

IMPACT OF HUMAN RESOURCE PRACTICES ON PERCEIVED PERFORMANCE: A STUDY OF TEACHING FACULTY IN PRIVATE UNIVERSITIES OF PESHAWAR, PAKISTAN

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Abstract

This research study examined the impact of three human resources practices –compensation, promotion and performance evaluation on the perceived performance of private university teachers in Peshawar, KPK, Pakistan. Results of a study of 123 academicians supported our hypotheses that HR practices have a significant relationship with the academic staff performance. Results have been discussed in the context of Peshawar universities and recommendations have been made for university owners, managers, and students of Human Resource Management.

Keywords: HR Practices, Compensation, Promotion, Performance Evaluation, Job Performance, Pakistan.

1. Introduction

Armstrong (1995) defines human resource management as a strategic and logical approach towards the organizational management by considering employees as the most valuable asset, who contribute to the overall business objectives individually and collectively. Many researchers have studied the effect of human resource activities on employees and organizational performance, and many studies show a significant impact of HR practices on the employee performance and organizational productivity (Becker & Huselid, 1998). Many researchers concluded that HR practices have a positive relationship with employee performance (Gould-Williams, 2003; Teclemichael Tessema & Soeters, 2006) and also have a significant relationship with organizational performance (Cures et al. 2010). Human resource has considered as an important source for the organization to get a competitive edge in the market (Pfeffer, 1994; Schuler & MacMillan, 1984).

Many researchers have worked on the relationship of employee performance and Human Resource activities, but their focus of the study was limited to developed countries (Aycan et al., 2000). Few researchers such as Shahzad et al. (2008), conducted their research in developing countries like Pakistan and found a significant relation between HR activities and employee performance, but the study was limited to public sector universities of Pakistan. The literacy rate of Pakistan is very low, among many factor teachers' performance considered as a major factor for this problem Shahzad et al. (2008). In the field of Human Resource Management Pakistan is "under-researched" country termed by (Aycan et al., 2000). During the research, it was observed that in developing countries, especially in Pakistan majority of the organizations do not follow the Human Resource management system. Indeed, they are going to develop this culture, but the progress is steady and slow, but in comparison to the public sector, it is noticed that private sector organizations are adopting a human resource management system very fast.

The main reason behind adopting human resource management system in private organization is that organizations believe in quality work as high performance is needed to sustain in the immense competitive environment. To enhance the quality of work and performance organizations apply Human resource management practices through which they train their employees, compensate their employees according to their performance and retain them, and can fire them according to the rules regulations if performance is not by the standards. In private sector universities of Peshawar, there is needed to find out the relationship of HRM activities and employee performance. Peshawar is one of the major cities of Pakistan, which is affected by terrorism and is considered as underdeveloped city, where applications of Human Resource management system is weak, and HR activities are not established very well. To fill up the literature gap and to enhance the quality work at university level, this study focuses on the impact of HR practices on the perceived performance of employees in private sector universities in Peshawar.

1.1 Problem Statement

Many researches in the developing countries did not explicitly outline a relationship between each human resource practice and job performance. However, we have a theoretical reason to believe that such a link exists. We argue that employees who perceive compensation, promotion and performance evaluation are fair and adequate; they are more likely to focus their effort in the workplace. In contrast, employees who perceive compensation, promotion and performance evaluation are less adequate; they are more likely to withhold their efforts in their work roles. Hence it is important to consider how job performance might be influenced by different dimensions of human resource practices.

The Influence of Human Resource Management practice on perceived performance has been a wide researched space. Study results, from developed countries to developing countries; have been time and once more showing that the units of time practices have a substantial impact on organizational performance. However, very limited studies have been conducted in this space context of Peshawar, Kpk, Pakistan and alternative developing countries. To augment the contemporary database of a unit of time practices of developing countries, this study has been undertaken. The study assessed the relationship between HR Practices and Perceived employee performance in private universities of Peshawar, Kpk, Pakistan.

1.2 Research Question

How do Human Resource Management practices affect Employee Performance in private sector universities in Peshawar, KPK, Pakistan?

2. Literature Review

2.1 HR Practices

Training and development, performance appraisal, compensation, job analysis, labor relations, human resource planning, and orientation are included in HR practices. These practices work as a mediator among policies and strategies of an organization (Dessler, 2007). It seems that the majority of researchers focus on few HR practices such as training (Noe et al., 2007), staffing (Stavrou, 2005), and compensation (Austin & Crispin, 2006). One of the most researched HR practice is compensation (Becker, 2001; Frye, 2004; Hashim & Hameed, 2012; Stavrou, 2005). HR practices are always associated with employee performance. For example, Marwat et al. (2010) have studied seven HR practices, and they found their relationship with employee performances. These seven practices included selection, training, performance appraisal, career planning, compensation, employee participation, and clear job description.

Teclemichael Teseema and Soeters (2006) used eight HR practices in their study, and they are, training, compensation, grievance procedure, and pension, recruitment and selection, placement practices, promotion practices, employee performance evaluation practices. The present study sheds light on the three main HR practices, and they are compensation, promotion and performance evaluation. We assume that these three HR practices are seen as the important organizational support that will increase employees' willingness to invest their effort in the workplace. This study critically finds out the impact of these three variables on the perceived performance of teachers. HR practices such as compensation, performance appraisal, and promotion are found to have a positive and significant impact on the performance of employees (Bowra et al., 2011), and they concluded that for banking sector this study is necessary to formulate the policies to get high performance from their employees.

2.2 Employee Performance

Instead of the outcome of the behavior of an employee, only the behavior of an employee is necessary for defining the performance of the employee (Aguinis, 2009). Employee performance is defined as the aggregated value to an organization of the set of behaviors that employees contribute to organizational goals (Borman & Motowidlo, 1993; Canmpbell, 1990). Performance does not mean what people produce in an organization; in fact, it is about their behavior. Perceived performance is the success of an organization, based on the general belief of what the employee contributes to his or her behavior. Three factors are important in the context of employee performance that renders the performance enhanced; the factors include declarative knowledge, motivation and procedural knowledge (Hashim, 2013; McCloy et al., 1994).

2.3 Compensation

Something was given to employees that may result in financial or non-financial in nature in return for his or her performance to boost up their morale and to retain them in the organization. Employees are more motivated towards their goals and objectives if financial rewards are given based on their performances (Altarawmneh & Al-Kilani, 2010). Performance enhancement has a significant relationship with the payments that are based on performance. As a matter of fact, every worker wants more money, so he/she puts his effort in work to increase productivity. Such payments are a cause to motivate the workers, which results in generating capabilities to work with creativity while earning more (Lazear, 1999). Frye (2004) examines the relationship of compensation practice and work performance and found a direct association between them. Compensation practice can easily manipulate the performance of individuals it can also reduce the problems in flexible job design when it is incorporated with problem-solving practice and training (Ichniowski et al., 1997). The relationship was tested of compensation with perceived performance of the employee, and the result was found positively correlated (Ahmad & Shahzad, 2011).

Shahzad et al. (2008) examined the association between compensation and perceived performance of university teachers and they found positive relationship between them. They argued that compensation practice through attractive packages can enhance teacher's performance. Based on the literature and theoretical study, make an assumption that compensation is positively related to employee performance. Because employees who perceive if the compensation is fair allocated, they should exhibit better performance Thus, we hypothesize:

H1: Compensation is positively related to Employee performance.

2.4 Performance Evaluation Practices

To keep a regular check and balance on the employee organization use performance evaluation instrument and through this tool administration of an organization can increase employee productivity and performance. According to Brown and Heywood (2005), performance appraisal system can influence individual performance in a better way through which they become loyal and committed towards organizational goals and objectives, and productivity of employee automatically increases (Brown & Benson, 2003). An effective system of performance appraisal substantially increases the productivity (Brown & Heywood, 2005). In organization bonuses, praise and performance evaluation play an important role "operations by growing competence," (Ruwan, 2007).

The relationship between an employee and the institutions enhanced due to high performance at the workplace (Huselid, 1995). Shahzad et al. (2008) found a very weak correlation between Performance evaluation practices and perceived performance of the employee. They stated ineffective evaluation practice could lead to poor performance. Organizations cannot get their desired output from their employee without effective performance appraisal practices (Shahzad et al., 2008). Ahmad and Shahzad (2011) also examined Performance Evaluation Practices and the employee performance relationship and came with the result that there is an insignificant relationship between them in line with (Shahzad, Bashir & Ramay, 2008).

According to the Spearman' correlation, the results reveal that perceived performance and the HR practices have a significant and positive relationship with each other. The regression test shows that performance evaluation activities have a significant relationship with employee performance. This research is helpful for the banking sector to formulate or modify the HR policies to gain high performance from employees (Bowra, Sharif, Saeed & Niazi, 2011; Hashim, 2014; Hashim, Khattak & Kee, 2017). All the above arguments suggest a positive association between employees' perceived performance and performance evaluation by these arguments there is a need to test the relationship of university teacher's performance with performance appraisal practice in Peshawar. Therefore, the second hypothesis for this study is

H2: Performance Evaluation is positively related to Employee performance.

2.5 Promotion Practices

In the performance of individual promotion, practice plays an important role it can enhance the performance of individual employees (Guest, 2002). The relationship was found positive between promotion practices and teachers' performance by Shahzad et al. (2008). They argued that through promotion practices teachers can grow in their organizational hierarchy, but it can also provide an opportunity to "serve as a model for professional development." Most of the researchers establish positive relationships of promotion with employee performance, but interestingly the result was totally changed in findings of Ahmad and Shahzad (2011), they found an insignificant impact of promotion practices on the perceived performance of teachers. Given the literature, the promotional practices are seen positively in some studies, which help to establish the third assumption to generate the hypothesis:

H3: Promotion is positively related to Employee Performance.

3. Methodology

3.1 Data Collection Tools

Data was collected for this study through a self-administered questionnaire. A questionnaire was adopted from the previous study of Shahzad et al. (2008) which measures the HR practices that effect on employee performances. These variables are similar to the current study that is the reason for choosing the questionnaire. The reason behind the selection of this questionnaire is that the variable used in this questionnaire is similar to the current study. The very first part of this questionnaire is about demographics consisting of seven items. The second part is regarding dependent variable (employee performance) of this study.

The third part is about compensation consisting of six questions which provide a clear idea about specific HR practice. Similarly, the fourth section of this questionnaire is about performance evaluation activity consisting of six questions and the last section consists of three questions which provide idea regarding promotion practice. For feedback five-point Likert scale is used in this questionnaire. All measures and internal consistency have been tested by many researchers; Shahzad et al. (2008) coated findings of Teclemichael Tessema and Soeters (2006) who found all the alpha values in the range of acceptable region all the values were between 0.73 and 0.82. According to his finding alpha value for CP is 0.82, for PP is 0.74, for PEP is 0.73 and for perceived employee performance is 0.74 for the required response Likert five point scale is used (one end points of Likert scale: 1 = Strongly Disagree and the other endpoint of scale is, 5 = Strongly Agree).

3.2 Target Population

Population for this research comprised of 200 male and female faculties of leading universities of the private sector in Peshawar and six leading universities was selected to conduct studies that are Cecos University, Abasyn University, Sarhad University, City University, Iqra University and Qurtaba University.

3.3 Sample Size & Technique

The study was limited to the faculties of the above-mentioned universities. For the collection of primary data, convenience sampling technique was used. By utilizing the formula of Yamane (1967), the sample size was determined. Total 136 questionnaires were distributed among the universities. Twenty faculty members were considered as a sample size for each university. Out of 138 questionnaires, 123 were returned, and 13 were missing. The response of the respondent was (89.1%) which is sufficient for analysis.

3.4 Statistical Methods

For the detail of the demographics, a frequency table is used (see Table I). For the verification of the existence of the relationship between independent variable (HR practices) and dependent variable perceived the performance of teachers of universities Pearson correlation test is used.

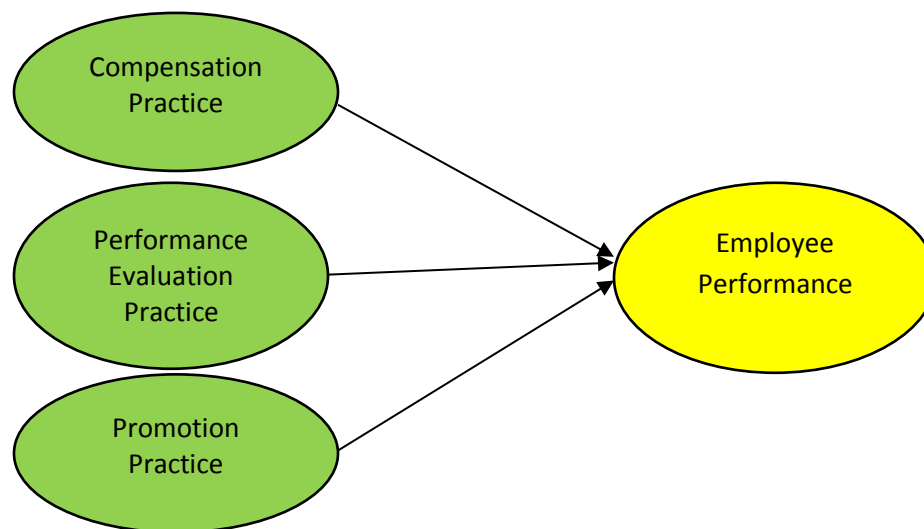


Figure 1: Research Framework

Table1: Frequency and Percentage of the Demographic

	Description	Frequency	Percentage
Gender	Male	87	64.4
	Female	36	29.2
Age	20-24	15	12.1
	25-29	46	37.3
	30-34	39	31.7
	35-39	15	12.1
	40-44	4	3.2
	45-49	1	1.0
	50 & above	3	2.9
Qualification	Bachelors	6	4.8
	Masters	56	45.5
	MS/M. Phil	50	40.6
	PhD	11	8.9
Marital Status	Married	67	55.3
	Unmarried	56	44.7
Organizational Tenure	0 to 1	40	32.5
	2 to 3	48	36.5
	4 to 5	22	17.8
	6 & above	13	9.4

The main reason for selecting these three independent variables among HR practices for this study is based on argument Shahzad et al. (2008) argued that performance evaluation and compensation be physiological needs in developing areas which have a significant impact on individual performance. Moreover, due to collectivist culture teacher's performance may depend on promotion, performance and compensation practices.

In this study, demographics are not used to examine their relationship with EP. To find better understanding about the response of the respondent in this table is used which shows the composition of respondents. 67 percent of respondents were male and remained 28 percent respondent was female. Majority teachers' tenure in their organization was less than three years, 50 and 56 percent of teachers 'qualification were MS and Masters respectively. Important demographic of the respondents in Table 1 is marital status. Problems in marital life result in low performance consequence of conflict between work and family life.

Table 2: Correlation between HR Practices and Teachers' Performance

		Teacher's Performance	Compensation Practice	Performance EV Practice	Promotion Practice
Teacher's Performance	Pearson Correlation	1	.470**	.386**	.445**
	Sig. (2-tailed)		.000	.000	.000
	N	123	123	123	123
Compensation Practice	Pearson Correlation	.470**	1	.512**	.645**
	Sig. (2-tailed)	.000		.000	.000
	N	123	123	123	123
Performance Practice	EV Pearson Correlation	.386**	.512**	1	.405**
	Sig. (2-tailed)	.000	.000		.000
	N	123	123	123	123
Promotion Practice	Pearson Correlation	.445**	.645**	.405**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	123	123	123	123

*Correlation is significant at the 0.01 level (2 Tailed)

Table 3: Regression Analysis for HR Practices and Teachers' Performance

Model	B	S.E.	β	t	Sig
1					
Constant	2.72	.23	-	11.81	.003*
Compensation Practices	3.33	.17	.18	7.43	.000*
Performance Practices	5.01	.37	.39	10.04	.000*
Promotion Practices	2.02	.23	.53	15.75	.000*
R²= .937					
Durbin Watson=1.708					
Sig F=0.000					

The impact of HR practices on teachers' performance was examined through the regression analysis. The value of R shows that 93.7% of the variation in teachers' performance is accounted by HR practices (i.e. Compensation practices (B= 3.33, β = .180, t =7.43 and p < .001), performance evaluation practices (B= 5.01, β = .385, t =10.04 and p < .001) and promotion practices (B= 2.02, β = .528, t =15.75 and p < .001)). Where (p shows significance) Table 3 indicated that Compensation Practices, Performance Practice, and Promotion Practices have a positive relationship with teachers' performance.

4. Data Analysis and Discussion

The findings of this study show that HR practices have a significant positive effect on employee performance. With SPSS software is used. The relationship shown in the above table is between three independent variables i.e. CP, PEP, and PP with teacher's performance. The size of the total sample is 123 to find this relationship. To check the relationship between these variables Pearson correlation test and regression were used. This test indicates that Compensation practice with 0.47 value is strongly and positively correlated with TP in private universities of Peshawar. Previous studies by Shahzad et al. (2008) supported this; his finding was (0.44) which means that in Peshawar private universities are greatly affected by compensation. Moreover, the p-value value between the two is 0.000, which at 5% significance level shows that there's a significant relation between Teacher's performance and Compensation practice.

In the same way, the PEP with (0.38) value shows positive and significant relationship with teachers' performance. This result is supported by previous research studies, but Shahzad et al. (2008) found a weak correlation with the value (0.15) in his studies. The main reason for different results might be that private universities may follow performance evaluation practices on a regular basis. Also, the p-value between these two variables is 0.000. At the 5 % significance level, this shows that there's a significant relationship between TP and PEP.

Similarly, third and last independent variable promotion practice with (0.44) value also show a strong positive relationship with teacher performance in private universities in Peshawar. Shahzadet al. (2008) found (0.56) value in his studies which supports the findings of the current study. Similarly, here, the p-value between these two variables is 0.000. At the 5 % significance level, this shows that there's a significant relationship between TP and PEP. Shahzad et al. (2008) argued in his study that through promotion practice teacher is motivated more, they get status, power, and position and findings of current research support his argument. Therefore, it is concluded that there is a great impact of PP on the performance of university teachers in Peshawar.

5. Conclusion

The aim of this study was to find the relationship between HR practices and perceived performance of private sector university teachers in Peshawar. From the current results of the correlation matrix, it is concluded that the independent variables (HR practices) that compensation, promotion, and performance evaluation practices have a positive and significant relationship with perceived performance of private university teachers in Peshawar. These results have great support from secondary data which is retrieved from the literature, so alternative hypothesis of the current study is accepted i.e.

- H1: Compensation Practice has a positive relationship with Employee Performance.
- H2: Performance Evaluation Practice has a positive relationship with Employee Performance.
- H3: Promotion Practice has a positive relationship with Employee Performance.

Which means that if HR practices are adopted in organizations with better incentives and attractive packages the performance of teachers can be enhanced and also a proper check and balance on teacher can improve the performance of teachers, and they can also be motivated through promotion according to their performance that can lead to organizational success in the future and the perceived value about private sector universities may be increased in a positive direction.

5.1 Research Implications

We found a statistically significant direct relationship between HR practices and teacher performance. It is confirmed that HR practices serve as the main mechanism which will lead to better performance. In fact, our finding also indicates that academic staff is more concerned with the promotion, followed by performance evaluation and

compensation. It is possible that academic staff care more about promotion as promotion is seen as recognition of their achievement in their career. To a large degree, promotion is also viewed as a reflection of their status and abilities.

We can see that HR practices account for strong expression of motivation which will eventually lead to better performance at the workplace. It is important for the higher education institutions to pay attention to HR practices particularly with promotion, performance, and compensation as these HR practices have a significant potential to improve employees' performance in the workplace. It is suggested that HR practices, especially in the education sector should be implemented appropriately. With the enhanced performance of teachers, the organizational success will be accomplished and also will contribute to the educational standards of Pakistan. Secondly, more work is required in the field of Human Resource Management especially in Peshawar.

This study examines only three HR practices. Therefore, there is need to examine more HR practices about teachers' performance, which may cover all the aspects of HR practices. In future, the studies can be done by utilizing other Human Resource practices like training and development practices, grievance practices, recruitment and selection practices and placement practices.

5.2 Suggestions for Future Research

There is some limitation in the study. First, this study considers only academic staff who is currently working in Universities in Peshawar. In future researchers should consider other locations, as well as both private and public Universities, as their study sample. This will give a clearer picture about the similarities and differences regarding the HR practices of private and public universities. Therefore, these results are limited to Peshawar region and cannot be generalized to all private universities. The focus of this study is just on three HR practices in future research for a complete analysis more HR practice should be included. The future study may also consider how different aspects of job performance might be affected by various dimensions of HR practices.

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