

*Full Length Research Paper*

# **HRM and employee performance: A case of university teachers of Azad Jammu and Kashmir (AJK) in Pakistan**

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**This study investigated the impact of three HR practices on the perceived performance of university teachers in AJK. Responses from 113 respondents were used to analyze the impact of selected HR practices (compensation, performance evaluation, and promotion practices) on the employee's performance. Pearson correlation and regression have been used to find the association among variables and impact of three independent variables on the dependant variable of perceived performance of university teachers. The result of the study showed that the compensation practices in relation to the employees' performance are significantly positively correlated whereas the performance evaluation and promotion practices have insignificant relationship with the performance of university teachers in AJK Pakistan. Results have been discussed in context of AJK universities and recommendations have been made for university managers.**

**Key words:** HR practices, compensation, performance evaluation, promotion practices, teachers' performance, Azad Jammu and Kashmir, Pakistan.

## **INTRODUCTION**

It has been observed by researchers that there is positive relationship between HR practices and employee performance (Gould-Williams, 2003; Park et al., 2003; Wright et al., 2003; Tessema and Soeters, 2006) and organizational performance (Quresh et al., 2010). HR plays its role as a plus which may be a source of competitive advantage (Schuler and MacMillan, 1984; Pfeffer, 1994). Delaney and Huselid (1996) found HR practices impact on the perception of organizational performance. Past studies have acknowledged that HRM practices play a significant role in influencing the performance of employees (Shahzad et al., 2008; Tessema and Soeters, 2006). But in the case of developing countries there are some challenges specific to these countries which restrict and affect the role that HR practices can play in influencing employee and organizational performance. Ghebregiorgis and Karsten (2006) in their study found that the knowledge and the concept of HR practices, including training, recruitment, compensation, performance

compensation, performance appraisal and reward system are practiced in Eritrea but factors like economic conditions, political instability and environmental uncertainty affect them. Presence and importance of HR practices in developing countries has also been acknowledged by Anakwe (2002). In his study in Nigeria it was found that traditional HR practices, including training and development, recruitment and selection, performance appraisal, are mostly exercised by HR professionals.

AJK is considered to be an underdeveloped area with low income, where HR practices are not very well established and less familiarity about HR practices prevails. This research paper intends to endow with significant guidelines to concerned people with the purpose to get better the performance of teachers and turning negative perception of people into positive image of universities located in AJK. All those universities located in AJK are unfortunately perceived and rated low, if the performance of teachers are more focused and supported by the HR practices, eventually it may contribute towards the organizational success, high performance and high ratings of the universities operating in AJK. This research provides empirical evidence about the impact of selected

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HR practices (compensation, performance evaluation, and promotion practices) on the performance of university teachers.

There are many more variables which may be considered under the HR practices but this study included three HR practices which are compensation, performance evaluation and promotion. The reason for selecting these three practices is based on the argument given by Shahzad et al. (2008) that in developing regions physiological needs (compensation and performance evaluation) have dominated impact on employee performance, moreover having a collectivist culture the performance of teachers may depend on gaining social status through promotion. So these arguments justify our choice of these three HR practices.

## LITERATURE REVIEW

### Employee performance

Aguinis (2009) described that “the definition of performance does not include the results of an employee’s behavior, but only the behaviours themselves. Performance is about behaviour or what employees do, not about what employees produce or the outcomes of their work”. Perceived employee performance represents the general belief of the employee about his behavior and contributions in the success of organization. Employee performance may be taken in the perspective of three factors which makes possible to perform better than others, determinants of performance may be such as “declarative knowledge”, “procedural knowledge” and “motivation” (McCloy et al., 1994). HR practices have positive impact on performance of individuals. Huselid (1995) have argued that the effectiveness will transfer on the behavior of employees as a result of human resource management, which also proves a positive association.

Carlson et al. (2006) proposed five human resource management practices that affect performance which are setting competitive compensation level, training and development, performance appraisal, recruitment package, and maintaining morale. Teseema and Soeters (2006) have carried out study on eight HR practices including recruitment and selection practices, placement practices, training, compensation, employee performance evaluation, promotion, grievance procedure and pension or social security in relation with the perceived performance of employees. They concluded that these HR practices have positive and significant associations with the perceived performance of employees.

### Compensation practices

Caruth and Handlogten (2001) states:

“Employees are motivated when there are

financial rewards directly tied to their performance”.

Leonard (1990) said that the companies following long term incentive plans gets more increase in return on equity than those companies which ignores such plans. Teseema and Soeters (2006) have reported positive correlation between compensation practices and sensed employee performance. Shahzad et al. (2008) have shown in their research results that there is positive relationship of compensation practices with the performance of university teachers. We can develop argument by the help of the literature that if the compensation practices are not adopted and ignored by the top management on continuous basis then the teacher’s performance will decline miserably. Hence it is hypothesized that the compensation practices are linked positively with the performance of university teachers ( $H_1$ ).

### Performance evaluation practices

The system in which employees’ performance is evaluated once in a year without giving continuous efforts to give feedback and coaching, it is only a performance appraisal (PA) it’s not the performance management (PM) system if the performance is not improved. PA is considered to be a “systematic description” of an employee’s strengths and weaknesses. PA is the part of PM; PA is merely a part of “bigger whole” because PM is much more than just performance measurement (Halachmi, 2005). Coens and Jenkins (2000) suggested that performance appraisal is an obligatory process under which all or a group of an employee’s work behaviors or traits are individually rated, judged, or described from the rater within a specified time period and the results are retained by the organization. Wright et al. (2003) have argued that employees will use open effort if appropriate PM system is in work and is sustained by compensation system attached to the PM system.

Performance appraisal and reward plays a role in improving companies operations by increasing efficiency (Ruwan, 2007). There exists a positive association between performance evaluation and perceived employee performance (Teseema and Soeters, 2006). The aforementioned literature gives testimony to the argument that the performance evaluation practices have significant and positive association with the performance of university teachers ( $H_2$ ).

### Promotion practices

Promotion always go with a salary increase, either it is done within a grade or to the higher grade. A continuous process which is based on the length of service and professional “competency” is adopted at the time of promotion to higher step in the job within a grade promotion. It is or may be “continuous” in which test, review or

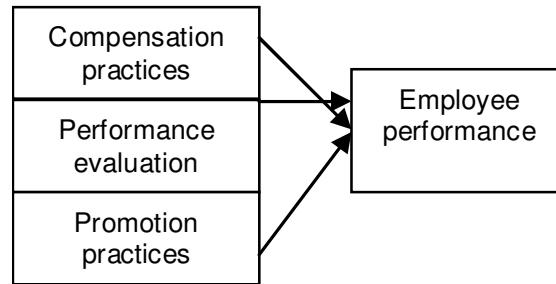


Figure 1. Theoretical model.

review or competition is given which entitle for simple decision or selection (Hdiggui, 2006). Teseema and Soeters (2006) found a positive correlation between promotion practices and employee performance. Shahzad et al. (2008) have reported positive relationship of promotion practices with the performance of university teachers. From the aforementioned literature we can develop hypothesis that there is positive and significant association between promotion practices and the performance of university teachers ( $H_3$ ) (Figure 1).

## METHODOLOGY

A printed questionnaire was distributed to 150 university teachers working in AJK universities. University teachers were randomly selected. However 113 filled questionnaires were received back which indicates 75% response rate. We adopted the scale used by Teseema and Soeters (2006). Employees' perceived performance was measured using four items scale. The alpha coefficient value for this scale was 0.71. Compensation practice was measured using six items. The alpha coefficient value for this scale was 0.77. Performance evaluation practice was measured using six items. The alpha coefficient value for this scale was 0.70. Promotion practice was measured using six items. The alpha coefficient value for this scale was 0.67.

## RESULTS AND DISCUSSION

### Demographics

Demographic composition of the sample in terms of gender, qualification, designation, marital status and working tenure is as follows:

We found that 91 respondents were male and 22 respondents were female which describes percentage as 80.5 and 19.5% respectively. 88 respondents were Masters degree holder, Mphil/MS qualified respondents were 21 and 04 respondents were Phd degree holder. The percentage of respondents with masters' degree, Mphil/MS and Phd are 77.9, 18.6 and 3.5% respectively. Designation wise there were 91 lecturers, 18 assistant

professors, 1 associate professor, and 3 professors which indicate total percentage such as 81, 16, 0.9, and 2.7% respectively. 46 respondents are married and 67 respondents are unmarried, which describes a percentage of 40.3 and 59.3% respectively. Experience of teachers showed that 102 respondents have experience of 1 to 4 years, 08 respondents are falling between 5 to 9 years experience and 03 employees are falling between 10 to 20 years experience. It can be described in terms of percentage such as 90.27, 7.08 and 2.65% respectively. However demographic data has not been used in the analysis of the study.

### Correlation

Significant and positive relationship between employee performance and compensation practices in AJK universities exists and this relationship is significant with p value 0.002. Also the results show positive relationship between performance evaluation and employee performance and promotion practices and employee performance but these relationships are not statistically significant with p values 0.059 and 0.204 respectively. So the significant correlation coefficient value of 0.288 between compensation practice and employee performance supports hypothesis number one ( $H_1$ ), in which we hypothesized that there is positive and significant relation between CP and EP. These results (Table 1) are consistent with the results of past studies (Shahzad et al., 2008; Teseema and Soeters, 2006). The value of performance evaluation practices in relation to employee performance is 0.178, which depicts a weak and insignificant correlation, which does not support our hypothesis number two ( $H_2$ ). This finding is although contrary to the findings of most studies conducted in western context but it is inline with the findings of a study conducted amongst university teachers in Pakistan (Shahzad et al., 2008).

The value of promotion practices in relation to EP is 0.120 and it is insignificant which does not support our hypothesis number three ( $H_3$ ), it indicates the absence of significant relation between PP and EP. This finding of our

**Table 1.** Correlation matrix correlations.

		EP	CP	PEP	PP
<b>EP</b>	Pearson correlation	1	0.288**	0.178	0.120
	Sig. (2-tailed)		0.002	0.059	0.204
<b>CP</b>	Pearson correlation	0.288**	1	0.459**	0.443**
	Sig. (2-tailed)	0.002		0.000	0.000
<b>PEP</b>	Pearson correlation	0.178	0.459**	1	0.460**
	Sig. (2-tailed)	0.059	0.000		0.000
<b>PP</b>	Pearson correlation	0.120	0.443**	0.460**	1
	Sig. (2-tailed)	0.204	0.000	0.000	

\*\*Correlation significant at 0.01 (2-tailed). N=113.

**Table 2.** Regression results.

Variable	Beta	t- value	p- value
CP	0.271	2.513	0.013
PEP	0.068	0.627	0.532
PP	-0.031	-0.287	0.774

n = 100, R<sup>2</sup> = 0.087, Adj. R<sup>2</sup> = 0.061, F-value = 3.443, Significance p=0.019.

our study is in high contradiction to the results of past studies which examined the relationship of these two variables and have reported positive and significant associations between these.

### Regression

Adjusted R<sup>2</sup> depicts the model that the independent variables explaining 6.1% of variation in the performance of university teachers. P value is 0.019, which depicts the significance of the model. Table 2 describes the beta value of CP is 0.271 in relation to EP, which determines that there is significant relationship between CP and EP. Whereas the beta values of PEP and PP are 0.068 and -0.031 respectively in relation to EP depicts insignificant relationship with criterion variable. This implies that if we enhance compensation then the performance of university teachers will go up. In AJK universities, teachers perceive that performance evaluation has nothing to do with their performance level. Performance evaluation in AJK universities is an annual ritual and in most cases it is kept confidential and the results of evaluation are not shared with the teachers. Teachers do not get any feedback about their performance and as a result they do not come to know that which performance areas need improvement. Also the central tendency of raters makes this relationship insignificant. Promotion in AJK universities is not linked with the performance according to perceptions of AJK teachers. AJK universities are public

sector universities and promotion in public sector universities is dependent on length of service and qualification.

After meeting these criteria mostly teachers get promoted and per annum performance appraisals contribute little to their promotion as is evident from results. So in sum, university managers in AJK need to pay special attention to financial rewards if they intend to enhance the performance levels of teachers. Also they need to take measures so that performance evaluation results should be communicated and discussed with the teachers so that teachers get to know which are their weak areas and where improvement is required. Moreover, while promoting teachers along with qualification and work experience requirements, performance evaluations of the teachers should also be given weightage so that performance evaluations are taken more seriously by teachers and heads/deans of AJK universities.

### Conclusion

This paper gives insight about HR practices (compensation, performance evaluation, and promotion practices) and their effect on the perceived performance of university teachers in Azad Jammu and Kashmir (AJK), Pakistan. Past studies have clearly established the roles these practices play in affecting performance of employees. Results of our study indicate significant positive impact that financial rewards and compensation play in influencing performance of university teachers, in line

with the results of other studies carried out in Pakistan amongst university teachers (Shahzad et al., 2010; Shahzad et al., 2008). However, interestingly, performance evaluation and promotion practices did not show any significant association with the performance of teachers. Although we have rendered few explanations of these results but surely more in-depth investigation is required to explain this.

Future studies should also focus how these practices can be linked with the performance of university teachers because if these practices do not contribute towards improving teacher performance then there is no reason of having them in the organization.

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