

# Employees' Perspective of Human Resources Practices with Relation to Performance of Public Sector Organizations in Afghanistan

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## Abstract

*This research aimed to examine perceived relationship between human resources practices and organization performance in public sector of Afghanistan. To investigate this relationship, quantitative methodology was employed. Reviews on literature guide this study to investigate that recruitment and selection, training and development, employees' relations and involvement, performance appraisal, and contingent pay and reward schemes as independent variables and organization performance as a dependent variable of the current study. All the variables of the study were operationalized with five points Likert scale questionnaire. It is worth to mention that instrument used in the current study was adopted from previous studies. Moreover, data was collected from 135 respondents selected from various ministries of Afghanistan. The results were analyzed to determine the relationship between variables by using OLS regression through SPSS (Statistical Package for Social Sciences). The research findings indicated that there is insignificant relationship of recruitment and selection, training and development, performance appraisal, contingent pay and reward schemes with relation to organization performance; however; only one independent variable has significant relationship with organization performance. Furthermore, this study contributes empirically to the Human Resources literature with relationship to organization performance in the context of Afghanistan.*

**Keywords:** Organization Performance, Recruitment and Selection, Training and Development

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## **Introduction**

Impact of human resource management practices on organizational performance has been a widely researched area for years. Results of studies, from developed countries to developing countries, have been time and again showing that HR practices have significant impact on organizational performance (Delaney & Huselid, 1996; Katou & Budhwar, 2007; Sing, 2004; Tzafirir, 2006).

The HR practices with relation to organization performance has been the issue of organizational research after the wake of resources based theory which emphasize on the importance of competitive advantage through management of internal resources of organization. Linking human resources management with relation to public organization of war ravaged Afghanistan; the organizations are in constant shambles. In the last decade, the insecurity and worst economic situation has almost made next to impossible to performance. However, because of international community and super organizations like World Bank, IMF, USAID assistance, the public sector is in the process of revival. Furthermore, the reports have depicted that recruitment processes have also largely failed to overcome traditional barriers constraining gender equity/equality in civil service recruitments. Women account for approximately 21.9% of the civil service and only 6.6% of senior positions. (The World Bank Tackling Afghanistan's Government HRM and Institutional Reforms (P166978)). The foregoing discussion implies that HR practices are the significant contributors of organizational performance. In view of the importance of human resources practices for organizations' performance, therefore, this study is designed to investigate human resource practices with relations to organizations' performance in public sector organizations of Afghanistan. In the same vein, the following research questions are developed to guide the current study.

### **1.1 Research Questions**

- To what extent do HR practices (recruitment and selection, training and development, performance appraisal, contingent pay and rewards schemes, employees' relation and involvement) have a direct effect on organization performance?

### **1.2 Objectives of the Study**

- To examine the relationship between HRM practices and organization performance.

## **2. Literature Review**

### **2.1 Concept of HRM**

The Human resource management is the function for the organizations to handle the maximized performance of the employee which is set in concern to the people management. The focus has been on the policies and the systems where the units undertake the designs and the training and development. The performance appraisal and the reward is set to manage the pay and the benefit systems which concerns to the change in organizations as well as the industrial relations. There is a need to balance

the requirements with the collective job designs and analysis and the workforce planning, recruitment and selection, training and development. (Mathis et al., 2016)

## **2.2 Organization Performance**

Organization Performance has been defined as a set of both financial and non-financial indicators capable of assessing the degree to which organizational goals and objectives have been accomplished. Operationally, for applied research purposes, OP may be defined in terms of financial ratios (e.g. return on assets (ROA) and return on equity (ROE)), market outcomes (Tobin's q, market share, stock price and growth), HR-related outcomes (job satisfaction, commitment and others) or organizational outcomes (productivity, service quality, new product development and others). Financial performance indicators can be measured with the help of published company statements or data from stock exchanges. Importantly, OP can also be measured based on subjective information gathered from managers or other key informants, asking them to rate their company's overall performance such as their market share, profitability, innovation efforts, performance of HR practices, and such other attributes.

## **2.3 HRM Practices and Hypothesis Development**

Various Human resource practices are empirically studied with relation to organization performance. In regard to this, following section highlight the same human resources practices with organizational performance.

### **2.3.1 Recruitment and Selection with Relation to Organization Performance**

Organizations nowadays are more concentrating on acquiring appropriate human capital because the employees are the most valued and most precious assets of an organization. It is the individual performance of employees that will converge to form the overall performance of the organization. While recruiting the employees, organizations have to devise a strategy to carefully recruit the most suitable employees because they create the competitive advantage for the organizations. The word recruitment has become a thing of concern to many organizations in order to get a rightful candidate that can effectively fill the vacant position in the organizations due to the increase in competitions (Adeyemi, Dumade and Fadare 2015).

**Ho:** Recruitment and Selection has insignificant relationship with organization performance.

**H1:** Recruitment and Selection has significant relationship with organization performance

### **2.3.2 Training and Development with Relation to Organization Performance**

Employees are major assets of every institute; the accomplishment of the industry depends on its employee performance. Therefore, upper management knows the significance of expense in training for the institute's goals for advantage of improving employee performance and also places them to get the challenges of the today's competitive business environment (Hafeez, 2015)

**H0:** Training and development has insignificant relationship with organization performance.

**H1:** Training and development has significant relationship with organization performance.

### **2.3.3 Contingent Pay and Reward Schemes with Relation to Organization Performance**

A reward system consists of the policies and mechanisms by which organizations administer employee rewards, for example, by annual pay increases. A reward system should satisfy the goals associated with the strategy of an organization, while at the same time be attractive, cost effective, and fair. There are many variations possible, as a mix of components that include fixed, variable, and indirect rewards. Rewards can be used to influence motivation. By no means are financial rewards the only way to motivate, as there are many HRM practices that aim to motivate. The literature on reward systems has broadened its scope to include nonfinancial rewards, as these are also important to direct and shape desired behaviors (Chiang and Birtch, 2007), but usually reward systems refer to the allocation of pay.

**H0:** Contingent Pay and Reward Scheme has insignificant relationship with organization performance

**H1:** Contingent pay and reward scheme has significant relationship with organization performance.

### **2.3.4 Performance Appraisal with Relation to Organization Performance**

DeCarlo & Leigh (2006); performance appraisal helps in improving performance and building both job satisfaction and organizational commitment. Neeti and Santosh C. (2015) studied that employees have good knowledge of performance appraisal and have a positive attitude towards it as their promotion is purely based on performance appraisal and the ratings help to fix increments. During the course of study suggestions came from the employees for the need of counseling. Performance appraisal should be made more transparent and rationale.

**H0:** Performance Appraisal has insignificant relationship with organization performance.

**H1:** Performance appraisal has significant relationship with organization performance

### **2.3.5 Employee Relations and Involvement with Relation to Organization Performance**

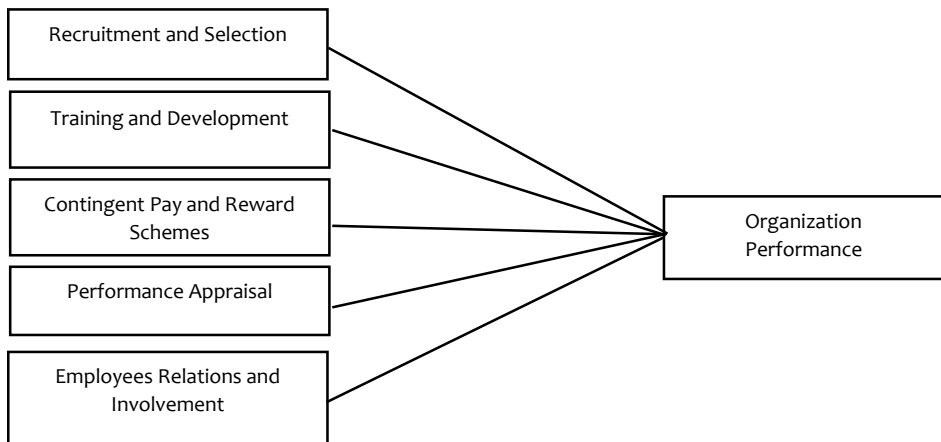
The 21<sup>st</sup> century business environment is fast paced and dynamic. Organizations are under pressure due to stiff competition. As such organizations must come up with strategies that will give them a competitive edge. Employee participation in decision making is one such strategy. Employee participation comes in many forms and varies from organization to organization. Studies have reported that employee

participation has a positive impact on organization performance (E. T. Tchaptchet, 2013 and R. M. Ojokuku, & A. S. Sajuyigbe, 2014)

**H<sub>0</sub>:** Employees relations and involvement has insignificant relationship with organization performance

**H<sub>1</sub>:** Employees relations and involvement has significant relationship with organization performance

**Figure 1: Theoretical framework HRM Practices and Organization Performance**



Source: Author's compilation

### 3. Research Methodology

As mentioned earlier that main objective of this study is to investigate the extent of effect of HR practices on organization performance. Therefore, current study has employed quantitative research methodology. In regard to this, following section discusses specific aspects of quantitative research methodology applied in this study.

#### 3.1 Sample and Sampling Technique

In this study, the unit of analysis is individual and therefore 150 units were selected as a sample size from three ministries of Afghanistan namely ministry of health, ministry of education and ministry of finance and 135 were returned to the researcher, and were eligible for analysis. So the response rate is found as 90 %. By applying G-Power with effect size 0.3, alpha 0.5 with statistical power 0.80 as suggested by (Hair, et al, 2017), the minimum sample size was 64 while in current study the sample size is 150 with response rate of 135 and therefore fulfilling the requirements of sample size.

Furthermore, convenience sampling method was used for sampling technique. Convenience sampling is a type of sampling in which the first available primary source available data will be used for research without additional requirements.

### 3.2 Data Collection Methods

The questionnaire method was used for data collection. It is worth mentioning that questionnaire was adopted (refer to below section for more details) for the use of current study. Questionnaire was personally distributed among employees working on different positions in the selected ministries of Afghanistan.

### 3.3 Instrumentation and Operationalization

In this current study two variables are taken, independent variable as HR practices (recruitment and selection, training and development, performance appraisal, contingent pay and reward schemes and employees' relations and involvement) and dependent variable as organization performance. The instrument used to operationalize these variables was through five point Likert scale adopted from Keir 2016 and ministries performance is also measured through five point Likert scale and the items were adopted from (Keir, 2016)

### 3.4 Data Analysis Tools

For the purpose analysis, this study has applied regression analysis to see the extent of effect of HR practices on organization performance. In the first step, respondents profile was developed, then descriptive statistics was applied, normality, reliability was also checked and lastly, multiple regression analysis was applied. Notably, SPSS software was used for the application of aforementioned statistical tools.

## 4. Data Analysis

### 4.1 Respondents Profile

**Table 1: Respondent Profile**

<b>Gender</b>		<b>Percentage</b>
Male	111	82.2%
Female	24	17.8%
Total		100%
Age		
21-30	14	10.4%
31-40	20	14.8%
41-50	37	27.4%
50-60	44	32.6%
60 and above	20	14.8%
Total		100%
Experience		
1 – 5 years	14	10.4%
6 – 10 years	64	47.4%
Above 10 years	57	42.2%
Total		100%
Qualification		
10 <sup>th</sup> grade	14	10.4%
12 <sup>th</sup> grade	60	44.4%
Bachelor	55	40.7%
Masters	6	4.5%
Total		100%

Total	135
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Source:

**Table 2: Variables and their Reliability Values**

Variables	Cronbach Alpha	Number of items	Normality Significant value
Recruitment and selection	.846	5	
Training and Development	.804	5	
Contingent pay and reward Schemes	.908	8	
Performance Appraisal	.941	6	
Employees Involvement	.895	8	
Organizational Performance	.781	6	
Shapiro-Wilk			.311

Source: Data output from SPSS

The normality test is applied for the small sample size. The normality test guides us to accept null hypothesis or alternative hypothesis. The probability value in the table, Shaporo-Walk Sig is equal to .311. The P value is greater than alpha value (0.05) therefore it can be concluded that the data comes from a normal distribution.

### Hypotheses Testing

For analysis and testing hypotheses purpose, regression analysis was applied in the current study and it is found that HR practices explain 38.2 % variance in organization performance significantly as adjusted R Square of .382  $p < .05$ . A significance value of less than 0.05 indicates that the adjusted R square is significant. Furthermore, five hypotheses were developed for the current study. The following table shows the result of hypotheses testing.

**Table 3: Hypotheses Testing**

Hypotheses	Relationships	Path Coefficients	T-Value	Supported
H1	R& S->OP	-0.006	-0.085	Yes
H2	T&D->OP	0.009	0.056	Yes
H3	P&R->OP	-0.014	-0.086	Yes
H4	PA->OP	0.049	0.646	Yes
H5	R&I-> OP	0.614	8.066	No

Source: Data output from SPSS

Note: R & S = Recruitment and selection, T & D = Training and development, P & R = Pay and rewards, PA = Performance Appraisal, R & I = Relation and involvement

The first Null hypothesis of the study was that there is no significant relationship between recruitment and selection with organization performance is not rejected as the significant value is greater than .05 which is .932, therefore alternative hypothesis that mentioned variables have significant relationship is not supported and Null hypothesis that there is no significant relationship between recruitment and selection with organization performance is substantiated.

The second Null hypothesis of the study was that there is no significant relationship between training and development with organization performance is not rejected as the significant value is greater than .05 which is .956, therefore alternative hypothesis that mentioned variables have significant relationship is not supported and Null hypothesis that there is no significant relationship between training and development with organization performance is substantiated.

The third Null hypothesis of the study was that there is no significant relationship between contingent pay and reward schemes with organization performance is not rejected as the significant value is greater than .05 which is .932, therefore alternative hypothesis that mentioned variables have significant relationship is not supported and Null hypothesis that there is no significant relationship between contingent pay and reward schemes with organization performance is substantiated.

The fourth Null hypothesis of the study was that there is no significant relationship between performance appraisal with organization performance is not rejected as the significant value is greater than .05 which is 0.520, therefore alternative hypothesis that mentioned variables have significant relationship is not supported and Null hypothesis that there is no significant relationship between performance appraisal with organization performance is substantiated.

The fifth Null hypothesis of the study was that there is no significant relationship between employee's relations and involvement with organization performance is rejected as the significant value is less than .05 which is .000, therefore alternative hypothesis that mentioned variables have significant relationship is supported and Null hypothesis that there is no significant relationship between employee's relations and involvement with organization performance is not substantiated.

Linking the findings of the current study with literature, the literature has concluded that there is significant relationship between HR practices (recruitment and selection, training and development, contingent pay and reward schemes, performance appraisal, employees' relations and involvement) and organization performance as discussed by Hustled (1995), Williams et al. (1993), Wetland (2003), Shahzad (2008), Mullins (1999), and Dessler (2008).

But in Afghanistan, situation is very different. Organizations work in very different sphere than the rest of the world. Lack of HR practices in organizations in Afghanistan, particularly in public sector organizations (ministries) have led to insignificant relationship between HR practices and organization performance as concluded by this study.

## **5. Conclusion**

It is concluded that human resource practices (recruitment and selection, training and development, performance appraisal, and contingent pay and reward schemes) have insignificant impacts on organization performance. The hypotheses for the research are to examine



whether the aforementioned HR practices have significant effect on organization performance. Based on results, this study concludes that HR practices namely, recruitment and selection, training and development, performance appraisal, and contingent pay and reward schemes have insignificant relationship with organization performance while only variable employee involvement was found to have significant relationship with organization performance. Therefore, null hypothesis of recruitment and selection, training and development, performance appraisal, and contingent pay and reward schemes are supported while their alternatives are not substantiated and only one Null hypothesis of employee involvement is not supported and its alternative is supported.

### **5.1 Recommendations**

- This is important for the ministries that they should take care of HR practices because:
- To have healthy and capable employees for achieving high productivity, there should be a fair and formal selection process. Factors like experience, educational qualification, location etc. should be considered in selection process rather than discrimination and favoritism.
- To increase the efficiency and effectiveness of employees, training is very important. It adds value to the organization performance. It also enhances capabilities, skills and competencies of employees.
- Performance appraisal creates a link between employees' expectations and how the employee's work contributes in organization success. The benefits are both for employees and organization. It promotes the understanding of individual needs, work objective and the standard of acceptable performance, which help employees and managers to use it as an instrument to aid employees' development and enhance performance of the individuals.
- To increase employees' productivity, contingent pay and reward schemes are considered to be important instruments. They seek to attract and retain suitable employees, encourage good management, employees' relationship and commitment, and minimize tensions and conflicts and positive employee attitudes including job satisfaction, and trust in management

### **5.2 Limitations and implications of the Study**

Human resource Management is an overarching term to operationalize fully in the context of government ministries of Afghanistan, though maximum efforts are put to consider various aspects of HRM practices; however, researcher is of the view that still some of the dimensions may not have been considered due to lack of time, resources, and lack of cooperation of the respondents.

Further studies could be carried out that should involve respondents from all ministries of Afghanistan to obtain a bigger point of view on HR

practices. Further studies could make reforms in the HR practices and help in implementing them in organizations so that organizations should get competitive advantage. Further researches in the government ministries specifically should be encouraged to identify the hurdles because of which HR practices are truly practiced.

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