

**Impact of HR practices on employee's performance in higher education  
institutions**



**Thesis Submitted to  
The Superior College, Lahore**

In Partial fulfillment of the  
Requirement for the Degree of

**M.com**

By

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**Roll No. MC 13238**

**Session: 2012 to 2014**

**The Superior College (School of Management Sciences), Lahore**

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**School of Management Sciences, Lahore, Pakistan**

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## **Declaration of Originality**

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- b) has not been published earlier and
- c) shall not be submitted by me in future for obtaining any degree from this or other university or institution
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## **Abbreviations List**

HEIs: Higher education institutions

HRMP: Human resource management practices

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## **Abstract**

This study examine the relationship between HR practices and employees performance in higher education institution. This study also investigated that how HR practices affect the employees performance in higher education institution. We attempt to generalize the impact of four HR practices. This research is important due to positive relationship and positive impact on employees performance. For this data were collected from 200 employees by using random sampling and we surveyed ten institution. We took four HR practices named recruitment and selection, training and development, performance appraisal system, compensation and reward and employees performance. We collect data from 200 employees through questionnaire. So the result reflect that there is strong positive relationship between HR practices and employees performance. Finding shows that these HR practices are strongly associated with employees performance and we found significant relationship between them.

**Keywords:** Human Resources Management Practices, Recruitment and Selection, Training and Development, Performance Appraisal System, Compensation and Reward and Employees Performance

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## **Declaration**

I **IHSAN ULLAH KHAN**, announce that this thesis is exclusively and initially my own work other than where I have obviously indicated that it is the work of others or passed out jointly by me and an other people. This thesis is being submitted for the purpose of degree of commerce, Finance, banking and financial studies at the superior university Rewind road Lahore. This thesis contains no objects that have been submitted in the past, in whole or in part, for the award of any other educational degree.

## **Dedication**

This thesis is dedicated to my parents, brothers, sister and all friends and my all teachers who encouraged me to face challenges in my life.

# CHAPTER ONE

## Introduction

This first chapter contains the introduction of HRM practices and employees performance in higher education institutions. Except this, the chapter tells us about the context of HEIs, importance of HRM in HEIs, HRM in HEIs of Pakistan, purpose statement, objective of the study, proposed conceptual model, Hypothesis, significance of the study, and scope of the study as well.

Human resources management practices are the most important and valuable asset of any organization. In the past people didn't think so that it is important for the company's success but with the passage of time now it is being considered that human resources play a significant role in the performance of employees. And because our environment is dynamic, competition is prevailing so every organization focuses on its HRM management practices so that the organization could achieve its goals. It has a great impact on employees performance. In the modern era now human resources are considered the most important asset of an organization. Lado and Wilson (2002, p. 701) stated that a human resource system is a set of distinct but interrelated activities, functions, and processes but that are directed at attracting, developing and maintaining firm's human resources.

In the current era researchers are paying attention to HRM practices and their impact on employees performance. Now it has a very wide scope. Scholars consider that most organizations meet their goals because of their effective human resource management practices. So many studies in the HR literature have found the impact of HRM practices on employees performance. Over the years scholars have suggested many HRM practices that have the potential to improve and sustain employees performance. These practices include emphasis on employee selection, training, skills development based on fit with the company. Pfeffer (2000) suggests seven HRM practices that are expected to enhance employees performance. These practices are employment security, selective hiring of new personnel, self-managed teams, high compensation, extensive training, reduced status distinction, and sharing of information.

Delery and Doty (2000) explore the relationship between HR practices and employees performance. In addition the vast majority of studies examining the relationship between HR practices and employees performance. Much of the scholars has demonstrated statistically significant association between HR practices and employee performance. (Delery and Doty, 2000). Thus the purpose of this study is to explore the relationship between HR practices and employees performance in a way that improve the causal inferences that can be drawn. The core objective of this research is to explore whether HR practices and employees performance are significantly linked in the companies. Although HR practices and employees performance have been widely discussed their significant relationship has received limited empirical examined especially in the case of small and medium industries. Moreover employees performance has been reached in the past extensively.

Some of the researchers determine firm performance like productivity, profitability, turnover etc, (Ninkell,2000: Estrin & Rosevear,2000. Previous scholars such as Noe, Hollenbeck, Gerhart and Wright (2000) stated that human resources management is known as the central business concern, that shapes the behavior, attitudes and performance of the employees, so HR practices are important tools for employees performance. Hom and Griffeth (2000) stated that when employees are not committed to their firms this would lead to reduction in productivity, poor services quality provided, lost business opportunity and subsequently increased administrative burden to the companies. Different scholars suggest different types of HR practices that affect the employees performance and lead it towards the success in the right direction. However the influence of HR practices is found to have affected employees performance when it involved and allowed employees to contribute on organizational outcomes. (Wright, McCormick, Sherman and McMahan, 2000).

## **1.1 The Context of HEIs:**

Higher education has great importance in the development of a country. But unfortunately its importance is yet to be realized in south Asian developing countries. For over a decade, countries have been working to uplift their educational standard by providing quality higher education to their citizens but there are many obstacles and hurdles that are emerging. These challenges are very common in nature but require proper procedure to address in the best manners. Education is a basic need of every society. A better education system can enhance the social , scientific and

technological improvement of a country. The human resource development of a country depends on the quality of education imparted in country. (Mohanthy, 2000). Higher education caters to the education in the colleges and universities. Allen (1988) observed it is academically observed to present distinctive features of two stages for the purpose of clarity of concepts and avoiding duplication. Higher education is admittedly a separate stage quite distinct from primary, secondary, elementary, and higher secondary stage.(Best 2000). Higher education is recognized today as a capital investment and has importance in development of country. (Barnet 2001).

## **1.2 Importance of HRM In HEIs:**

HRM has much importance in HEIs. The purpose of higher education is not to impart knowledge in certain fields of knowledge. It has deeper meaning and objective. The purpose may be multidimensional and may be termed personal, social, economical, and cultural (Moore & Farris,1991). Education and particularly higher education cannot be divorced from its milieu and social context. Religious, moral, historical, and cultural ethos permeates through the fabric of the educational system of a country. (Best 2002).

The people in Pakistan and south Asia are neither deficient in talent nor in moral qualities in comparison to any other nation of the world. But about two centuries of foreign rule and blind imitation of western attitudes and methods.

## **1.3 HRM In HEIs of Pakistan:**

HRM has great importance in the higher education institution of Pakistan. In Pakistan people are neither deficient in talent nor in moral qualities in comparison of any other nation from all over the world. Hassan (2000) observed Pakistan is unfortunately really backward in education as in certain other spheres of intellectual activities but luckily people are not inherently incompetent or morally incurable. It is however necessary that the diagnosis about maladies should be correct and the measures for curing these maladies should be appropriate in the light of diagnose (Abdullah 2001)

## **1.4 The research gap:**

Research is always not complete. In previous research regards our topic HRM practices there exist some gap so to fulfill the gap between HRM practices and employees performance in higher education institution we conduct this research so that we can suggest and improve the performance of employees affecting by HRM practices

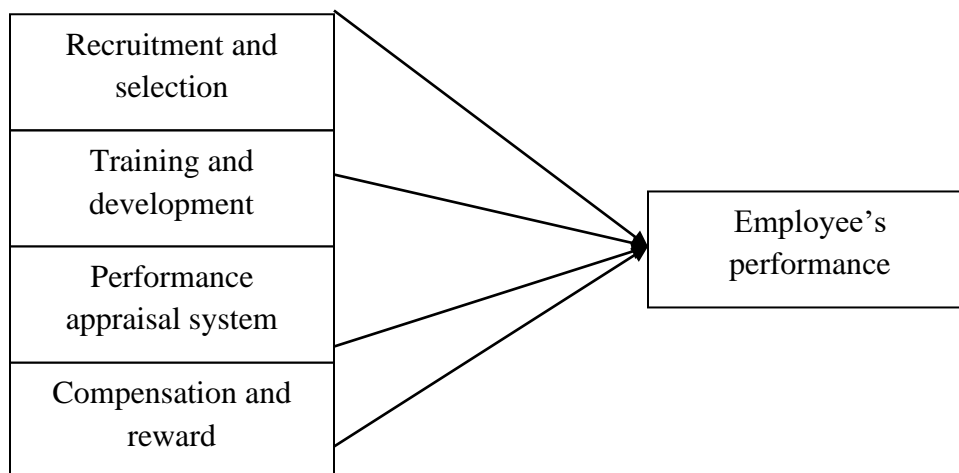
### 1.5 Objective of the Study:

From the above mentioned/highlighted problems the scholars wants to pursue the following objectives:

- To determine the impact of recruitment and selection.
- To examine the impact of training and development.
- To examine the impact of performance appraisal system.
- To examine the impact of compensation and reward.

### 1.6 Purpose Conceptual Model:

#### HRM PRACTICES



## **1.7 Hypothesis:**

The hypothesis found about the objective is

**H<sub>1</sub>** There is positive and significant impact of recruitment and selection on employee performance.

**H<sub>1</sub>** There is positive and significant impact of training and development on employee performance.

**H<sub>1</sub>** There is positive and significant impact of performance appraisal system on employee performance.

**H<sub>1</sub>** There is positive and significant impact of compensation and reward on employee performance.

## **1.8 Significance of the Study:**

This research will help us to find out the beneficial consequences of HRM practices on employees performance. HRM practices play a significant role in the performance of the employees. It has much significant because through this research different scholars suggest different ways of HRM practices and explore that how to enhance the performance of the employees. This study will help out to determine the relationship between HRM practices and employees performance. It will be equally beneficial for the all sector of organization. HR practices and employees performance have been widely studied. In this study different scholars found significant relationship of HRM practices with the employee`s performance.

## **1.9 Definitions of important variables:**

Following are the important variables used in this study:

### **Recruitment and selection:**

The first important term is recruitment and selection means according to different researcher that the standard process of selection and procedure has positive impact on employees performance.

Through standardized procedure of recruitment and selection there exist positive relationship between HRM practices and employees performance. (Baron & Kreps,2003).

### **Training and development:**

Training and development is another important term used in it different researchers says that when in organizations different training and development program is provided it play a significant and positive impact on employees performance. , (Judge, Thoreson, Bono and Patton, 2001)

### **Performance appraisal system:**

Different researcher says that when there exist appraisal system in the organization, organization gives appraisal against good performance employees perform well job, so it has good and positive impact on employees performance. (Gerhart and Milkovich, 2002).

### **Compensation and reward:**

According to different researcher when company compensate to its employees and gives different reward against it then it will affect the employees performance in positive way.( Rogers and Wright (2005)

### **Employee's performance:**

Different researcher says that HRM practices utilize in best way and properly it will increase the employees performance positive way. So HRM practices play important role in the employees performance. Kopelman, Brief, & Guzzo, 2004,)

## **1.10 Scope of the Study:**

Human resource management may be defined as the total knowledge, skills , abilities, talents and aptitude of an organization`s workforce as well as the values, attitudes. Human resource management has come to be recognized as an inherent part of management which is concerend with the human resources of the organization. Its objective is maintenance of better human relations in the organizations. In this study we rely on primary data. Human resources are the key resources in an organization, the easiest and the most difficult to manage! The objectives of

the HRM span right from the manpower needs assessment to management and retention of the same. Human resource management is responsible for effective designing and implementation of various policies, procedures and programs. It is all about developing and managing knowledge, skills, creativity, aptitude and talent and using them optimally. Human Resource Management is not just limited to manage and optimally exploit human intellect. It also focuses on managing physical and emotional capital of employees. Considering the intricacies involved, the scope of HRM is widening with every passing day.

## **1.11 Remaining structure of the study:**

### **Chapter two:**

This chapter will tell us about the studies conducted in past, overview higher education sector of Pakistan, Role of HEC in development of higher education sector, background information on HRM, and moreover selection of HRM practices.

### **Chapter three:**

This chapter will tell us about the methodology in which we will discuss different aspects of methodology e.g research approach, description of sampling, independent variables, dependent variables, data collection procedure, location of study, target of population, sampling techniques, sample size, reliability, ethical consideration and so on.

### **Chapter four:**

This chapter will tells us about our interpretation and results that we got. Interpretation and results of descriptive statistics, demographic profile of respondents, descriptive summary, factor analysis, KMO, bartletts, regression analysis and so on.

### **Chapter five:**

This chapter is consist on whole discussion of the study.

### **Chapter six:**

In this chapter we will discuss the conclusions and recommendation suggested by us.

## CHAPTER TWO

### Literature Review

The second chapter is consist on literature review by different researchers in past. In this chapter we`ll discuss about the different views, concepts and findings of the researchers. we will also discuss about the overview of the higher education sector, role of HEC in development of HEIs, background of the HRM, and selection of HRM practices.

Hamaad and G. Schroeder in 2002 explore the role of human resource practices in the performance of employees. To support it further different author describe their own views like organization can internalize and externalize employment (Lepak and Snell, 2000). Internalization means employment involves exploring employee skill base inside the organization. On the other hand externalization of employment mean outsource human resource needs to market base agent (Rousseau, 2000). Definitely each alternative has its own cost. As per transaction cost theory (Williamson, 2002), the decision to internalize or externalize a part or all of an operation's human resource needs should be based on the transactional costs involved. For example outsourcing human resource needs can minimize bureaucratic costs and complexities. But an operations continued dependence on external source may stopped its ability to build the skills and capabilities for long term.

(Lei and Hitt, 2000). The human capital concept recognizes employee skills, experience, and knowledge as assets to generate economic rent (Coff, 2003). In the past researchers have come to know HRM practices can be use as strategic tool to focus on value addition that goes out traditionally stress on cost reduction (Becker and Gerhart, 2001). a behavioral psychology perspective, researchers have highlighted the strategic aspect of HRM practices and argued about why these practices can lead to competitive advantage (Schuler and Jackson, 2000; Schuler and MacMillan, 2004). In order to explore it more the seven practices presented by Pfeffer (2002) to foster such different attributes in human resources and, thereby help an organization get competitive advantage. Several researchers (Delery and Doty, 2001); Huselid, 2000; Arthur, 2000; Osterman, 2000) including Pfeffer (2001) have suggested why these practices are expected to enhance employees performance. Study of HRM practices on employees performance has too much attention now a days.

The article has stress on the need for generalizability of the association of HRM practices and employees performance i.g Delery and Doty (2000), raise question that the result of their study of HRM practices on employees performance in the banking industry may not be good and valid in several industry. The current findings need to be validated in other industries to rule out industry as an important contingency factor.” The impact of HRM practices on employees performance as presented by Pfeffer (2001) and some other may generalized across manufacturing plants operating in other countries and industry. In the past so many research on the relationship between HRM practices and employees performance has attention on a single HR practice, such as compensation, selection, etc. (Gerhart and Milkovich, 2002).

But an increasing number of researchers have describe for instituting complementary bundles of HRM practices to increase employees performance (Ichniowski et al., 2004; Osterman, 2000). “Human resource practices are said to be collected when they happened in fairly complete, mutually reinforcing or synergistic sets” (Dyer and Reeves, 2000, p. 657). Pfeffer’s seven HRM practices are inerly consistent with one another. For example, an organization promising employment protection needs to pay close and serious attention to selective hiring of new employees.

Employees cannot be retained for a long time unless their attitudes, values, and behavior fit with those of the organization. So Identifying these qualities should be honest part of the hiring process. Effectively operating self-managing teams and decentralizing decision making require core understanding of aptitudes, abilities, temperaments, and personal traits of fellow employees. Gelade and Ivery in 2003 describe the role of human resource practices. According to this literature some organizations can judge their performance correctly by averaging the performance of their employees. In most cases, the performance of employees is determined by the productivity and efficiency of such higher-level organizational entities as departments, retail outlets, plants, or teams. In the sense of operations research, these productive bodies are called 'decision-making units dmus. dmus can be compared with each other when they use the same type of resources and create the same type of results. Examples of decision making units in an organization are branches of a bank, stores in a retail chain, or assembly lines in a factory. At a higher level, whole organizations in the one industry can also be worked as dmus. Thus in a recent observation of job behavior and performance, (Judge, Thoreson, Bono and Patton, 2001) were able to locate 1,008 individual level studies. If there can be little doubt that high levels of

individual effectiveness are necessary part of superior dmu performance, it is clear that a description limited to the individual level is no complete. So Many types of organizational behaviour ,social loafing (Shepperd,2000), and many indicators of employees performance for example customer satisfaction, exist only at the group level and have no exact equivalent at the individual level. To state it further both (Ostroff 2004,2005), and (Ryan, Schmit, and Johnson 2000, p. 878) have debate for more research on this level of analysis. So two broad strands of empirical research have emerged. First, a number of researchers have found links between psychological measures of the work environment (climate, perceptions, attitudes, satisfaction), and performance at the dmu level. For example, (Ostroff 2000) stated that school-average levels of teacher satisfaction, commitment, adjustment and stress were related with school effectiveness as measured by student achievement, attendance and drop-out rates (Samelike West, Smith, Feng, and Lawthom 2004) found links between staff perceptions of climate and the research goodness of university departments.

(Kotter and Heskett 2001) describe that the estimated strength of a company's culture is positively related with its long-term economic performance and it is calculated by net income growth, return on investment and increase in stock price over a ten year period. Other researchers stated the DMU performance have also been linked to employee attitudes and climate perceptions. For example reduced staff turnover and superior financial performance are associated with positive attitudes (Ryan, Schmit, & Johnson, 2005), In this article , we will focus on work climate neither on satisfaction. Although these two constructs are conceptually different (James & James, 2002; Kopelman, Brief, & Guzzo, 2004,) Another research has investigated HRM, human resource management factors as potential antecedents of DMU performance. For example, (Arthur,2005) describe that steel mills operating commitment centred HRM systems have higher productivity, lower scrap rates, and lower employee turnover than those with control-centred HRM systems.

Wright, Gardner and Moynihan in 2003 explore the study of human resource in any organizaiton. He stated that employees performance has grown speedly over the past few years because of human resource management. The basic work in this area was create by Huselid (2000), who examined the relationship between HR practices and corporate turnover, profitability and market value. Huselid (2005) surveyed senior HR executives in a publicly traded corporations in the US regarding the percentage of employees who were covered by a set of HR practices generally

considered representative of a high-performance work system . He found that his HR practices was significantly linked to the gross rate of return on assets. Delery and Doty (2000) presented the association between HR practices and employees performance in the US. they found that, in general, HR practices were positively related to employees performance. Guthrie (2001) stated the impact of HR practices on turnover and firm productivity among organizations in new Zeland.. He describe that HR practices had an impact on turnover, and that the relationship between retention and productivity was positive when firms implemented high-involvement HR practices, but negative when they did not. MacDuffie (2000) found that the HR practice , he measured were related to quality and productivity on auto assembly lines. During the same time, Youndt et al (2001) discovered that human capital enhancing. HR practices were linked to operational performance.

Sources of HR practice measures: Regarding the use of single respondent designs, Gerhart et al (2000b) provided evidence calling into question the reliability of measures of HR practices stemming from single respondents. They stated that single-rater reliabilities to be frighteningly low. These results were largely replicated by Wright et al (2001). Together, these two articles (consisting of four studies) suggested that the reliability of single raters may be close to zero. Huselid and Becker (2000), in response to Gerhart *et al*'s (2000b) article, suggested that in many cases single respondents (ie senior HR executives) were the best placed, and perhaps the only ones qualified, to provide HR practice information across a number of jobs. This led to the debate regarding the most valid source of HR practice information.

As mentioned above, Huselid and Becker (2000) defended their use of senior HR executives as the most valid source of HR practice data. Outcomes and level of analysis issues: Dyer and Reeves (2000) explore much of the research on the association between HR practices and performance and proposed that measures of performance could be broken down into four types. First, employee outcomes link with the impact of the practices on employees such as their attitudes and behaviour. Organizational outcomes focus on more operational measures of performance such as productivity, quality Finally, market-based outcomes how the financial markets value a firm, particularly stock price or variations of it.

Rogers and Wright (2005) describe that the practical research on the HR performance relationship, surveying 29 studies reporting 80 'effect sizes' and noted two particularly relevant trends. First, although strategic HRM focuses largely on the link between HR and business

strategy, Secondly, with regard to the types of performance outcomes, they explored it that some studies had reviewed HR outcomes many had used accounting and financial market measures, For example, Becker and Huselid (2000) argue that the corporate level of analysis is good and correct because this makes the understanding of shareholder wealth.

Grip, Inge Sieben in 2003 conduct this study In the literature the effects of HRM practices at the employee performance, two avenues of research exist. First, the human capital literature emphasis on the impact of training at the firm level. Although Practically human capital research traditionally stress on the earnings function of the individual worker The second line of research has explored from the HRM or personnel economics literature (see Wood, 2000; Ichniowski & Shaw, 2003 for an overview of these studies). In this literature, the effects of miscellaneous HRM practices are analyzed, although most authors attempt to focus on the effects of consistent 'HRM systems' (e.g. Arthur, 2000; Ichniowski, Shaw & Prenzushi, 2002), with a special interest in the so-called High Performance Workplace (Ichniowski & Shaw, 2003). In the human capital literature, so many studies have analyzed the effects of training on workers' wages. Several studies found considerable returns on workers' participation in training (e.g. Lynch, 2000).

However, after controlling for selectivity, Goux & Maurin (2000) found that training has no real effect on workers' wages. It should be noted, however, that studies analyzing the effects of training on wages could underestimate the effect of training on productivity. The relationship between wage increases and productivity increases changes based on whether the firm or the worker pays the costs of training, which is linked to the structure of the labor market. If the labor market is characterized by imperfect competition, bargaining and rent-sharing may occur (cf. Stevens, 2000; Acemoglu & Pischke, 2002).

Moreover, apart from their wages, workers may receive some kind of non-financial remuneration, and part of the returns to their human capital may be 'backloaded' towards the end of their careers to ensure their loyalty to the firm (Lazear, 2000). The literature mentioned above analyze the effects of training and informal human resource development on workers' wages. In the HRM or personnel economics literature, several arguments can be found for the expected positive relation between HRM practices and employees performance (cf. Wolf & Zwick, 2002). First, as has been discussed above, investments in the human capital of the workforce may increase the productivity of workers (e.g. Bartel, 2000).

Second, as the literature on the High Performance Workplace emphasizes, ‘good’ HRM policies may increase the motivation of workers (Ichniowski et al., 2000; Wood, 2002). Third, increasing the autonomy and responsibilities of the workers may diminish waste and inefficiencies because it enables the firm to take advantage of the specific knowledge of non-managerial workers (Appelbaum, Berg, Bailey & Kalleberg, 2000; Preuss, 2003). Fourth, ‘good’ HRM policies may contribute to workers’ commitment to their tasks and willingness to do a better job (Ichniowski et al., 2001). Batt (2002) supports this argument and its application to the service sector. She found that high commitment of the workforce contributes to the effectiveness of employee-customer interaction in service-sector firms. Fifth, good HRM policies reduce quit rates, which, in turn, decreases recruitment and selection costs, and increases the benefits of investments in firm-specific skills.

Lambooij, Sanders, Koster and Zwier in 2004 stated the role of human resource department and its practices affected the employees performance. HRM is suppose to affect knowledge, skills, abilities (Schuler & Jackson, 2004), attitudes and behaviour of employees (Guest, 2000), and may therefore affect the performance of employees (Den Hartog, Boselie, & Paauwe, 2004). The alignment of HRM with the organisation strategy (strategic fit) and the alignment of the various HRM practices, such as career opportunities, training and appraisal, within the organization (internal fit) (Baron & Kreps,2003) are assumed to be important factors in explaining the link between HRM and employees performance. When HRM within an organisation is well desing, the employees know what is expected of them, may therefore act similarly and have uniform expectations about work and behaviour (Baron & Kreps, 2000). A basis for our theoretical reasoning is the “mutual-investment” model (Tsui, Pearce, Porter, & Tripoli, 2001). The maxim of the mutual-investment model is the following: when the employer looks after her employees, her employees will look after her. When the employer signals that she takes care of the well-being of her employees, employees will react with more good will, commitment and willingness to cooperate. Tsui et al. (2000) add a layer of explanation to existing efficiency-wage models with their argument that the employment relationship is not only made up of a single layer of (predominantly) financial exchange, but that a further layer involving social exchange also exists.

In this layer of social exchange, the employer and employee exchange goods that have not been agreed upon beforehand. A way for the employer to offer employees these types of “social”

goods is to give employees opportunities for career enhancement. In the context of the mutual-investment model (Tsui, et al., 2000; Tsui & Wang, 2002), the internal and strategic fits within an organization are considered to be either job focused or organizational-focused. When an organization takes a job-focused approach, the focus is on short-term rewards and direct compensation. This results in a series of short-term economic exchanges between employer and employee. When the organization takes a more organizational-focused approach, the focus of the exchange is more long term. There is a greater emphasis on training, and employees are given, for instance, more job security. This results in a more stable exchange relationship between employer and employee.

In this case, we expect that employees will show more cooperative behaviors as a response to the investments of the employer. Long-term relationships are predicted to foster cooperation (Axelrod, 2000; Raub, 2001; Raub & Snijders, 2002). When modern-day employers are able to create such a long term reciprocal relationship, where both parties invest in each other, they are creating a highly-skilled, motivated, loyal and cooperative workforce for their organizations. Experimental research has shown that employer investments in the labor relationship cause employees to react with more willingness to cooperate (Lambooij, Flache, Sanders & Siegers, forthcoming). Survey research has also revealed that when employers show that they aim to create such a long term reciprocal relationship, employees can cooperate with their co-workers as well as with their supervisors<sup>1</sup> (Koster, 2005; Lambooij, 2005; Sanders, & Van Emmerik, 2004).

Gamage in 2007 stated the importance of HRP and its practices in any organization. Stated that “three key elements are required for any successful SEM analysis: strong theory, a well-specified measurement model, and a sound modelling strategy”, the purpose of this section is to present a strong theory for linking HRD with employees performance, because there is a substantial lack in HRD theory building (Lynham, 2000). We start with the Becker and Huselid (2000) HRM-performance linkage model, which has been categorized as the “most logical and definite model of the processes through which HR practices affect firm performance” (Wright et al., 2003: 25). The core philosophy of this model suggests that HR practices have a direct impact on employee skills and motivation, which are subsequently translated into improved operating performance, that has a direct impact on financial performance. (2003), employs the logic of the resource-based view perspective for explaining competitive advantage, focusing on one specific HRM practice, that of human resource development (Mabey & Gooderham, 2005), whose objective is

to increase employees' abilities and motivation, which in turn ultimately improve employees performance (Lopez et al., 2005). A central element of the RBV of human resources is the positive relationship between HRD and employees performance (Mayo, 2000; Mabey & Ramirez, 2005). The RBV perspective advocates that the potential for competitive advantage of an organization is based on its ability to exploit the inimitable characteristics of its pool of resources and capabilities, supporting thus, that differences in business performance can be ascribed to the inimitable features of its resources and capabilities. It is further argued that technological progress is no longer a source of competitive advantage, and instead, it has been realized that human resource management has a positive impact on employees performance (Ferris, Perrewe, Ranft, Zinko, Stoner, Brouer, & Laird, 2007).

Although, the impact of the RBV philosophy on human resource management research was very important, the bottom line for HRD is to improve employees performance (Swanson, 2000). The usual line of work in this case is to investigate the relationship between HRD and commitment, which in turn is positively related to employees performance (Bates, 2005). However, the investigation of HRD and organizational commitment as an outcome of training and development is still in early stages (Bartlett, 2001). The pool of employee resources and capabilities of an organisation, on which the RBV perspective is based, considerably depends on employee resourcing and development (Appelbaum & Reichart, 2002). Raghuram (2004) argues that staffing and training lie at the heart of the processes aiming at developing the necessary skills for maintaining competitive advantage and employees performance.

The discussion above suggests the following basic causal pathway: Resourcing → Development → Skills → Attitudes → Behaviour → Performance. Considering this causal pathway, the general framework of mediating models refers to an 'indirect linkage' and/or 'hierarchical linkage' (Black, 2001) through the outcomes of skills, attitudes, and behaviour between development and employees performance. Yue Ngo, Ming and Foley in 2008 stated that according to the resource-based view, internal firm resources that are rare, valuable, different, and non alternatively can provide sources of sustainable competitive advantages (Barney, 2000). Human resource practices that meet these criteria are such a source (Wright & McMahan, 2003) and enhance employees performance. The resource based view has been instrumental in developing the concept of SHRM, or the exploration of HR's role in supporting business

strategy (Wright, Dunford, & Snell, 2001). Devanna, Fombrum, Tichy, and Warren (2000) explore the SHRM as an important process in strategy implementation.

As stated by Lado and Wilson (2001), a firm's HR practices also are a mean of competitive advantage. "HR practices" generally refers to a set of internally consistent practices adopted by firms to enhance the knowledge, skills, ability, and motivation of employees. As these practices support and develop the human resources and competencies, they add value to the firm (Wright, Smart, & McMahan, 2000). These practices, widely adopted and utilized by large firms are known as the "mainstream" (Lepak, Bartol, & Erhardt, 2005) or "best" HR practices. (Wright & Gardner, 2003) in the literature. These practices often are explore as bundles, rather than as single practices (MacDuffie, 2000; Wright & McMahan, 2003).

Considerable research evidence exists supporting the relationship between internally consistent HR practices and employees performance effectiveness (Becker & Huselid, 2004; Bowen & Ostroff, 2004; Huselid, 2000). HR decisions in many SOEs still are affected by social and political considerations, particularly the speed of social security reform and the possibility of huge unemployment (Wong, Wong, Ngo, & Lui, 2005; Zhu, 2005). Government involvement in enterprise management still persists in SOEs, and organizational contact has served as a hurdle to the change in HR systems (Ding & Akhtar, 2001).

As noted by Goodall and Warner (2000), some traditional practices (e.g., provision of social welfare and personnel administration) coexist with market-oriented practices (e.g., employment contracts and performance-related rewards) in these enterprises. The employee relations climate, therefore, reflects a high involvement, employee-centered culture that creates the conditions for employees to make a value-added contribution to improving employees performance (Riordan et al., 2005; Schuster, 2006). This kind of climate can be used as a proxy to evaluate how strategically and effectively an organization manages its human resources. The relationship between HR practices and employee relations climate has been demonstrated in previous studies (Collins & Smith, 2006; Schuster, 2000). Furthermore, HR managers in SOEs have less active and strategic roles than those in FIEs (Ding & Akhtar, 2001; Zhu & Warner, 2004); so , implementing HR policies and practices may have less of an effect on performance in these firms.

Parry and Ringdal In 2008 HRM stated in this literature is commonly going by the resource-based view of the firm with its Stress on getting reliable competitive advantage through effective

and efficient utilization of the resources of the organization (Paauwe, 2004). Wright and McMahan (2003) explore the importance of human resources in the creation of competitive advantage, while Wright, McMahan and McWilliams (2000) suggested that while human resources are always a potential source of maintain competitive advantage not all organizations have the ability to systematically develop these through the use of HRM practices. Similarly Huselid (2006) and Pfeffer (2007) have stated the resource-based view as a basis for examining the impact of human resource development on employees performance.

Summarizing, Guthrie (200:181) explore that “the common theme in the research is an stress on utilising a system of management practices giving employees skills, information, motivation and attitude and resulting in a workforce that is a source of competitive advantage.” The article stated that HRM and performance can be divided into three main kinds of theories (Delery and Doty, 2000), universalistic, contingency and configurational. We will initially focus on the universalistic and configurational approaches, attending to the contingency approach in the next section. Universalistic theories, such as those developed by Huselid, (2000), Osterman (2001) and Pfeffer (2000) are concerned with “best practice” and work on the underlying assumption that there is an association or relationship between HRM practices and employees performance, that “best practices” are generalizable and that organisational success is best measured in terms of financial performance. Universalistic theorists have in general employed individual HRM practices and have analyzed the relationship between individual HRM activities and performance. Configurational theories propose that the relationship between HRM and performance involves complex interactions between bundles of HRM activities and outcomes (Arthur, 2003; MacDuffie, 2002).

Such bundles of complementary practices are held to produce substantially greater performance effects than individual HRM practices (Ichniowski et al., 2000). More recently Collins and Smith (2006) explore the impact of commitment-based HRM practices on employees performance, and found that an increase in these practices led to an increase in both sales from new products and services and sales growth. As with so many previous studies Collins and Smith only studied the role of commitment-based HRM practices in relation to firm performance and did not include control-based practices. Acknowledging this they stated that there is a need for studies that combine both control and commitment-based HRM practices. One exception is that of Arthur Gooderham et al (2000) has redefined the distinction as being that between calculative and

collaborative practices. The calculative approach is clearly stated in Fombrun et al.'s (2001) "Michigan Model" that emphasized that superior firm performance is dependent on having in place systems for the regular assessment of individual employees. The collaborative model of enhancing firm performance is clearly apparent in Beer et al.'s "Harvard Model", which stressed the need for management to recognise employees as significant stakeholders in the enterprise. Macchletlla in 2008 discussed about the human resource department and its functions. There is little agreement as to which HRM best practices can be considered as strategic in an organization (Paauwe, 2004; Marchington & Grugulis, 2000). However, there is a broad consensus that there is a positive link between HRM practices and employees performance (Wattanasupachoke, 2009; Tessema & Soeters, 2006; Wright et al., 2005; Bjorkman & Fan, 2002; Singh, 2003a; Bae & Lawler, 2000; Huselid et al., 2001; Harel & Tzafir, 2000; Huselid & Becker, 2002; Huselid, 2004; Arthur, 2003). Huselid's (2005) groundbreaking study established that a set of human resource practices, also known as high performance work systems (hpws) were strongly related to turnover, accounting profits and firm market value. Since then, many studies have shown similar positive relationship between HRM practices and various measures of firm performance such as productivity and quality in the auto assembly plants (MacDuffie, 2000), accounting profits in the bank sector (Delery & Doty, 2000), employee productivity, machine efficiency, and customer alignment and its link with quality manufacturing strategy (Youndt et al., 2000), and profitability (Guthrie, 2001).

The literature review in this study includes only those studies covering multiple HRM practices, because the focus is on the HRM system as a whole that promotes overall firm performance. The review on measurement of organizational outcomes (productivity, quality, and service) and capital market outcome (sales growth) is based on Dyer & Reeves's (2000) and Delaney & Huselid's (2000) studies. Review of literatures indicate that essential HRM practices such as workforce planning (Mathis & Jackson, 2004; Chang & Chen, 2002), training and development (Khan, 2010; Katuo & Budhwar, 2006; Ahmad & Schroeder, 2003; Kundu, 2003; Chang & Chen, 2002; Lam & White, 2006; Ngo et al., 2006), recruitment and selection (Khan, 2010; Katuo & Budhwar, 2006; Kulik, 2004; Ahmad & Schroeder, 2003; Chiu et al., 2002; Lam & White, 2004), performance appraisal (Khan, 2010; Chang & Chen, 2002; Bernardin & Russel, 2005), career planning management (Schein, 2005), compensation (Ahmad & Schroeder, 2003; Chiu et al., 2002; Lam & White, 2003; Ngo et al., 2000), internal communication (Ulrich, 2001;

Richard & Johnson, 2001; Geringer et al., 2002; Oladipo & Abdulkadir, 2011; Osman et al., 2011), and job design (Champion, 2000 ; Morgeson & Humphrey, 2006) have positive association with firm performance.

In summary, the above reviews have unified a list of HRM practices needed for HRM best practices research and argued that it is the synergistic effect of multiple HRM practices that contributes to employees performance. Organization needs to develop a human resource system that achieves both horizontal and vertical integration in achieving competitive advantage. Mohamad, Chiun Lo and King La, in 2009 employees performance has been researched in the past extensively. Some of the financial indicators which determine firm performance are like productivity, profitability, turnover etc (Nickell, 2000; Estrin & Rosevear, 2001). Past researchers such as Noe, Hollenbeck, Gerhart and Wright (2000) contended that human resource management (HRM) is known as the central business concern, that shapes the behavior, attitudes, and performance of the employees, HR practices are important key for employees performance. Hom and Griffeth,(2000) stated that when employees are not committed to their firms, this would lead to reduction in productivity, poor service quality provided, lost business opportunities, and increased administrative burden to the companies. Ramsey, Scholario, and Harley (2000) who have conducted a research to find out the association between HR and productivity found that HR practices have in fact improved the performance of the companies. Other researchers who have explored similar researches are Arthur (2000) and MacDuffe (2001). For its further support Horgan and Mohalu (2006), Bashir and Khattak (2008) that some selected HR practices are linked with better employee performance. However, the influence of HR practices is found to have affected firm performance when it involved and allowed employees to contribute on organizational outcomes (Wright, McCormick, Sherman, & McMahan, 2003).

The affect of HR practices on employees performance were considered in past researches where HR practices were linked to lower employee turnover (Huselid, 2000), better employees' organizational commitment (Wright, Gardner, & Moynihan, 2005), and improved on the work skills and behaviors of the workers (Wright, Gardner, Moynihan, & Allen, 2005). Miller and Whitford (2007) explored that the role of incentives has expanded the fact that it has been studied in detailed theory. Past researchers (e.g., Prasnika, Ferligoj, Cirman, & Valentincic, 2000) have found that there is a strong relationship between management incentive and risk-taking which

would subsequently lead to better firm performance. Ian, Jim and Will (2004) concurred that incentives should be incorporated to organization strategies as seen as a technique which organization can apply in order to achieve higher productivity in accordance with goals. Past researchers explored 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).

On the other hand, Lynch and Black (2005) whose research stated the generality of training to employees performance revealed that only off-the job (general) training improves on the performance whereas on the job training does not. This is further concurred by Barrett and O'Connell (2001) that general training has positive impact on employees performance whereas firm-specific training does not. Drucker (2000) commented that training is an expensive way of attempting to enhance human productivity. Technological innovation was found to have good affect on employees performance (Nohria & Gulati, 2002; Lin & Chen, 2007). As argued by Hassan (2007), globalization and technological advancement are moving organizations to develop new business strategy and future directions.

According to Pratali (2003), technological innovation helps to improve the competitiveness of the companies and subsequently increase company value. Hitt, Hoskisson, and Kim (2005) further elucidated that the technology capabilities of the firms has vital influence on long-term performance of the firms. Comprehensive performance appraisal system forms the basic method for assessing an individual's performance, highlight potential for future career advancement, most importantly, to improve the performance (Mullins, 2002). Lecky (2004) explore performance appraisal system as a benchmark which is set against specific task performance, define and evaluate current performance.

Joseph and Dai in 2009 conduct this research. The discussion in this research is purely about HRM practices and employee performance. The investment for employees in technical and non-technical training can positively impact the performance of organizations. Employment protection calls for a helpful tool in the performance of high HRM practices (Pfeffer, 2001). Stated by Delery and Doty (2001); Bjoorkman and Fey (2000) have stressed on the important link between employment security and employees performance..The management of a career planning system (CPS) is to be efficient and effective. Moreover an employee that gets promoted is much more committed to the enterprise goals and objectives attainment. Nothing great can be

achieved out of competency and employees need to work hard as much as possible to get the required skills to progress within the organization. Training is an important tool for the management and development of HRs. The commitment to investments in development-oriented HRM practices is likely to improve an organization's ability to get valuable HRs. Seers (2004) explore that teams are the backbone of the flexible organizational designs required to meet with the new knowledge economy. Teams increase the likelihood that employees will be innovative, creative and able to quickly react to changing market needs and customer preferences for products and services (Anthony & Buzzotta, 2000).

The growing adoption of flat or non-hierarchical organizational structures (NHOSs) and the result empowering of employees to create effective workplaces suggest that delegation will become an increasingly popular managerial technique or leader behavior (Zhen & Samuel, 2007). The NHOSs reduce status difference as hierarchical organizations rank high on power distance. The reduction of status difference is part of the characteristics of high HRM practices emphasized by Pfeffer (2000). Explore by (See for instance Huselid, 2000) have emphasized the optimistic correlation between perceptions of firm performance and the execution of good performance-based compensation system

A review of literature (See for example Beugre, 2004) indicates that the compensation system in Côte d'Ivoire is based on salary, bonus and benefits. An enterprise that makes real a shared culture that is in actual fact unbreakable through information flow will be a competitive one. When the sharing of information is a vital component of the entire organization's culture, this can surely impact the effectiveness of the enterprise. When people work together, share ideas, and sometimes wrangle, they build on one another's ideas for the benefit of the enterprise. The lack of communication and information sharing disrupts works and brings about enterprise mediocrity. Legge (2001) describe that human resource policies should be integrated with business planning. So, it is important to integrate the HR policies with one another and with business planning more generally (Sisson, 2000). Companies should consider people as assets rather than variable costs and that they are valuable and constitute a source of competitive advantage (Legge, 2001). As stated by Armstrong and Baron (2002) that "people and their collective skills, abilities and experience, coupled with their ability to deploy these in the favor of the employing organization, are now recognized as making an important contribution to organizational success. According to Bratton and Gold (2007), strategic human resource

management is “the process of linking the human resource function with the strategic objectives of the organization in order to improve performance”. Batt (2002) examined the relationship between human resource practices, employee qualities, and employees performance in the service sector.

His results confirm that, firms emphasizing high skills, employee participation in decision making and in teams, and human resource incentives such as high relative pay and employment security, have lower quit rates and higher performance (sales growth).: Bratton and Gold (2007, page 197) define HR planning as ‘the process of systematically forecasting the future demand and supply for employees and deployment of their skills within the strategic objectives of the organization’. Vlachos in 2009 explore the human resource department and its practices as well. Further stated that a growing body of empirical research has examined the effect of many HRM practices on firm performance. Although there is a long list of best HR practices that can affect independently or collectively on the employees performance. HR practices initially explored by Pfeffer (2000). Pfeffer (2000) proposed the following seven HRM practices: (1) employment security (2) selective hiring, (3) self-managed teams and decentralization of decision making (4) comparatively high compensation contingent on employees performance, (5) extensive training, (6) reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels, and (7) extensive sharing of financial and performance information. Further stated that Performance-based compensation is the occupied HR practice that firms use to judge and reward employees’ efforts (Collins and Clark, 2003). obviously, performance-based compensation has a positive effect upon employee and employees performance , Brown et al. 2003; Cardon and Stevens, 2004). Stated that, there is sometime evidence on the effects of compensation policy of firm growth. Further suggests that it is not just pay level that matters, but pay structure as well (Wimbush, 2005; Singh 2005) Sharing of information may have a dual effect: Firstly, it delivers employees the right meaning that the company trusts them. Secondly, in order to make informed decision, employees should have access to critical information.

Communicating performance data on a routine basis throughout the year. Furthermore explore that, information sharing fosters organizational transparency which reduces turnover (Ahmad and Schroeder, 2003). Many companies are vulnerable to share critical information with their employees because in this way employees become more powerful and companies may loose

control of them (Pfeffer, 2000). Furthermore, information sharing always involves the danger of leaking important information to competitors (Ronde, 2001).

Morishima (2000) stated that a positive association of information sharing with productivity and profitability, and a negative one with labour cost Schuster (2005) argued that selective hiring is a key practice that creates profits. Huselid (2007) examined HR practices of high performance companies and found that attracting and selecting the right employees increase the employee productivity, boost employees performance, and contribute in reducing turnover. Cohen and Pfeffer (2001) argued that hiring standards reflect not only organizations' skill requirements but also the preferences of various groups for such standards and their ability to enforce these preferences. Michie and Quinn (2001) proposed that a possible indirect link between selective hiring and employees performance can be the forging of internal bonds between managers and employees that creates the write culture for productivity growth. Collins and Clark (2003) argued that the practice of selective hiring results at sales growth. Paul and Anantharaman (2003) pointed out that an effective hiring process ensures the presence of employees with the right qualifications, leading to production of quality products and consequently in increase of economic performance.

Training programmes increase the firm specificity of employee skills, which, it turn, increases employee productivity and reduces job dissatisfaction that results in employee turnover (Huselid, 2000). Secondly, training and developing internal personnel reduces the cost and risk of selecting, hiring, and internalising people from external labour markets, which again increases employee productivity and reduces turnover Job security creates a climate of confidence among employees which cultivates their commitment on the company's workforce. Job security requires a certain degree of reciprocity: firstly, a company must signal a clear message that jobs are secure; then, employees believing that this is true, feel confident and commit themselves to expend extra effort for the company's benefit; finally, a company that have learnt that job security contributes to its performance, invests again in job security (Pfeffer, 2000).

Katou, in 2009 explore the study about humanr resource department. To explore it further specifically over the past decade a rather small number of authors such as Swanson and Holton (2000), Torraco(2001,2004), Hanson (2001), Chalofsky (2002),Winberger(2004).Sawson(2001), Hatcher (2000),Lynham(2000), Tumbull (2002), Kuchinke (2003) and Lynham, Chermack and Noggle (2004) turned their attention to theory building . However although HRD theory building

is essential for advancing the relatively young HRD profession Lynham 2000, Holton 2012, Hardre 2003. The issue of variation in HRD strategies has received even less attention in the research literature. With respect to HRD performance linkage model building literature although Wimbiscus 2000 explore the view that HRD lack a unifying model that may be used to understand HRD issues. Most current HRD model are following the universalistic rather than contingency perspective Kuchinke, 2003. Training ( Holton and Naquin, 2005) and employability are assumed to be the basic component for people to acquire competencies that in turn significantly improve employees performance. In analyzing the affecto of HRM practices on employees performance each of the HRM performance linkage models develop complements the other by adding constructs, variables or relationships (Alcazar, Femamdez, and gardey 2005. Just like Lopez , Peon and Ordas 2005 explore the view that organizational learning mediates the relationship between HR practices and business performance.

Black 2001:26 who argued that three key elements are required for any successful SME analysis strong theory a well epecified measurement model and a sound modeling strategy the purpose of this section is to explore a strong theory for linking HRD with employees performance, because there is a substantial lack in HRD theory building Lynham 2000. The pool of employee resources and capabilities of an organization. On which the RBV perspective is based , considerably depends on employee resourcing and development (Appelbaum and Reicheart 2000). Raghuram 2000, argued that staffing and training lie at the hart of the process aiming at developing the necessary skills for maintaining competitive advantage and employees performance. Thus it is suggested that more research should be undertaken to examine the relationship between training and commitment Bartleft 2001.

Savaneviciene, Stankeviciute, 2011 explore the importance of human resource department and so many practices related to it. Different writers have present their different views such as: To know about the good relationship between HRM practices and employees performance HRM practices must be valid and effective and its impact on employees performance should be long term (Gardner, Moynihan, Park & Wright, 2001), but still there is no positive arguments on HRM practices (Katou & Budhwar, 2010). So many debates have been done about the impact of HRM practices on employees performance and in result of these debates two approaches have been proposed “best fit” and “best practice” (Paauwe & Boselie, 2005).

The best practice approach describe that the organization could have improved performance by adopting the best way of HRM practices in the way they manage or supervise the people. On the other hand the idea of best fit is about that the human resource strategy or practices will be more effective if it will be according to the organizational and environmental context (Alleyne, Doherty & Greenidge, 2006).

(Alleyne, Doherty & Greenidge, 2006) identify that after 2000 in most of the articles a model framework is used. This framework present some common things that how HRM practices worked when describing the relationship between HRM practices and performance (Paauwe, 2009).its major focus on the importance of variables at single level like employees, skills and competences. Abilities their motivation and their opportunity to participate (Boselie et al., 2005).Boselie(2010) describe the framework of a model this framework show that specific HRM practices sometime termed high performance work practices that enhance the three content of the model. Three contents are skill enhancing, motivation enhancing and empowerment enhancement. HRM practices stress upon the improvement on the employee decision making, motivation and commitment (Theriuo & Chatzoglou, 2009).

Moreover Dyer and Reeves (2000) present four level of organizational outcomes (Boselie & van der Wiele, 2002; Pauwe & Boselie, 2005) employees outcome, organizational outcome, market based outcome and financial outcome. This four categorization stress on two things. (Colakoglu, Lepak & Hong, 2006) first is that HRM practices have their quick effect on employees and second thing is that HRM practices have good effect on employees results because these results are to some extent the initial goals for designing the HR practices. Furthermore (Kraus, 2000), organizational commitment and job satisfaction as two affective human resource reactions are necessary for organizations to gain competitive advantage with the help of effective human resources practices implementation.

Job satisfaction is an attitude that individuals maintain about their jobs (Pool, 2001). According to Currie (2001) , that satisfaction is related to the degree to which any single person is satisfied with the terms and conditions of employment and the factors that build the physical work environment (Baptiste, 2008). Therefore, individuals may be satisfied with their salaries and relations with their peers and not satisfied with promotion possibilities. Another concept is organizational commitment. The term of organizational commitment refers to a person's

affective reactions to characteristics of his employing organization (Baptiste, 2008). Mowday, Porter & Steers (2000) describe organizational commitment as a strong belief in the organization's goals and values and a desire to exert considerable effort on behalf of the organization. Meyer and Allen (2001) present three contents of commitment – affective, continuance and normative. affective commitment leads to involvement and attachment with the organization, continuance refers to awareness about the cost, and normative refers to obligation to continue employment. (Jernigan, Beggs & Kohut, 2002). Conclude that, it could be emphasize that committed employees have a good and strong belief in and agree with the organization's goals, show desire to put effort on behalf of the organization and have a strong desire to maintain association with the organization (Baptiste, 2008).

Ling Tan and Nasurdin in 2011 stated that human resource department play a vital role to achieve the organization's goals. It has been accepted that effective human management resource (HRM) practices (Damampour & Gopalakrishnan, 2000; Tan & Nasurdin, 2010) are important in fetching positive work behaviours among employees, which consecutively lead to organizational innovation. Stated by Harter, Schmidt, and Hayes (2002), HRM practices can create knowledge, motivation, and commitment of a firm's employees, resulting in competitive advantage for the firm. But, a number of researchers, like Hilsop (2003), Morrow and McElroy (2001), and Moynihan, Gardner, Park, and Wright (2001) have argued on the link that is skip between HRM practices and organization outcomes. The researchers argued the more research needs to concentrate on the indirect relationship between HRM practices and organizational innovation. Describe by Tan and Nasurdin (2010), an organization's approach of HRM practices has an great effect on organizational innovation.

HRM practices describe that the employer-employee relationship which can encourage the employees to become more innovative (Rousseau & Greller, 2005). The present study divided organizational innovation into the main dimensions of product innovation, process innovation and administrative innovation based on the most prevalent types that have been discussed in the previous literatures (i.e. Chuang, 2005; Damanpour, 1991; Damanpour & Evan, 2001; Damanpour et al., 2001; Mavondo et al., 2003; Tan & Nasurdin, 2010). Product innovation, process innovation and administrative innovation are the important for manufacturing firms and have the equal capability to improve performance or effectiveness, solve problems, add value, and create competitive advantage (Cooper, 2001; Damanpour, 2001) Product innovation is

describe as the development of new product to create value and meet the needs of the external user (Damanpour & Gopalakrishnan, 2001). Product innovation is a systematic work process which drawing upon existing knowledge gained from research and practical experiences directed towards the production of new materials, products and devices. On the other hand, process innovation is viewed as a creation of new process or improvement to existing process (Leonard & Waldman, 2007). Process innovation involves the implementation of a new important improved production or delivery method, which includes changes in techniques, equipment and software (Bi, Sun, Zheng & Li, 2006). Administrative innovation is viewed as performance derived from the changes to organizational structure and administrative process, reward and information system, and it encompasses basic work activities within the organization which is directly related to management (Chew, 2000; Damanpour & Evan, 2001).

Administrative innovation requires organizations to have verifiable routines and procedures in place for product design, manufacture, delivery, service and support (Brunsson, Jacobsson, Ahrne, Furnsten, Garsten, Hennin, Sahlin-Andersson & Hallström, 2000). To explore it further some other describe that As the world is becoming more competitive than ever before, manufacturing-based industries are trying to gain competitive advantage at all cost and are turning to more innovative sources through HRM practices (Sparrow, Schuler, & Jackson, 2001). HRM practices have been defined in several aspects.

Schuler and Jackson (2001) defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members Minbaeva (2005) stated that HRM practices a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, produce and generate organization knowledge to enjoy competitive advantage. A review of the literature explore five common practices that have been consistently associated with innovation, encompassing performance appraisal, career management, reward system, training, and recruitment (Gupta & Singhal, 2001; Jiménez-Jiménez & Sanz-Valle, 2005; Kydd & Oppenheim, 2001; Laursen & Foss, 2003; Shipton, Fay, West, Patterson & Birdi, 2005). Knowledge management has been widely discussed from many dimensions. Wiid (2001) stated as a set of activities that lead an organization in acquiring knowledge both internally and externally. According to Salisbury (2003), knowledge

management is defined as the deployment of a comprehensive system that enhances the growth of an organization's knowledge.

Bowra, Sharif, Saeed and Niazi in 2012 define the importance of HR practices and that how it affect the employee performance in the organization. Researchers stated that it has great impact on it. Further stated that HR practices are very important forces for determining behavior and insolence of employee To support it further different scholars stated that Managing HR has many forms of continuation but human resource management practically in organizations is to make use of people and maintain employment relations. Budhwar and Debrah, 2001; Hilderbrand and Grindle, 2000; Kiggundu, 2001; Praha, 2004; WorldBank, 2001). Most of researchers illustrated that declining of real incomes, hard working conditions, political intervention and deprived management from decades created cadres of public servants in most of developing countries resulted constantly de-motivation and dispirited (Baron and Kreps, 2000; Das, 2000; Jaeger et al., 2001; Kiggundu, 2001). Budhwar and Debrah (2001) revealed that many developing countries face unintentional barriers in the way of development due to outdated and unproductive human resource management (HRM) systems.

In recent times, the major focus on HRM writing has been to elaborate the significance of efficiently administrating human resources of enterprises (Ahmad and Schroeder,2003; Delaney and Huselid, 2000; Ichniowski et al., 2001). Many researchers have recognized numerous HR organizing practices that significantly influence performance. To explore it further Tessema and Soeters (2006) have conducted study on eight HR practices consist of staffing and assortment procedures, selection practices, guidance, reward, promotion, and employees' performance, complaint procedure and allowance or social security in relative with the perceived performance of employees. Qureshi et al. (2006) conducted research related to Pakistan regarding impact of human resource practices on organizational performance and concluded that HR practice system influence business performance through outcomes of employees. Caruth and Handlogten (2001) explained: "Employees are encouraged when they are financially rewarded directly fasten to their performance".

Sajuyigbe and Bosede in 2013 explore the importance of HR department and its practices. How these practices impact the employee performamance. Researchers explore that employees who are effective and efficient are likely to be limited if they are not motivated to perform the work.

Mecdonca 2002 explore the reward and compensation system that is purely based upon the expectancy theory. In its theory researchers suggest that employees are more likely to be motivated to perform when they perceive there is a strong link between the performance and reward they think. Guest 2002 says that HR practices are the best key to that motivated employees to perform as expected.

He says that HR practices like reward has great impact on employee performance. He suggest that reward can be in the form of cash recognition and praise for a combination of both. Osterloh and Frey 2000 as cited in Lotta 2012 defines as individual to be extrinsically motivated when employee needs are indirectly met through the use of monetary rewards. Schaufeli et al 2002 stress on the importance of HR practices. Ahmed 2009 confirm that there is a statistically significant relationship between reward and recognition respectively, also motivation and satisfaction. The study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. To explore it further Akerele 2000 observes that poor remuneration is related to profits made by organization

See Beh and Han Loo in 2013 explain about the Resource-based theory. The resource-based perspective is based on the assumption that differences in physical, organizational and HR between firms cause a fundamental heterogeneity in their productive potential. Given this heterogeneity, the long-term competitiveness of a company depends upon the resources that not only differentiate it from its competitors, but are also durable and difficult to imitate and substitute (Hansen and Wernerfelt, 2000 ; Mahoney and Pandian, 2001 ; Barney, 2002 ; Prahalad and Hamel, 2002 ; Rangone, 2001).

HR is an important source to generate sustained competitive advantage : “human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm-specific and generate tacit organizational knowledge” (Lado and Wilson, 2000). Maintaining a competitive advantage based on HR requires a management of those HR that ascertains that these resources stay competitive, difficult to imitate and to substitute. The resource-based approach stresses the need for a specific HRM strategy, which seeks to achieve competitive advantage by increasing commitment and competence of the

workforce. This would require a set of internally consistent HRM practices, or, in other words, an internal fit of HRM practices.

Obtaining internal fit is often associated with a best-practice approach to HRM practices (Huselid, 2000 ; Legge, 2001). The “best practices” or “high-commitment” theory of HRM suggests that universally, certain HRM practices are associated with improved employees performance. For instance, well-paid, well-motivated workers, working in an atmosphere of mutuality and trust, should generate higher productivity gains and lower unit costs (Boxall, 2000 ;Lowe and Oliver, 2001 ; Pfeffer, 2001 ; Walton, 2005).Nevertheless, best practices are not a necessary consequence of the resource-based approach. A specific HRM strategy is suggested, but the strategy discussed by Koch and McGrath (2001) can call for different HRM practices for different firms : different needs regarding individual employees may result in different hiring, selection, training and compensation practices.

In a review of this research, Barney and Hesterley (2001) note that empirical support of the hypotheses laid out by the behavioral perspective is relatively weak. Nevertheless, the argument of fitting strategy and HRM practices is compelling. Rather than look at generic strategies and HRM practices, a different group of researchers posit a link between growth oriented strategies and greater emphasis on HRD. For instance, Lengnick-Hall and Lengnick-Hall ( 2001 ) posit a reciprocal interdependence between a firm ’ s business strategy and its HRM strategy. In their model, demand for skilled employees may be dictated by competitive strategy. In turn, organizational readiness ( the availability of necessary human resources ) may affect competitive strategy. They further argue that high corporate growth expectations coupled with organizational readiness can lead to expansion.

## **2.1 Overview of the Higher Education Sector of Pakistan**

Higher education sector has taken initiatives for improvement of quality in higher education in the Pakistan. Though to create the environment of research within the campuses there are requirements for improvement of facilities to researchers, faculty members and students. Also internal academic assessment and carrier appraisal system are essential to encourage researchers to keep the pace for developing latest research ideas. Overall strategic initiatives for increasing the numbers in business and industries are taken within country. In addition the involvement of academia for entail research and scientific solution may certainly put innovations In the sector.

## **2.2 Role of HEC in Development of Higher Education Sector**

In the early 20<sup>th</sup> century In the early 20th century, Muslims of the Indian subcontinent were, in general, poorly educated relative to Hindus. This was both because of British prejudice against Muslims, as well as resistance by orthodox Muslims to modern scientific ideas and to the English language. Poor education made it difficult for Muslims to get high-level government jobs. This was historically one of the most important reasons that led to the demand for Pakistan. Compared with much of India, the areas that currently constitute Pakistan were educationally backward. In 1947, Pakistan had only one teaching university, Punjab University in Lahore, with a student enrolment of 644. It lost its best faculty members, who were mostly Hindus, to the migration following the Partition.

## **2.3 Background Information on HRM**

Developing the management of human resource is becoming a key challenge in higher education institution worldwike. The populations in Punjab, Sindh, Khyber Pakhtunkhwa, and Balochistan are roughly 55 percent, 23 percent, 16 percent and 5 percent of the total population respectively. If Balochistan had the same population as Punjab the enrolment there would be only 63,591 instead of Punjab's 102,781, showing that this province has much lower access.Sindh appears to have far greater access – it would have 190,802 for equal population with Punjab. But this is deceptive because Karachi, with a population of nearly 16 million, has the overwhelming number of higher education institutions in Sindh.

## **2.4 Selection of HRM Practices**

For this research we select four independent variable recruitment and selection, training and development, compensation and reward, performance appraisal system and employees performance.

## **2.5 Chapter Summary**

This chapter is consist on different articles by different researchers they present their own view about HRM and its impact on higher education institution. This chapter is also consist on overview of higher education system, role of higher education in institution, background of HRM and selection of HRM practices.

## CHAPTER THREE

### Methodology

This chapter describes the research design, survey instrument, participants, procedures, and analytical techniques utilized to test the hypothesis developed in the study in order to find out the impact of HRM practices training and development, recruitment and selection, performance appraisal system and compensation and reward. This chapter is organized in seven sections. Research approach, description sampling, instrumentation, instrument validity and reliability, pilot study, data collection and data analysis. The first section provides a preliminary insight into the research paradigms and presents the selection of research approach and strategy of inquiry based on the research problem. In the second section description of the population, techniques of sampling and selection of sample size are presented. The third section highlights the discussion on scales and the development of the survey instrument, the fourth section addresses the validity and reliability issues of the instrument. The fifth section reflects on the findings of the pilot study. The sixth section describes data collection techniques and finally the seventh section describes the discussion on the statistical techniques employed in this study to examine the impact of HRM practices on employee performance in higher education institutions.

#### **3.1 Research Approach:**

When a researcher makes his or her knowledge claim, he or she determines the procedures to conduct the research following some specific assumptions regarding the inquiry of work (Creswell, 2003). Generally researchers make claims about what knowledge is, how it is known, how to write about it and what is the process for studying. These claims may be called paradigms (Mertens, 1998). This research is done to know the impact of HRM practices on employees' performance in higher education institutions for this I have selected 200 respondents to fill questionnaires and got a significant response rate.

#### **3.2 Description Of Sampling:**

Sampling is a key step in a research process which denotes the method of selecting a segment of population for investigation (Eraenkel and Wallen, 2000). From sample results, researchers generalize the findings or make claims about the population. I have used random sampling

technique just because of to enter every one as equality in this study the sample size of this study is two respondents from Lahore.

### **3.3 Independent variables:**

I have used as a independent variable, and dependent variable.HRM practices (recruitment and selection, training and development, performance appraisal system, and compensation and reward) are independent variables.

### **3.4 Dependent variable:**

And dependent variable is employee`s performance.

### **3.5 Data collection procedure:**

The data collection was based written survey because surveys require minimum resource and are best suited to the elicitation of confidential information ( Salant and Dillman 2000) . survey approach was used that result in the high response rate. Questionnaire was distributed to the faculty on site after making the objectives of the study and ethical consideration clear. Teachers took the questionnaire seriously realizing the importance of the research. The primary responsibility of every researcher is to obtain consent from participants, protect them from harm and ensure privacy of their information. This is because ethical consideration is very important. The information received from the respondents was kept confidential and the privacy factor was seriously adhered by using anonymity.I have used two techniques for collection of the data first is questionnaire and second is interview. To check the reliability of the data I have a conduct pilot survey of 35 Respondents after gating data from selected peoples. I have used further tests and filled questionnaires. After filling the questionnaire I used the spss software to analysis the study.

### **3.6 Location of the Study:**

This study is conduct from respondent of Lahore city people.

### **3.7 Target Population:**

This study is conduct about those people who are engaged in higher education institutions

### **3.8 Sampling Techniques and Sample Size:**

I have used random sampling technique just because of to enter every one as equality in this study the sample size of this study is two respondents from Lahore.

### **3.9 Reliability:**

Purpose of check the reliability of my questionnaires or study I have used different researcher's research as a standard and I have consulted with different experts of research.

### **3.10 Ethical Considerations:**

For conduct this study I have keep in mind ethical issues elements.

- I took permission first of all from my respondent to conduct this study.
- I showed myself as a researcher.
- I told about the purpose of research.
- I promised to do not misuse of information.

### **3.11 Chapter summary:**

This chapter was presented the research methodology designed to examine the proposed hypotheses. The development of measurement of instruments is followed by a discussion on validity and reliability techniques. This chapter continues with a description of the pilot study and data collection. The data analysis section focused on the techniques used to analyze the data collected.

## CHAPTER FOUR

### Analysis and Results

This chapter presents the analysis of data. In this chapter we will discuss different section like demographic profile of respondents and presents a descriptive summary including mean and standard deviations for all selected variables followed by estimated results of reliability and validity of measurements of constructs.

This chapter presents the analysis of data.

#### 4.1 Descriptive statistics

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
In our organization the process of selection is highly advance and effective.	160	1.00	5.00	4.4125	.53066
In our organization, HR managers participate in selection process.	160	1.00	5.00	4.5188	.58247
In our organization valid and standardized test s are used in the selection process.	160	1.00	5.00	4.0812	1.33163
Selection system in our organization selects those persons having the relevant product knowledge , skills and attitudes.	160	1.00	5.00	4.5625	.49764
Our organization conducts different training programmes for its employees in order to improve their quality.	187	1.00	5.00	4.5027	.66700
Employees in each job will	200	1.00	5.00	4.5100	.61791

normally go through training programmes every year.					
Training needs are identified through a formal performance appraisal structure.	200	1.00	5.00	3.6650	.64409
There are different training programs conduct to teach new employees the skills they need to perform their job.	200	1.00	5.00	4.3900	.66340
New knowledge and skills are imparted to employees periodically to work in team.	200	1.00	5.00	4.2450	.85946
Training needs identified are realistic, useful and based on the business strategy of the organization.	200	1.00	5.00	4.1700	.67333
Performance of the employees measured on the basis of objective quantifiable results.	200	1.00	5.00	4.0150	.18695
Appraisal system in our organization is growth and development oriented.	200	1.00	5.00	2.4950	.88538
Employees are provided performance based feedback and counseling .	200	1.00	5.00	4.1700	.46061
In our organization employees have believe in the performance appraisal system.	200	1.00	5.00	4.2100	.42046
In our organization appraisal system has a strong impact on individual and team behavior.	200	1.00	5.00	3.9900	.26505

The appraisal data is used for making decision like job rotation , training and compensation.	200	1.00	5.00	2.5200	.90204
In our organization the objectives of the appraisal system are clear to all employees.	200	1.00	5.00	2.1100	.54717
In our organization salary and other benefits are competitive.	200	1.00	5.00	4.2800	.53199
In our organization compensation is decided on the basis of competence or ability of the employee.	200	1.00	5.00	4.2450	.47551
The compensation for employees is directly linked to his or her performance in the organization.	200	1.00	5.00	2.6900	1.00945
Our organization has a great deal of personal meaning for me.	200	1.00	5.00	4.2650	.76004
Employees are happy to spend the rest of my career with this organization.	200	1.00	5.00	3.7700	.52772
Employees feel that institution problems are their own.	200	1.00	5.00	4.0600	.93851
Employees are emotionally attached with the institution.	200	1.00	5.00	3.9450	.46156
Employees feel sense of belongingness with the institution.	200	1.00	5.00	3.9950	.52570
Our organization motivate employees when work hard.	200	1.00	5.00	4.6550	.69887
Employees are very much motivated at the present job in this	200	1.00	5.00	3.9700	.45842

organization.					
In our organization employees are able to actively help students.	200	1.00	5.00	4.2600	.77161
Employees ranked institution very high as per student satisfaction.	200	1.00	5.00	3.8150	.54059
Employees ranked institution very high as per boss satisfaction.	200	1.00	5.00	3.7550	.60565
In this organization employees feel a little passive in fulfilling the duties.	200	1.00	5.00	3.4800	.60117
Our organization provides suggestions for improvement to employees.	200	1.00	5.00	3.8650	.53686
Employees stay late if necessary to help out in the institution.	200	1.00	5.00	4.1900	.88760
In our organization employees avoid extra duties and responsibilities.	200	1.00	5.00	3.8250	1.18380
Our organization provide different training to improve performance at work to employees.	200	1.00	5.00	4.4800	.64161
Valid N (listwise)	160	1.00			

## 4.2 Demographic Profile of Respondents:

Respondent demographic	Frequency	%
<b>Gender</b>		
Male	126	63
Female	74	37
<b>Age</b>		
Less than 30	137	69
30-39	53	27
40-49	8	3
50 or above	2	1
<b>Education</b>		
High school	4	3
College	18	9
University	178	88
Other		
<b>Worked</b>		
Fewer than 2 year	54	27
2-5 year	105	53
6-10 year	29	15
11-15 year	8	4
More than 15 year	4	1
<b>Nature</b>		
Permanent full time	140	70
Permanent part time	60	30
<b>Type of contractual appointment</b>		
Permanent employee	138	68
Full time contract appointment	3	2
Part time contract appointment	59	30

A total of 200 questionnaires were distributed to teachers of higher education institution out of which 200 questionnaires were returned providing a high response rate. The demographic profile of respondents is presented in the given table. The table contains information on all of the respondents on the basis of gender, age, qualification, sector, and type of contractual appointment etc.

### **4.3 Descriptive Summary:**

This study was based on a survey of 35 items; responses to responses to 35 items vary from one to five and responses to the other four items vary from two to five on a five point liker scale. Mean scores of different items range from 2.45 to 4.40 and the value of standard deviations range from 0.74 to 1.18 acquire the necessary statistical power for the tests. This shows that the sample used in my study could be considered to be representative of the population. In the population 64.61% teachers are male and 35.39% are female, whereas in the selected sample 63% are male and 37% are female. The similarity of the frequency between population and sample confirms the representativeness of the sample. With respect to age the (69%) are below the age of 30 years, (26%) are within 30-39 years, (4%) are within the age of 40-49. And (1%) are above the age of 50. Likewise education (3%) are from high school, (9%) are form colleges, (88%) are from university. (27%) have worked experience fewer than 2 years, (53%) have 2-5 years of experience, (15%) have 6-10 years of experience, (4%) have 11-15 years of experience. (1%) have more than 15 years of experience. With respect to worked (70%) are doing permanenet full time job, (30%) are doing permanent part time job, (68%) are permanent employees, (2%) are full time contract appointment, and (30%) have part time contract appointment.

### **4.4 Factor interpretation:**

In order to confirm the construct validity ( convergent and discriminant validity) factor analysis was conducted using the PCA technique with varimax rotation method, Results of PCA are given in these tables respectively. I employed the KMO measure of sampling adequacy test and values between 0.8 and 0.9 are great and values above 0.9 are superb.

The result suggest that the value of KMO for each construct is well above the recommended acceptable level of 0.6. KMO in case of recruitment and selection is 0.624, in training and

development 0.780, in case of performance appraisal system 0.771, in case of compensation and reward 0.688 and in case of employees performance KMO is 0.866. This shows that it is worth conducting a factor analysis in the case of the present data.

Bartlett's test of sphericity is conducted to check the significance of the relationship between the items of construct. If there is no relationship between the items of a construct then it will be pointless to go ahead with the factor analysis. Bartlett's test assume a null hypothesis of no correlation. Generally, a P value <0.05 confirms the significance of the relationship among variables. This table reflect that the P value of Bartlett's test in the case of all constructs is less than 0.001 which provides evidence against the null hypothesis of no correlation. So we can continue with factor analysis.

#### **4.5 KMO Measure Of Sampling Adequacy Test And Bartlett's Test of Sphericity**

**Table KMO And Bartlett's Test**

<b>Constructs</b>	<b>No of items</b>	<b>KMO measure of sample adequacy</b>	<b>Bartlett's test of sphericity chi-square</b>	<b>Bartlett's test of sphericity sig</b>
Recruitment and selection	6	.624	261.401	.000
Training and development	6	.780	273.201	.000
Performance appraisal system	6	.771	603.566	.000
Compensation and reward	3	.688	226.713	.000
Employees performance	36	.866	871.496	.000

The KMO measure of sampling adequacy indicates the suitability of employing factor analysis. The value of KMO varies between 0 to 1. A value of 0 indicates that there is a larger dispersion in the pattern of correlations: hence, application of factor analysis becomes inappropriate. A value of 1 indicates that the patterns of correlation are relatively compact, so the application of factor analysis becomes appropriate, it is general rule of thumb that a KMO value of 0.5 is poor, 0.6 is acceptable and value closer to 1 is better and more desirable (hinton et al., 2004) furthermore value between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, value between 0.8 and 0.9 are great and values above 0.9 are superb. The results suggest that the value of KMO for each construct is well above the recommended acceptable level of 0.6. The KMO for recruitment and selection is (0.624), KMO for training and development is (0.780).KMO for performance appraisal system is 0.771), KMO for compensation and reward is (0.688). KMO for employees performance is (0.866).

In order to confirm the construct validity (convergent and discriminant validity) factor analysis was conducted using the PCA technique with varimax rotation method, Results of PCA are given in these tables respectively. I employed the KMO measure of sampling adequacy test and values between 0.8 and 0.9 are great and values above 0.9 are superb. The result suggest that the value of KMO for each construct is well above the recommended acceptable level of 0.6. Bartlett's test of sphericity is conducted to check the significance of the relationship between the items of construct. If there is no relationship between the items of a construct then it will be pointless to go ahead with the factor analysis. Bartlett's test assume a null hypothesis of no correlation. Generally, a P value <0.05 confirms the significance of the relationship among variables. This tabel reflect that the P value of bartlett's test in the case of all constructs is less than 0.001 which provides evidence against the null hypothesis of no correlation. So we can continue with factor analysis.

## **4.6 Eigenvalues**

Generally those components of a construct considered to be the principal components are those that have an eigenvalue greater than 1 and they are used for further analysis. This tables contains all eigenvalues and also shows total variance explained for the constructs. Only one principal components was extracted from each of the seven constructs by using the PCA extraction method. HRP consist of 5 items. Recruitment and selection items explained 58.68%. training and

development explaining 64.75%. performance appraisal system item explaining 78.83% variance. Compensation and reward explaining 73.55% variance. And employees performance is explaining 57.15% variance.

**Table EigenValues and Total Variance Explained**

Constructs	Components	Total	Initial Eigenvalues	
			% of variance	Commulative % of variance explained
Recruitment and selection	Comp 1	2.347	58.684	58.684
Training and development	Comp 1	2.590	64.757	64.757
Performance appraisal system	Comp 1	3.153	78.835	78.835
Compensation and reward	Comp 1	2.207	73.559	73.559
Employees performance	Comp 1	4.001	57.159	57.158

**4.7 Factors Loading:**

According to straub et al. (2004) the minimum value for the loading of all items should be greater than 0.40 and the cross loading of the items should not be above 0.40. for all constructs (i.e HRP, recruitment and selection, training and development, performance appraisal system, compensation and reward and employees performance.)all related items are loaded on just one component with varied factor loading ranging from 0.915 to 0.637,0.856 to 0.770, 0.930 to 0.840, 0.889 to 0.796, and 0.844 to 0.397 respectively. The above illustrated result satisfy the criteria of construct validity including both discriminant validity (loading of at least 0.40, no

cross-loading of items above 0.40) and convergent validity (eigenvalues of at least 1, loading of at least 0.40 for items that load on posited constructs). This means that the collect data which is obtained from the instrument are valid,

#### 4.8 Regression analysis

Independent variables	Coefficient	T square	Sig.	R square	F	Sig.
Recruitment and selection	-.214	2.810	.005	.046	9.541	.002
Training and development	.050	2.691	.001	.009	1.781	.004
Performance appraisal system	.076	2.091	.002	.003	.675	.002
Compensation and reward	.070	2.997	.002	.009	1.660	.001
Dependent variable	Employees performance					

#### Interpretation

The regression analysis conduct to find out the relationship between our dependent and independent variables. Whether there exist significant relationship or not. From the above regression analysis we found the following result. Our independent variables are recruitment and selection, training and development, performance appraisal system and compensation and reward.

The beta value of recruitment and selection in regression analysis is -.214, and for others .050,.076, and .070 respectively. The value of T square in regression analysis is 2.810, 2.691.2.091, and 2.997 respectively. The value of significant for independent variables are.005,.001.002,and .002 respectively. The value of r square is 0.46,0.009,.003,.009

respectively. The value of F is 9.541, 1.781, 675,1.660 respectively. The value of dependent variable significant is 0.002.004,.002,.001 respectively.

#### 4.9 Reliability of Measurement

Constructs	Valid N	Number of items	Cronbach`s alpha
Recruitment and selection	160	4	.703
Training and development	187	6	.701
Performance appraisal system	200	7	.732
Compensation and reward	200	3	.734
Employees performance	200	15	.800

This table represent the estimated values of cronbach`s coefficient alpha to examine the reliability and internal consistency of the measures. For the present sample, value of cronbach`s alpha vary from .701 to .800 which indicates that each multi-item construct possesses high reliability. HRM practices recruitment and selection alpha (.703), training and development alpha (.701), performance appraisal system alpha (.732), compensation and reward alpha (.734), and employees performance alpha (.800). The high cronbach`s alpha value for each construct implies that they are internally consistent. Further items of each construct measure the same content universally. In brief the higher the cronbach`s value of a construct, the higher the reliability is of measuring the same construct

## 4.10 Table Component Matrix

ITEMS	COMPONENTS
<b>HR PRACTICES</b>	<b>HRP</b>
<b>RECRUITMENT AND SELECTION</b>	
In our organization the process of selection is highly advacne and effective.	.637
In our organization HR managers participates in selection process.	.759
In our organization valid and standardized tests are used in the selection process.	.915
Selection system in our organization selects those persons having the relevant product knowledge , skills and attitudes.	.727
<b>TRAINING AND DEVELOPMENT</b>	
Our organization conducts different training programs for its employees in order to improve their quality.	.797
Employees in each job will normally go through training programs every year.	.770
There are different training programes conduct to teach new employees the skills they need to perform their jobs.	.794
New knowledge and skills are imparted to employees periodically to work in teams.	.856
<b>PERFORMANCE APPRAISAL SYSTEM</b>	
Appraisal system in our organization is growth and development oriented.	.930
Employees are provided performance based feedback and counseling.	.853
In our organization, employees have believe in the performance appraisal system.	.925
The appraisal data is used for making decisions like job rotation, training and compensation.	.840
<b>COMPENSATION AND REWARD</b>	
In our organization, salary and other benefits are competitive.	.885

In our organization, compensation is decided on the basis of competence or ability of the employee.	.889
The compensation for all employees is directly linked to his or her performance in the organization.	.796
<b>EMPLOYEES PERFORMANCE</b>	
Our organization has a great deal of personal meaning for me.	.776
Employees feel that institution problems are their own.	.844
Our organization motivate employees when they work hard..	.397
In our organization employees are able to actively help students.	.816
Employees stay late if necessary to help out in the institution.	.823
In our organization employees avoid extra duties and responsibilities.	.839
Our organization provides different training to improve performance at work to employees.	.694

## CHAPTER FIVE

### Discussion

In this chapter we will discuss about the results whatever the results we found. We will discuss it on the basis of our previous data. We will discuss the findings, results, and so on. We will see that what different researcher says about the HRM practices and its effect on employees performance in higher education institution.

This chapter is consist on all over the discussion conduct by all the researchers on HRM practices and employees performance in higher education institution. Hamad and G. Schroeder in 2002 explore the role of human resource practices in the performance of employees. To support it further different author describe their own views like organization can internalize and externalize employment (Lepak and Snell, 2000). Internalization means employment involves exploring employee skill base inside the organization. On the other hand externalization of employment mean outsource human resource needs to market base agent (Rousseau, 2000). Definitely each alternative has its own cost. As per transaction cost theory (Williamson, 2002), the decision to internalize or externalize a part or all of an operation's human resource needs should be based on the transactional costs involved.

For example outsourcing human resource needs can minimize bureaucratic costs and complexities.. According to this literature some organizations can judge their performance correctly by averaging the performance of their employees. In most cases, the performance of employees is determined by the productivity and efficiency of such higher-level organizational entities as departments, retail outlets, plants, or teams. In the sense of operations research, these productive bodies are called 'decision-making units DMUS. DMUS can be compared with each other when they use the same type of resources and create the same type of results. Examples of decision making units in an organization are branches of a bank, stores in a retail chain, or assembly lines in a factory.

At a higher level, whole organizations in the one industry can also be worked as DMUS. Thus in a recent observation of job behavior and performance, (Judge, Thoreson, Bono and Patton, 2001) were able to locate 1,008 individual level studies. Another research has investigated

HRM, human resource management factors as potential antecedents of DMU performance. For example, (Arthur, 2005) describe that steel mills operating commitment centred HRM systems have higher productivity, lower scrap rates, and lower employee turnover than those with control-centred HRM systems. Wright, Gardner and Moynihan in 2003 explore the study of human resource in any organization. He stated that employees performance has grown speedily over the past few years because of human resource management.

The basic work in this area was created by Huselid (2000), who examined the relationship between HR practices and corporate turnover, profitability and market value. Huselid (2005) surveyed senior HR executives in a publicly traded corporations in the US regarding the percentage of employees who were covered by a set of HR practices generally considered representative of a high-performance work system. He found that his HR practices was significantly linked to the gross rate of return on assets Guthrie (2001) stated the impact of HR practices on turnover and firm productivity among organizations in New Zealand..

He describe that HR practices had an impact on turnover, and that the relationship between retention and productivity was positive when firms implemented high-involvement HR practices, but negative when they did not. MacDuffie (2000) found that the HR practice, he measured were related to quality and productivity on auto assembly lines. During the same time, Youndt et al (2001) discovered that human capital enhancing. HR practices were linked to operational performance. Sources of HR practice measures: Regarding the use of single respondent designs, Gerhart et al (2000b) provided evidence calling into question the reliability of measures of HR practices stemming from single respondents.

When modern-day employers are able to create such a long term reciprocal relationship, where both parties invest in each other, they are creating a highly-skilled, motivated, loyal and cooperative workforce for their organisations. Experimental research has shown that employer investments in the labour relationship cause employees to react with more willingness to cooperate (Lambooy, Flache, Sanders & Siegers, forthcoming). Gamage in 2007 stated the importance of HRP and its practices in any organization. Stated that “three key elements are required for any successful SEM analysis: strong theory, a well-specified measurement model, and a sound modelling strategy”, the purpose of this section is to present a strong theory for linking HRD with employees performance, because there is a substantial lack in HRD theory

building (Lynham, 2000). . The investment for employees in technical and non-technical training can positively impact the performance of organizations. Employment protection calls for a helpful tool in the performance of high HRM practices (Pfeffer, 2001). Stated by Delery and Doty (2001); Bjoekman and Fey (2000) have stress on the important link between employment security and employees performance.. The management of a career planning system (CPS) is to be efficient and effective.

Moreover an employee that gets promoted is much more committed to the enterprise goals and objectives attainment. Nothing great can be achieved out of competency and employees need to work hard as much as possible to get the required skills to progress within the organization. As stated by Armstrong and Baron (2002) that “people and their collective skills, abilities and experience, coupled with their ability to deploy these in the favor of the employing organization, are now recognized as making a important contribution to organizational success.

According to Bratton and Gold (2007), strategic human resource management is “the process of linking the human resource function with the strategic objectives of the organization in order to improve performance”. Batt (2002) examined the relationship between human resource practices, employee quitaties, and employees performance in the service sector. The best practice approach describe that the organization sould have improved performance by adopting the best way of HRM practices in the way they manage or supervise the people. On the other hand the idea of best fit is about that the human resource strategy or practices will be more effective if it will be according to the organizational and environmental context (Alleyne, Doherty & Greenidge, 2006). (Alleyne, Doherty & Greenidge, 2006) identify that after 2000 in most of the articles AMO framework is used.

This framework present some common things that how HRM practices worked when describing the relationship between HRM practices and performance (Paauwe, 2009).its major focus on the importance of variables at single level like employees, skills and competences. Abilities their motivation and their opportunity to participate (Boselie et al., 2005). Boselie (2010) describe the framework of AMO this framework show that specific HRM practices sometime termed high performance work practices that enhance the three content of the model. Three contents are skill enhancing, motivation enhancing and empowerment enhancement.

## **CHAPTER SIX**

### **Conclusion and Recommendations**

The six chapter is consist on conclusion in which the results and the findings will be given regards HRM practices and its impact on employees performance in higher education institution. Whether significant, and positive relationship is being exist or not. So this chapter will tells us about all the findings and results that we conclude. This study was conduct to examine the impact of HRM practices on employees performance in higher education institution of Pakistan. The result of this study shows that HRM practices and its impact on employees is moderate level. The correlation analysis of the study variables revealed that HRM and all its dimensions are positively and significantly associated with employees performance. Recruitment and selection, training and development, performance appraisal system, compensation and reward and employees performance are positively associated with each other. The overall impact of HRM is significant on employees performance in higher education institution. This study represents a pioneer effort to study the impact of HRM practices on employees performance in higher education institution. Thus this study makes a significant contribution to the scarce literature available on employees performance and HRM practices.

### **Recommendations:**

Following are the recommendations to increase the employee`s performance in higher education institutions.

- Management should provide training and development program to increase the employee`s performance.
- Organization should adopt standardize procedure of selection and recruitment of employees so that only right person could put on the right place.
- Another thing is that organization should give different type of benefits. Like perks, incentive, and appraisal. This will affect the employee`s performance in positive way.
- Organization should give different reward to employee`s on the basis of their performance.

- Organization HR department should pay fully attention on launching different practices so that employees performance can increase.

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# QUESTIONNAIRE

**A survey on the human resource practices and its impact on employee’s performance in higher education institution of Pakistan (Questionnaire)**

The survey is intended and conducted by Master student, serving the purpose of identifying and analyzing the relationship between HR practices and employees performance. Participation in this survey is voluntary. You are free to withdraw at any time without affecting those relationships. Please consider the important points. Thank you for your participation. The following questions are to obtain your personal information. Please indicate the item that best describe you.

<p><b>1) What is your gender?</b></p> <ul style="list-style-type: none"> <li>• Male</li> <li>• Female</li> </ul>	<p><b>2) What is your age?</b></p> <ul style="list-style-type: none"> <li>• Less than 30</li> <li>• 30-39</li> <li>• 40-49</li> <li>• 50 or above</li> </ul>
<p><b>3) What is your highest level of education completed?</b></p> <p style="text-align: center;">High school    or    University College            or    Other</p>	

**Name of your organization (optional).....**

<p><b>4) How long have you worked with this organization?</b></p> <ul style="list-style-type: none"> <li>• Fewer than 2 year</li> <li>• 2-5 year</li> <li>• 6-10 year</li> <li>• 11-15 year</li> </ul>	<p><b>5) City</b></p> <ul style="list-style-type: none"> <li>• Lahore</li> <li>• Other</li> <li>• If other</li> <li>• Specify.....</li> </ul>
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<ul style="list-style-type: none"> <li>• More than 15 year</li> </ul>	
<b>6) Nature of job</b> <ul style="list-style-type: none"> <li>• Permanent full time</li> <li>• Permanent part time</li> </ul>	<b>7) Type of contractual appointment</b> <ul style="list-style-type: none"> <li>• Permanent employee</li> <li>• Full time contract appointment</li> <li>• Part time contract appointment</li> </ul>

Each statement can be answered with one of the following

5 = strongly agree 4 = agree 3 = neutral 2 = disagree 1 = strongly disagree

	<b>RECRUITMENT AND SELECTION</b>	<b>S.A</b>	<b>D.A</b>	<b>N</b>	<b>A</b>	<b>S.A</b>
1	In our organization the process of selection is highly advance and effective.	1	2	3	4	5
2	In our organization, HR managers participate in selection process.	1	2	3	4	5
3	In our organization valid and standardized tests are used in the selection process.	1	2	3	4	5
4	Selection system in our organization selects those persons having the relevant product knowledge, skills and attitudes.	1	2	3	4	5
	<b>TRAINING</b>					
5	Our organization conducts different training programs for its employees in order to improve their quality.	1	2	3	4	5
6	Employees in each job will normally go through training programs every year.	1	2	3	4	5
7	Training needs are identified through a formal performance appraisal structure.	1	2	3	4	5
8	There is different training programs conduct to teach new employees the skills they need to perform their jobs.	1	2	3	4	5
9	New knowledge and skills are imparted to employees periodically to work in teams.	1	2	3	4	5

10	Training needs identified are realistic, useful and based on the business strategy of the organization.	1	2	3	4	5
<b>PERFORMANCE APPRAISAL</b>						
11	Performance of the employees is measured on the basis of objective quantifiable results.	1	2	3	4	5
12	Appraisal system in our organization is growth and development oriented.	1	2	3	4	5
13	Employees are provided performance based feedback and counseling.	1	2	3	4	5
14	In our organization, employees have believe in the performance appraisal system.	1	2	3	4	5
15	In our organization appraisal system has a strong impact on individual and team behavior.	1	2	3	4	5
16	The appraisal data is used for making decisions like job rotation, training and compensation.	1	2	3	4	5
17	In our organization the objectives of the appraisal system are clear to all employees.	1	2	3	4	5
<b>COMPENSATION</b>						
18	In our organization, salary and other benefits are competitive.	1	2	3	4	5
19	In our organization, compensation is decided on the basis of competence or ability of the employee.	1	2	3	4	5
20	The compensation for all employees is directly linked to his/her performance in the organization.	1	2	3	4	5
<b>EMPLOYEES PERFORMANCE</b>						
21	Our organization has a great deal of personal meaning for me.	1	2	3	4	5
22	Employees are happy to spend the rest of my career with this organization.	1	2	3	4	5
23	Employees feel that institution problems are their own.	1	2	3	4	5
24	Employees are emotionally attached with the institution.	1	2	3	4	5
25	Employees feel sense of belongingness with the institution.	1	2	3	4	5

26	Our organization motivate employees when they work hard..					
27	Employees are very much motivated at the present job in this organization.	1	2	3	4	5
28	In our organization employees are able to actively help students,	1	2	3	4	5
29	Employees ranked institution very high as per student satisfaction	1	2	3	4	5
30	Employees ranked institution very high as per boss satisfaction.	1	2	3	4	5
31	In this organization employees feel a little passive in fulfilling the duties.	1	2	3	4	5
32	Our organization provide suggestions for improvement to employees.	1	2	3	4	5
33	Employees stay late if necessary to help out in the institution.	1	2	3	4	5
34	In our organization employees avoid extra duties and responsibilities.	1	2	3	4	5
35	Our organization provide different training to improve performance at work to employees.	1	2	3	4	5



