HRM and Its Effect on Overall Organization Performance

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Abstract

Purpose: of this research is to examine the Effect of Human Resource (Recruitment, Career Planning, Training, Employment Involvement, Compensation and Appraisal) on the organization's performance.

Design/methodology/approach: Quantitative study was conducted and designed to elaborate the effect of Human Resource Management on the organizations performance in Afghanistan, the focused organizations for conducting the subject research were Kabul Municipality, Ministry of Higher Education, Ministry of Finance, Ministry of Telecommunication, Ministry if Rural Rehabilitation and Development, Kabul Municipality and Ministry of Borders and Tribal, was selected and surveyed through questionnaires with response rate of Affairs.

Regression were run to analyze the data and findings reveal that positive and significant relation exists between Human Resource management (HRP, Recruitment, Compensation, Appraisals) and the organization's performance.

Research limitations/implications: The data have been collected randomly from different departments of the Kabul Municipality. This study can be replicated with a large sample size in similar sector or context. Effects of other independent variables e.g. information technology, job rotation and employee participation could be used.

Originality/value: Organizations must pay special consideration to human resource management in order to increase their organization's performance. As Human Resource plays an important role in organization's performance.

Keywords

HRM, Performance and organization

Introduction

In past years, organizations, firms and business entities have been urged to adopt a variety of performance-enhancing or advanced Human Resource Management (HRM) Practices for growth of their market share and expand their competitiveness in the global market because Human Resources Management plays an important role in organization success and it has significant effect on organizational performance to achieve the organization goals and objectives efficiently and effectively (Moideenkutty et al., 2011). Therefore, HRM is predictable to help firms achieve the organizational performance in best and better way. The research have realized that the important of relationship between HRM and organizational performance. Human resource is the set of individuals who make up the work force of an organization. Human resource management included activities designed to provide for and co-ordinates, all human elements within the organization. This will confirm its constant continuousness and achievement. The HR personnel element signifies one of the organization's largest investments (Bhatt and Reddy, 2011).

Consequently, organization should line up the growth of the human element to maximize capacities, talents, skills and capability that will automatically reflects on the organization's income and ads up to the organization's revenue. It pre-supposes that we do need people in order to stable a business no business or organization can exist entirely without people. Even a computer auto-mental machine factory has to employ some people, though a conventional plant with comparable ability might need more people. There arises the need for proper planning of these people employed otherwise known as "Manpower planning" (Adriana and Gaston, 2011). Most organization does not have plans for the development of their employees. Once those people are hired, the companies do not orientate them, neither do they train them to acquire other modern skills or develop upon their talents and educational qualifications they came with when joining the organization (Caliskan, 2010). HR is also known as human capital for utilization, connecting, growth and direction of a nation's objective. It is also all about

the formation of values and attitude. Therefore, human resources development is universal rules and not a view idea or concept. There is no nations, organization, business enterprises, industry, factory etc. that can knock a political, social, economic stability, quality product and profitability without acceptable human resources in place (Bloom and Reenen, 2010).

The purpose of Human Resource Planning (HRP) is to convey message to the organizational management that the organization is able adjust economically, politically socially and technology as per the needs of the time and situation of the market (Yasmin, 2008). Additional to individual, it gives the chance for development of the workers skills, ability; individual capabilities as a human being are used for the benefit of organization (HRP) Human Resource Planning assist the organisation to accomplish provisions, placement and sequence rules and it assist the organization and (HRM) Human Resource Management department efficiently with providing them the needed (Katou, 2008).

The accomplishments of organizational aims and objectives can be varying in different organizations. The studies highlight The Impact of Human Resource Management (HRM) on organizational performance. And other studies in this area. It's to mention that it is important to accomplish the organizational objectives and management of human resources should be strategic. Also, the strategies of HRM must be combined with the general organizational strategy in the framework of achieving the vital performance. There has been much research on strategic human resource management that affects organizational performance. The Concept of Human Resource Management is castigation, a specialised skills and professional that has developed in recent years as a broad range, including many arena merged and incorporated combination with certain element of staff's management organizational behaviour industrial and labour relationship etc. Gelade (2003), examined that Human resource management is the task within a group, people or organization that focuses on recruitment of, management of and providing path for the employees of the organization. Line supervisor or director/ manager can also perform human

Resource management. Human resource management is the directorial function that contracts with concerns related to people such as compensation, hiring, firing, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration and training. Moreover, Yaseen and Maheen (2017), mentioned that aim of the every organization is to develop their performance to achieve their goals, the objective of the this research is to examine the performance of the organization having 200 employees providing the telecommunication services named UFone and Moblink as franchises in Sargodha city. The Population studied of the research covered all the companies providing telecommunication in Pakistan, the methodology of the search was through exploratory of factor analysed and descriptive statistic used, the software, which is used for the research, was SPPS version 20. The outcome of the research showed that high be the compensation, organization citizenship behaviour and employee development practices the higher-level organizational performance be result; the outcomes also specified that, the organizational citizenship behaviour and worker growth is definitely related with organizational performance. The respondents indicated that there was positive or momentous affiliation between independent and dependent variables, so we rejected the null hypothesis. Further, Hassan and Mehmood (2016), highlighted the effect of Human Resource Management on employee's performance in the Textile industry of Pakistan. The methodology for collecting the data for the subject research study was used Random Sampling Technique. For the data collection, a questionnaire based was distributed to 34 items on 68 employees of the company. To examine the relationship between Human Resource Management practices and employee's performance, Pearson correlation arithmetical technique and regression examination was applied on the data. The results show that Human Resource Management performs Compensation, Profession Planning, Presentation Appraisal, Training, and Employee Engrossment had a positive effect on employee's performance. Therefore, it is ascertained that autonomous variables contribute clearly towards change in the dependent variable.

Statement of Problem

This study started with the overview of the research problem i.e. the association between the variables; Human Resource Management (HRM) practices (Staffing, Hiring or recruitments Incentive, compensation practices and training programs) and organization's performance. The next topic discloses diverse perceptions of earlier researchers about the variables of interest in the literature review. This helped in further understanding of the research problem. The hypothesis is the main principle of this research as the aim of this study is to ascertain the reality of this hypothesis. In the past few years, it has been noted that good number, behaviour and act of new business establishment are having poor performance; it's due to lack of effective and efficient human resources management. Business is full of ambiguity and the understanding of labour input or human resources development is vital for management mainly in the areas of increasing organizational output as well its viability.

Research objective and Hypothesis

O: To identify effect of HRM (Human Resource Management) on organization performance.

H1: Human Resource Management does not have effect on
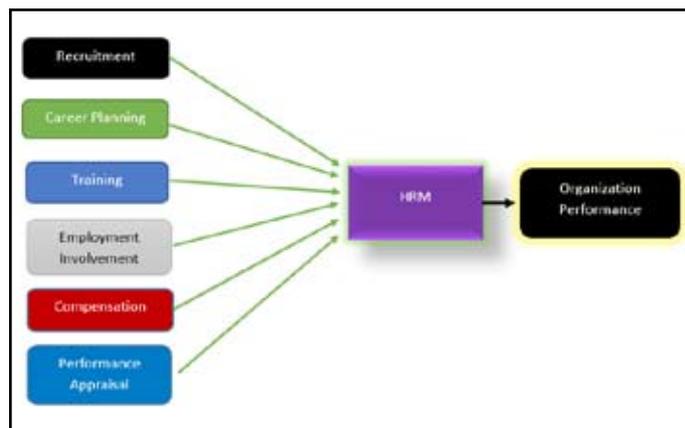
achieving organization's goals.

Fig.1: Diagrammatic representation of Conceptual framework

Details of Research Design

The study is designed to elaborate the effect of Human Resource Management on the organizations performance in Afghanistan, the focused organizations for conducting the subject research were Kabul Municipality, Ministry of Higher Education, Ministry of Finance, Ministry of Telecommunication, Ministry if Rural Rehabilitation and Development, Kabul Municipality and Ministry of Borders and Tribal, Affairs to elaborate and understand the effect of human resource management on organizations performance.

Instrument used for primary data collection

This research was carried out based on the primary data collected through the survey instrument. The survey instrument used for this work is a standardized well-structured questionnaire. The questionnaires were employed to gather the primary data and relevant information from the employees of service sector. This survey instrument was designed and tested as a part of this work and proved consistency.

Pre-testing

A preliminary study was conducted to obtain the initial valuation of inner legitimacy of the research survey instrument questionnaire. For this purpose primary data were collected from 80 Public service sector employee. The outcomes of the preliminary study confirmed the inner consistency of the mechanism organized and therefore, the same tool was used in the recognised sampling parts to gather the main data required for the current study.

This research had tried to examine the effect of Human Resource Management on the organization performance in the context of Kabul Municipality (KM), The data have been collected randomly from different departments of the Kabul Municipality data was collected through the questionnaires (Appendix-A) with informative questions that explain the impact of Human Resource Managed on organizations performance.

Survey instrument reliability

The survey instrument was tested with appropriate reliability analysis comprising the computed value of Cronbach alpha and the alpha value for all the study variable taken up in the survey instrument is found to be well above the suggested value of 0.6 (Nunnally, 1978). The specific, details of alpha value for each of the study variable constituting the present work is shown in the Exhibit-1

S no.	Details of the Scale	Cronbach Alpha
	Exhibit-1: Details of the Measurement Scales with Corresponding Reliability values	
1.	Recruitment	0.724
2.	Career planning	0.692
3.	Training	0.881
4.	Employment involvement	0.921
5.	Compensation	0.704
6	Performance Appraisal	0.812
7	Organization Performance	0.766
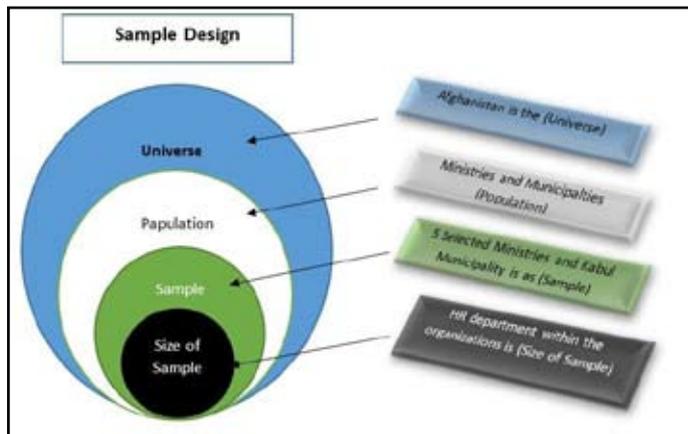
Sampling Details

This research working examination of human resource management to gather information with the assistance of authenticated survey tool in the form of questionnaire for hypothesis testing, and to address the objective of the research 80 questionnaires were disseminated between them. The sectors workers instituting the sampling system implemented for the current work contain divisions such as education, information technology, finance municipality, rural rehabilitation. 35 respondents met these inclusion criteria and thus, constitute a sample size for the present study. As far as the sample size for the employee survey is concerned, Hoinville (1978) tried that the judgement on a sample size could be based on experience and good decision instead of trusting on harsh scientific formula. The use of surveys in community examination does not essentially have to include samples of 1000 or 2000; instead study with models between 30 and 250 is adequate (Martyn, 1999). Since, the respondents for the survey were recognised on the information and descriptive factors like, human resource managing, compensation, staff involvement, recruit, , the sampling process implemented for the current research is known as descriptive sampling method.

Detail of Statistical Tools

The statistical tools employed for the present work comprise the basic descriptive details of the study variables. Further, Multiple Regression models were tested through SPSS 20 software as part of analysis. Based on the research models assumed and the corresponding statistical tools, hypotheses formulated in this work are tested and provided with corresponding results in the next sections.

Effect of Human Resource Management on performance of organization

From the results of table-1, it can be inferred that the F value of 15.746 is found to be significant at 5 percent level and hence, hypothesis-1 is rejected. These results suggest that organization performance depends on the different human resource management practices practiced in an organization. Further, the adjusted R square value of 0.932 from the table-1 indicates that 93 percent of organizational productivity is significantly dependent on different human resource management practices. Also the 't' values of 7.716, 14.196, .586 and 12.329 corresponding to different practices such as HRP, Compensation, Staffing Recruitment and Performance Appraisal are found to be having significant effects on the model conceived.

Table 1: Result for Hypothesis-1				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.973[a]	0.947	0.932	0.71642

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	236.214	7	33.745	15.746	0.000
	Residual	13.345	26	0.513		
	Total	249.559	33			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.999	2.006	-	0.498	0.623
	HRP	0.520	0.067	0.574	7.716	0.000
	Compensation	0.939	0.066	0.792	14.196	0.000
	Carrier Planning	0.084	0.067	0.079	1.251	0.222
	Staffing Recruitment	0.037	0.063	0.035	0.586	0.032
	Training Development	0.003	0.055	0.004	0.053	0.958
	Employee Involvement	0.021	0.066	0.020	0.320	0.752
	Appraisal	0.024	0.072	0.023	12.329	0.002

Source: Primary Data, Sig. 5% level

More specifically compensation given to employee is found to be having significant superior effect on productivity of an organization with highest 't' value of 14.196. This confirms that Compensation is the reward of the performance to show the company's loyalty for the skilled staff and Compensation has direct impact on the organization turnover. Further, Compensation shows positive relationship between organization and employs performance and also, Compensation have direct impact on the employee's performance toward achieving organizations goals.

Similarly, Appraisal provided to employees causes significantly good effect on productivity of an organization with the next higher t value of 12.329. This confirms that transparent employee's performance evaluation motivates the employee to work harder to achieve the organization objectives and goals. Moreover, merit based performance evaluations of the employees have significant impact on the organization performance and performance evaluation increase employees' productivity toward achieving organization's goals effectively and efficiently. The 't' value of 7.716 obtained for the Human Resources practices significantly causes considerable effect on the productivity of an organization.

The 't' value of 0.586 obtained for the staffing and recruiting the employee significantly causes considerable effect on the productivity of an organization. This confirms that Proper Recruitment plays a vital role toward organizations performance and attaining its goals and Staff hiring should be based on the relevant knowledge experiences and work background. Further, it reveals that Recruitment have positive effect on the organizations performance, hence the staff should be hired right person for the right job in the right time. The remaining 't' values of 1.251, 0.053 and 0.320 corresponding to the factor such as Carrier Planning, Training Development and Employee Involvement are not found to be significant at 5 percent level.

Recommendations and limitation

This research study could afford extra information for the management of the organization or the company, the effect of human Resource Management toward workers performance. The outcome of the study can also be a element concerning reliable and proper decision making on the forecasting process related human resource issues and execution of related platform for employees awareness toward   management growth and development, the management can also use the management information system (MSI) toward recruitment skilled workers and expertise and suitable candidates for different positions. Human Resource should conduct an appropriate employment examination and assessment of positions be filled. Human resources accepting requests when job positions have not been announced it should be reviewed. Human resources discuss to professional, skilled people whose awareness and abilities are used to make and provide effective services.

Despite of all the challenges faced during the subject research but the outcomes gives a great scene of your hard working and efforts you had put in to finalize the research. The subject research had been indicated with some specified limitations in the context of the research to collect the data randomly from selected correspondents form different departments of the Ministries and Public Sector, mainly there were problems and limitation during distribution and collecting of the questionnaire and as well as access to some employees due to not availability and security problems,

Conclusion

Since all discussions has been briefly described in the review of literature and the outcome and results from this research, it has been recognised further and outside of the any uncertainty that human resources encouragement tools are, training, compensation, retirement, recruitment etc. that make staff and work more harder and effective related to their different job. However, the examination of the subject issue is the focused study on the human resource management effects on organization performance within the organization. It is no important to lay unjustified emphasis on what actual human resources can do to any organization that absorbs the exercise. Human resource is the most critical pillar of the organizational chart that leads the organization toward achieving its goals and objectives.

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