A study on the effects of human resources management on employee performance

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C H R O N I C L E	A B S T R A C T
	This paper presents an empirical investigation to study the effect of human resources management on employee performance in one of Iranian social security organizations. The proposed study designs a questionnaire for human resources management with 23 questions consists of five components including Beneficiary groups, Long-term achievements, Situational factors, Human resources achievements and human resources achievement for measuring human resources management figures. In addition, the study uses another questionnaire consists of 37 questions for measuring organizational performance. Cronbach alpha for human resources management and organizational performance are calculated as 0.885 and 0.873, respectively. Using Pearson correlation ratio as well as stepwise regression technique, the study detects a positive and meaningful relationship between human resources management and organizational performance.

1. Introduction

During the past few years, there have been several studies to learn more about the relationship between human resources management (HRM) and employee performance (Tyson, 1987; Delery, 1998; Wright, & McMahan, 1992; Basu, 2001; Martocchio & Joe, 2004; Mullins, 2007; Rezaei et al., 2011). Strategic HRM researchers have strongly defended a system perspective and have given some evidence that certain systems of human resource practices influence on individual and organizational performance. Jiang et al. (2012) reviewed the components of human resource systems and described how the parts of human resource systems work together to impact employee performance.

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Kuzu and Özilhan (2014) investigated the effect of employee relationships and knowledge sharing on employees' performance in hotels by surveying on a five star hotel and confirmed the effects of knowledge sharing on employee's performance. There are some evidences to believe that training, rewards and empowering employees as an indication of high-performance work practices could influence on the performance of employees. According to Karatepe (2013), high-performance work practices and hotel employee performance could be considered as the mediation of work engagement. They stated that work engagement could maintain a stronger relationship with extra-role customer service than with job performance. In addition, he reported that work engagement could act as a full mediator of the impacts of high-performance work practices on job performance and extra-role customer service.

Güngör (2011) investigated the relationship between the reward management system applications and employee performance of selected bank employees in Istanbul. The study concentrated on the role of motivation as an intervening factor. They stated that organizations implementation reward systems and strategies could motivate their employees and increase their performance. In this study, employee performance effectiveness was determined on reward systems.

Buller and McEvoy (2012) identified important linkages between the firm's strategy, its human resources, and performance outcomes. They first reviewed the relevant literature concentrating on the role of human resources in building competitive advantage. They then presented a multi-level model describing how human resource management practices could effectively align organizational, group and individual factors with the organization's strategy.

Santiago and Alcorta (2012) studied the impact of HRM practices on the likelihood that a firm performs in-house research and development, which is broadly interpreted as learning and an appropriate mechanism promoting absorptive capacity and supporting technology capability-building. Many firms are able to choose between two learning strategies by either exploiting existing knowledge, or performing complex explorations to acquire new knowledge. Various knowledge requirements are normally associated with distinct of research and development outcomes. Truss and Gratton (1994) investigated conceptual issues related to strategic human resource management (SHRM) and explored some of the broader issues related to SHRM. They highlighted the key variables and interrelationships, which are necessary in a model of SHRM, and presented a more detailed critical analysis of the contribution of the literature in each of these components. Rogers and Wright (1998) measured organizational performance in strategic human resource management by exploring issues with performance information markets.

2. The proposed study

This paper presents an empirical investigation to study the effect of human resources management on employee performance in one of Iranian social security organizations. The proposed study designs a questionnaire for human resources management with 23 questions consists of five components including Beneficiary groups (Konrad & Linnehan, 1995; Grover & Crooker, 1995), Long-term achievements (Paauwe, 2004), Situational factors, Human resources achievements and human resources strategies (Truss & Gratton, 1994; Boxall & Purcell, 2003) for measuring human resources management figures. In addition, the study uses another questionnaire consists of 37 questions for measuring organizational performance. The proposed study determines the sample size as follows,

$$n = \frac{N \times z_{\alpha/2}^2 \times p \times q}{\varepsilon^2 \times (N-1) + z_{\alpha/2}^2 \times p \times q},$$

(1)

where N is the population size, $p = 1 - q$ represents the yes/no categories, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. Since we have $p = 0.5, z_{\alpha/2} = 1.96$ and N=110, the number of sample size is calculated as n=61. Cronbach alpha for human resources management and organizational performance are calculated as 0.885 and 0.873, respectively, which are well above the minimum acceptable limit of 0.70. Table 1 demonstrates some basic statistics associated with the propsoed study.

Table 1
The summary of some basic statistics

Variable	Mean	Standard deviation
Beneficiary groups	3.29	0.83
Long-term achievements	3.25	0.72
Situational factors	3.35	0.61
Human resources achievements	3.57	0.63
Human resources strategies	3.50	0.69
Human resources management	3.39	0.56
Employee performance	2.05	0.27

In order to perform some statistical tests we need to find out whether the data are normally distributed or not. Table 2 demonstrates the results of Kolmogorov-Smirnove test.

Table 2
The summary of Kolmogorov-Smirnove test

Variable	K-S	Sig.
Beneficiary groups	1.17	0.128
Long-term achievements	1.15	0.142
Situational factors	1.22	0.122
Human resources achievements	0.878	0.424
Human resources strategies	1.307	0.066
Human resources management	0.999	0.271
Employee performance	1.308	0.065

The results of Table 2 indicate that all components of the survey are normally distributed when the level of significance is five percent. This means we may use Pearson correlation ratio as well as stepwise regression technique to study the relationship between human resources management and employee performance in social security organization.

3. The results

In this section, we present details of the implementation of Pearson correlation ratio as well as stepwise regression technique to examine the hypotheses of the survey.

3.1. Pearson correlation

The first step to examine the relationship between human resources management and employee performance is to look at Pearson correlation test. In our survey, this ratio has been determined as r = 0.646 with Sig. = 0.000. This means there is a positive and meaningful relationship between these two components when the level of significance is one percent. In addition, the Pearson correlation ratios for various components of human resources management are measured and Table 3 demonstrates the results of our survey.

Table 3
The summary of Pearson correlation ratio between various components of human resources management and employee performance

Variable	Pearson correlation	Sig.
Beneficiary groups	0.692	0.000
Long-term achievements	0.519	0.000
Situational factors	0.532	0.000
Human resources achievements	0.412	0.002
Human resources strategies	0.378	0.007

The results of Table 3 clearly specify that all components of human resources management influence on employee performance, positively.

3.2. Stepwise regression technique

In order to examine the effects of various components of the human resources management on employee performance, the study uses stepwise regression technique and Table 4 demonstrates the summary of our findings.

Table 4
The summary of stepwise regression technique

Variable	Pearson correlation	t-value	Sig.
Intercept	0.693	5.942	0.000
Beneficiary groups	0.181	3.256	0.002
Long-term achievements	0.133	3.09	0.000
Situational factors	0.176	7.98	0.000
Human resources achievements	0.109	2.10	0.013
Human resources strategies	0.094	2.15	0.017

According to the results of Table 4, all components of human resources management influence on employee performance, positively. In our survey, beneficiary groups maintain the highest impact followed by situational factors, long-term achievement, human resources achievements and human resources strategies. Note that R-Square is equal to 0.503, which means the regression technique could describe approximately 50% of the changes between dependent variable, employee performance and HRM independent variables. In addition, F-value is equal to 8.88 with P-value = 0.000, which means the model represents a meaningful relationship between independent and dependent variables.

4. Conclusion

In this paper, we have presented an empirical investigation to study the effects of human resources management on employee performance in one of Iranian social security organizations. The proposed study has implemented Pearson correlation ratio as well as stepwise regression technique to examine the relationship between these two variables and the results of our survey have confirmed that there were positive and meaningful relationships between all components of human resources management and employee performance. The results of this study are consistent with findings of Chadwick and Cappelli (1999), Mullins (2007), Busi and Bititci (2006), McGuire (2006) and Santiago and Alcorta (2012).

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