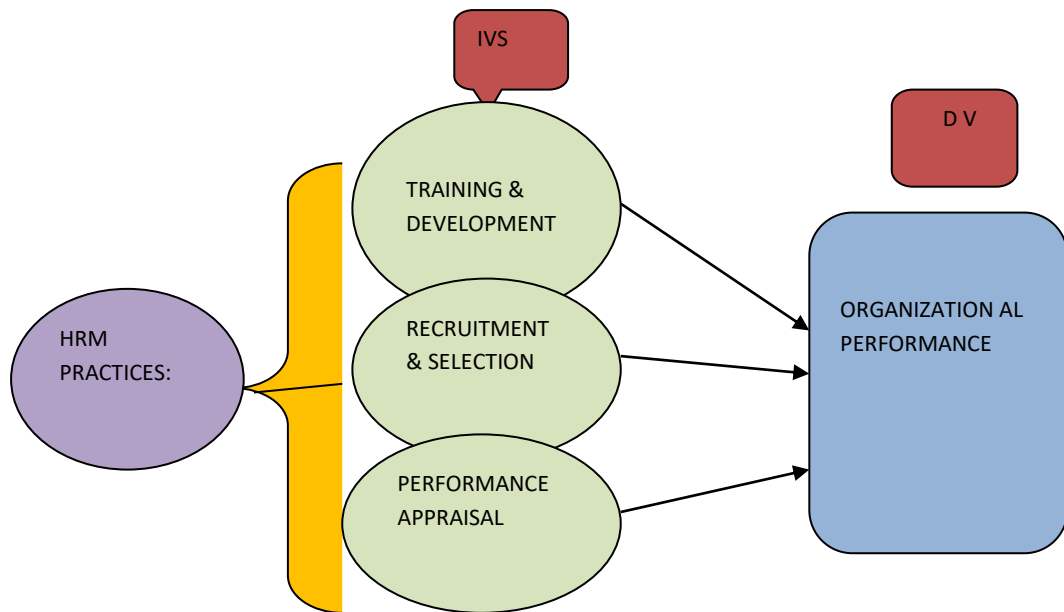
**METHODOLOGY**

**Data Collection and Analysis**

The sample for this study is the employees of telecom sectors in Islamabad. We have distributed the 150 questionnaires among the employees and returned 100 questionnaires out of them. The questionnaires for data collection have taken from paper of Rathnaweera (2010).

**Theoretical Framework**

On the basis of broad literature review variables have been ascertained and their relationship has been analyzed.



**FINDINGS**

1. Training and development practices have a significant impact on organizational performance.
2. Performance appraisal practices have a positive effect on organizational performance.
3. Recruitment and selection has also a significant impact on organizational performance.
4. Employees in the telecom corporation believe that training strengthen and enhance organizational and employees' performance.
5. The employees also believe that fair and transparent recruitment and selection practices promote organizational and employees' performance.

**H1:** Training and development has a significant impact on organizational performance.

**Table 4.1 Regression Analysis, F-test, R Square and R Values**

Model	Unstandardized Coefficients		Standardized Coefficients	T-test	F-test	R Square	R	Sig.
	B	Std. Error	Beta					
(Constant)	2.738	.287		9.544				.000
1 Training and development practices	.271	.083	.313	3.266	10.670	.098	.313	.002

Table 4.1 Dependent variable: Organizational performance

The above mention table shows the practical result of training and development practices towards organizational performance. Simple linear regression analysis is applied and it has been proved that one unit of training and development practices produce a positive impact of unit 0.271 in the

organizational performance with significance of 0.002. The value of t-test in this connection proved with acceptability that is 3.266 is above the rule of thumb 2.00. In the addition the value of f-test found as 10.670 that is above the standard value of rule of thumb 4.00. ANOVA results showed that the model is acceptable. R square explains the variances, which is 9.8 percent from the training and development towards the dependent variable. Regression value R is 0.313 which is positive and below the moderate value with the significance level. Therefore the above hypothesis is acceptable.

**H2:** Selection and Recruitment have a significant impact on organizational performance.

**Table 4.2 Regression Analysis, F-test, R Square and R Values**

Model	Unstandardized Coefficients		Standardized Coefficients	T-test	F-test	R Square	R	Sig.
	B	Std. Error	Beta					
(Constant)	1.612	.429		3.760				.000
<sup>1</sup> Selection and Recruitment	.578	.120	.437	4.808	23.117	0.191	0.437	.000

ble 4.2 Dependent Variable: Organizational Performance

In the above table, we have the following empirical results towards the organizational performance. Simple linear regression analysis is processed and it is proved that one unit of performance appraisal practices produces a positive impact of unit 0.578 in the organizational performance with significance of 0.000. In the above table, we saw that the value of t-test is 4.808 and above the rule of thumb which shows the acceptability of the model. In addition the value of f-test found as 23.079 that is above the standard value of rule of thumb 4.00, therefore the ANOVA results proved the acceptability of the model. R square processed for measuring the variability that is 19.00 percent of the selection and recruitment practices towards the organizational performance. Correlation explained by R value that is 0.437 found positive below the moderate level with the significance level. On the basis of these results the proposed hypothesis is accepted.

**H3:** Performance appraisal has a significant impact on organizational performance.

**Table 4.3 Regression Analysis, F-test, R Square and R Values**

Model	Unstandardized Coefficients		Standardized Coefficients	T-test	F-test	R Square	R	Sig.
	B	Std. Error	Beta					
(Constant)	2.596	.243		10.663				.000
<sup>1</sup> Performance Appraisal practices	.315	.070	.412	4.481	20.079	0.170	0.412	.000

a. Dependent Variable: Organizational Performance

**Table 4.3** represents the empirical result of performance appraisal practices towards organizational performance. Simple linear regression analysis is processed and it is proved that one unit of performance appraisal practices produces a positive impact of unit 0.315 in the organizational performance with significance of 0.000. The value of t-test in this connection proved the acceptability that is 4.481 is above the rule of thumb 2.00. In the addition, the value of f-test found as 20.079 that is above the standard value of rule of thumb 4.00, therefore the ANOVA results proved the acceptability of the model. R square processed for measuring the variability that is 17.00 percent of the performance appraisal practices towards the organizational performance that is low non impressive. The values of R2 below 0.2 are considered weak, between 0.2 and 0.4, moderate, and above 0.4, strong. R square is the percentage of variance in the dependent variable explained by the collection of independent variables. Correlation explained by R value that is 0.412 found positive below the moderate level with the significance level. The above hypothesis is accepted on the basis of these results.

## CONCLUSIONS AND RECOMMENDATIONS

This study has found the positive and significant impact on organizational performance. This study finds the impact of HRM practices on organizational performance in telecom corporations in Pakistan. The outcome shows the positive and significant relationship among independent and dependent variables. The result also explains that the best utilization of human resource practices further helps increasing the organizational performance.

Training and development remained the interests of scholars from the very beginning. Actually, all levels of firms recognized that it's very necessary to prepare the employees with essential skills and knowledge for the day to day activities through training and development. Impartial and unbiased recruitment play a vital role increasing the organizational performance. The organizations should hire the right person which matches their jobs. During the performance appraisal process, the supervisor should inform the employees because this leads to increase the performance.

### Managerial Implications

In this study it has been found that there was the relationship between the HRM practices and organizational performance. The study also found that there is a positive and significant effect on organizational performance. The empirical results show that Pakistani private sectors should incorporate HRM practices in order to progress organizational performance. The management should be familiar with the significance of HRM practices and should incorporate in the organizations during strategic decisions. The management should focus on using these practices to maintain their organizational goals. The managers should be moderate, clear and reasonable during recruitment and selection process. The managers should also be aware of the significance of investment in training and development. This concept of investment in training will lead the firm towards the growth and expansion. The managers should also keep in mind the significance of performance appraisals because this also plays a significant role in the organizational performance.

### Future Research

This study makes the important contribution about significant HRM practices in one of the most emerging economy of Pakistan. The future study consists of large scale of other private industries to confirm the current study.

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**\*Note:** This paper has been generated from M.Phil. thesis.