

Achieving Organisational Objectives through Human Resource Management Practices

Rukevwe Juliet Ogedegbe

Ajayi Crowther University, Department of Business Administration, Ogbomosho Road, Oyo .Oyo State, Nigeria
rogedegbe@yahoo.com

Abstract

The concerns of human resource management in the organization, is to optimize organizational performance through planned employees satisfaction. Thus achieving organisation's objectives depends largely on employees' attitude and behaviours. In this study, relations between selected human resource management practices and organizational objectives were investigated among 201 employees of the Nigeria brewery. Various statistical analytical procedures were applied to validate the samples and address the study's objectives. Results show that HRM practices is significantly associated with achieving organizational objectives. It also shows that, improving the quality of work induces certain behaviours in the employee who is a source of competitive advantage for the organization.

Keywords: Organisational objectives, human resource management, employee behaviours, performance, Nigeria.

1. Introduction

Contemporary economy is changing rapidly. It is characterized by phenomena, such as globalisation and deregulation of markets, changing customer demands and increasing competition (Becker & Gerhart, 1996). Most companies' failure to reach their goals in these turbulent and volatile periods is due to excessive focus on technical problems at the expense of human resources (Cross and Isrealit, 2000). Explaining the impact of human resource management (HRM) activities on organisation's performance has dominated discussions and research interest in the last decades (Becker and Huselid, 2006). March and Sutton (1997) stated that explaining organizations' performance variations remain one of the most enduring subjects of study. This has prompted research to be directed towards explaining and understanding of the relationship between human resources management practices and firm performance.

As the personnel is the crux to resolve management problems of an enterprise, an effective human resource system ensuring that personnel in the organization are optimally motivated and committed to the aims of the organization is a pivot success (Ulrich, 1998). Little and Nel, (2008) opined that when employees are guided to achieve their performance potentials, this ultimately leads to organizations' success. Thus, success of the organizations depends on the amount of commitment bought in by the individual employee operating in a highly competitive environment which will be complemented by the organizations.

Improved quality and productivity linked to motivation can be achieved through training, employee involvement and extrinsic and intrinsic rewards. The growing interest in the compensation geared to performance and skills reflects one aspect of the increasing significance of HRM in realizing management goals and objectives. Therefore the study will be focusing on the following selected HRM practices (training and development, recruitment and selection, performance appraisal, compensation,) performed by the HR department, to influence the attainment of organization's objectives.

2. Literature Review

Human resources are part of a firm's total resources, so their management must align with the firm's strategy (Baron & Kreps, 1999). Traditionally, human resources has been seen to be the highest operating cost in the organization that managers logically find ways to minimize (Becker & Gerhart, 1996). It shows therefore, that companies consider people as variable cost rather than as asset. 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".

People are the assets who create value use for gaining competitive advantage over rivals. People and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a significant source of competitive advantage (Armstrong and Baron, 2002). Also, as stated by Baird and Meshoulam (1988) that "business objectives are accomplished when human resource practices, procedures and systems are developed and implemented based on organizational needs, that is, when a strategic perspective to human resource management is adopted."

Results of several researches, has confirmed that employee skills, attitudes and behaviors play a mediating role between HR systems and firm outcomes. Khatri (2000) found that in his study of 194 Singaporean companies

from different industries, there's a strong direct influence of HR practices on firm profitability. According to him, HR function in Singapore companies still remains secondary. The effect of organizational strategic variables regarding HRM and the source of competitive advantage of 138 Korean firms was examined by Bae and Lawler (2000). They found that firms with high-involvement HR strategies had better performance. Batt (2002) examined the relationship between human resource practices, employee quit rates, and organizational performance in the service sector. His findings 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). Paul and Anantharaman (2003) tested the causal model linking HRM with organizational performance. They found that practices like training, job design, compensation and incentives had a direct effect on the operational performance parameters. Sing's study (2003) tested and showed that there exists a significant relationship between strategic HR orientation of Indian firms and their performance. HR orientation was conceptualized as the alignment of HR planning, selection, evaluating, compensating, developing and staffing practices with the business strategies of the firm.

Wattanasupachoke (2009) examined the relationship between HR strategies and the performance of 124 Thai companies and found that the extra pay and profit sharing is the only factor group that has a statistically important correlation with the companies' financial performances such as sales, profits and liquidities. The results of these studies have thus confirmed the dependency of an organizational achievement on the caliber of its employees and how effectively the companies manage the human resource practices to influence positive objectives.

2.1. Selected HRM Practices In Organisations

2.1.1. Recruitment and Selection

A major concern of human resource management is the recruitment and retention of valued employee (Davenport, 2000). A recruitment campaign usually identifies a number of applicants who can potentially meet the requirements of particular jobs or roles. The hiring managers then select, among the candidates with the aid of a competency profiles (knowledge, skills, abilities and other attributes) in this selection pool, those that would add the highest value to the firm. The importance of managing the employment relationship such that is generates value added knowledge for the organization has an obvious link to recruitment and retention of staff (Ulrich and Lake, 1990; Wayland and Cole, 1997).

2.1.2. Training and Development

Training is a key factor related to the achievement of organisational objectives. The individual plays a more active role in defining his/her own training objectives, and attempts to match them to company objectives. The focus of human resource training is placed on developing people who are capable of tapping internal and external information and turning it into useful organizational knowledge. Thus, leadership, management change and company mission and values are reinforced through training (Yahya and Goh, 2002). Companies intending to gain a sustained competitive advantage should help their employees raise their skills by receiving continuous training so that they can learn new things needed to ensure quality improvement of the products and services of the company. A clear understanding of the company's mission and values would help ensure a right direction for goal attainment.

2.1.3. Performance Appraisal

The measurement of employees' performance allows the company to provide compensation fairly to the deserving individuals according to certain predetermined criteria like employee competency, teamwork ability, initiative, soft skills and ethics. Organizations can monitor the development of desired employee attitudes and behaviors through the use of the appraisal mechanisms. This appraisal-based information could be used for changing the selection and training practices to select and develop employees with the desired behaviors and attitudes. However, the effectiveness of skilled employees will be limited unless they are motivated to perform their jobs.

2.1.4. Compensation System

Firms can affect the motivation of employees in several ways. They can use performance-based compensation to provide rewards to employees for achieving the specific goals and objectives of the firm. A substantial body of work has provided evidence that incentive-based compensation has an impact on firm performance (Milkovich and Boudreau, 1998). Thus, the following hypotheses were proposed for the study:

1. Training and development, recruitment and selection, performance appraisal and compensation will jointly and independently predict organizational objectives.
2. There will be a significant relationship between recruitment and selection and organizational objectives.
3. There will be main and interaction effect of performance appraisal and compensation on organizational objectives
4. There will be a significant differences between training and development on organizational objectives
5. There will be main and interaction effect of training and development and recruitment and selection on

organizational objectives.

3. Methodology

The research design for this study is survey design. The study made use of primary data gathered with the help of questionnaire comprising of three sections. The first section contained 7 background questions and second section contained 23 statements about the human resource management practices. The third section contained 3 statements related to organisational objectives. However, in this study only second section was covered i.e. related to human resource management practices (23 statements) along with first part i.e. related to general statements. The respondents were asked to rate statements on a five point rating scale where one indicated that respondents strongly agree, two meant for agree, three for neutral, four indicated disagreeing and five meant strongly disagree about what was described in the statement. The scale use was developed by Mourad Mansour with Cronbach alpha coefficient of 3.56. These 23 statements can be seen through exhibit 1. The questionnaire was administered to 450 respondents of the Nigerian Brewery. Only 201 (44.6%) of the returned questionnaires were found suitable for final analysis and without any discrepancies.

The data gathered was analyzed with the help of statistical tools like frequency counts and simple percentages for demographic information. Multiple regression, correlations, analysis of variances and the t- test were used to analyzed the hypothesis and assess the relationship of human resources management practices practiced in the brewery companies and standard deviations were calculated to understand the variations in data collected through responses.

The data collected were revalidated with Cronbach Alpha value calculated as: training and development 0.69, recruitment and selection 0.74, performance appraisal 0.67, compensation 0.82, organisational objectives 0.76.

4. Results of Findings

Table 1: Summary of multiple regressions showing the effect of training and development, recruitment and selection, performance appraisal and compensation on organizational objectives.

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	254.488	4	63.622	31.965	.000
Residual	390.109	196	1.990		
Total	644.597	200			

R = .628

R² = .395

Adj R² = .382

It was shown in the table above that the joint effect of Training and Development, Recruitment and Selection, Performance Appraisal and Compensation on Organizational Objectives was significant (F(4,196) = 31.965; R = .628, R² = .395, Adj. R² = 0.382; P < .05). About 40% of the variation was accounted for by the independent variables while the remaining 60% was not due to chance.

Table 2: summary of multiple regression showing any effect of the independent variable -training and development, recruitment and selection, performance appraisal and compensation- on organizational objectives.

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error			
(Constant)	2.928	1.013		2.889	.004
Training and Development	-1.808E-02	.055	-.027	-.331	.741
Recruitment and Selection	.185	.078	.162	2.376	.018
Performance Appraisal	.249	.047	.431	5.261	.000
Compensation	5.180E-02	.032	.153	1.640	.103

The result above shows the relative contribution of each of the independent variables on the dependent: Training and Development ($\beta = -.027$, P > .05), Recruitment and Selection ($\beta = .162$, P < .05), Performance Appraisal ($\beta = .431$, P < .05) and Compensation ($\beta = .153$, P > .05), respectively. Hence, Recruitment and Selection, and Performance Appraisal were found significant while Training and Development, and Compensation were not.

Table 3: Summary of Pearson correlation showing the relationship between organizational objectives and recruitment and selection.

Variable	Mean	Std. Dev.	N	R	P	Remark
Organizational Objectives	13.0448	1.7953	201	.429**	.000	Sig
Recruitment and Selection	12.8458	1.5688				

** sig at .01 level

It is shown in the above table that there was significant relationship between Organizational Objectives and

Recruitment and Selection ($r = 429^{**}$, $N = 201$, $P < .05$).

Table 4: Summary of analysis of variance showing the effect of performance appraisal and compensation on organizational objectives.

Source	Sum of Squares	DF	Mean Square	F	Sig.
Main Effect:	177.740	3	59.247	25.000	.000
Performance Appraisal	86.961	1	86.961	36.695	.000
Compensation	15.651	1	15.651	6.604	.011
2-Interactions:					
Performance Appraisal x Compensation	14.990	1	14.990	6.325	.013
Explained	177.740	3	59.247		
Residual	466.857	197	2.370		
Total	644.597	200			

In the table above, it was observed that there was significant difference in the Main effect of Performance Appraisal and Compensation on Organizational Objectives. The Interaction effect of Performance Appraisal and Compensation on Organizational Objective was significant ($F(3,197) = 6.325$, $P < .05$).

Table 5: T-test showing the organizational objectives and low and high training and development among respondents.

Organizational Objectives	N	Mean	Std. Dev.	Crit-t	Cal-t.	DF	P
Low	61	12.1311	2.1485	1.96	5.045	199	.000
High	140	13.4429	1.4557				

The above table showed that there was significant difference between Organizational Objectives and Low and High Training and Development among respondents ($\text{Crit-t} = 1.96$, $\text{Cal.t} = 5.045$, $\text{df} = 199$, $P < .05$ level of significance).

Table 6: Summary of ANOVA showing the main and interaction effect of Training and Development, and Recruitment and Selection on Organizational Objectives

Source	Sum of Squares	DF	Mean Square	F	Sig.
Main Effect:	209.490	3	69.830	31.616	.000
Training and Development	99.273	1	99.273	44.947	.000
Recruitment and Selection	100.284	1	100.284	45.405	.000
2-Interactions:					
Training & Development x Recruitment and Selection	48.782	1	48.782	22.086	.000
Explained	209.490	3	69.830		
Residual	435.107	197	2.209		
Total	644.597	200			

In the table above, it was observed that there was significant difference in the Main effect of Training and Development, and Recruitment and Selection on Organizational Objectives. The Interaction effect of Training and Development, Recruitment and Selection on Organizational Objective however, was significant ($F(3,197) = 22.086$, $P < .05$).

Discussion and Conclusion

According to the study, the HRM practices in the brewery industry in Nigeria exert significant influences on organizational achievement. Among the independent variables; the recruitment and selection and performance appraisal has the greatest effect. The training and development and compensation systems encounter certain problems. These systems are seen as autonomous and at the instance of the management. The tradition of having to "hand-pick" who goes for training and gets a pay rise affect the moral of employee in their performance in achieving the organizations' goals and objectives. The better the recruitment and selection process the more effective is the work structure that enhances an appropriate performance appraisal for individual that fosters training and development. However, the rationale of this research is to enhance an understanding of the relationship between HRM practice in the brewery industry in Nigeria and the influence on organisational objectives. HRM practice competence takes time to develop, accumulate and cultivate and as such requires the support of other tangible factors such as infrastructure, organizational culture and management support.

References

Armstrong, M. and Baron, A. (2002) *Strategic HRM: the route to improved business performance*, CIPD,

- London.
- Bae, J. and Lawler, J.J. (2000) Organizational and HRM strategies in Korea: impact on firm performance in an emerging economy, *Academy of Management Journal*, 43(3), 502-517.
- Bae, J., Chen, S-J., Wan, T.W.D., Lawler, J.J., and Walumbwa, F.O. (2001) Human resource strategy and firm performance in Pacific Rim countries, *International Journal of Human Resource Management*, 14(8), 1308-1332.
- Baird, L. and Meshoulam, I. (1988) Managing two fits of strategic human resource management, *Academy of Management Review*, 13(1), 116-128.
- Batt, R. (2002) Managing customer services: human resource practices, quit rates, and sales growth, *Academy of Management Journal*, 45(3), 587-597.
- Becker, B., and Gerhart, B. (1996) The impact of human resource management on organizational performance: Progress and prospects, *Academy of Management Journal*, 39, 779-802.
- Becker, B., & Huselid, M. (2006) Strategic human resource management: where do we go from here? *Journal of Management*, 32, 898-925.
- Bratton, J., and Gold, J. (2007) *Human Resource Management: Theory and Practice*, 4th Edition, Houndmills: Macmillan.
- Baron, J.N. & Kreps, D.M. (1999). *Strategic human resources*. Hoboken: Lenigh Press.
- Cross, R. and Israelit, S. (2000): Strategic learning in a knowledge economy: Individual, collective and organizational process, in Robert, L., Cross, J. and Israelit, S.B. (Eds.) *Strategic Learning in a Knowledge Economy: Individual, Collective and Organizational Learning Process*, Butterworth-Heinemann, pp. 69-90.
- Davenport, T. (2000): *Human Capital: What it is and why people invest in it*. San Francisco: Jossey-Bass.
- Khatri, N. (2000) Managing human resource for competitive advantage: a study of companies in Singapore, *International Journal of human Resource Management*, 11 (2), 336-365.
- Milkovich, T.G., and W.J. Boudreau (1998). *Human resource management*, 8th Edition. Boston:Irwin.
- Nel PS, Werner A, Haasbroek, GD, Poisat P, Sono T and Schultz HB (2008) Human resources Management, (7th Edn) Oxford University Press, Cape Town.
- Paul, A.K. and Anantharaman, R.N. (2003) Impact of people management practices on organizational performance: analysis of causal model, *International Journal of Human Resource Management*, 14 (7), 1246-1266.
- Sing, K. (2003) Strategic HR orientation and firm performance in India, *International Journal of Human Resource Management*, 14(4), 530-543.
- Ulrich, D. (1998): A new mandate of human resources, *Harvard Business Review*, Vol. 41, No. 1, pp. 124-134.
- Gómez-Mejía, L.R., Balkin, D.B. and Cardy, R.L. (2001): *Dirección y gestión de recursos humanos*, 3 edition.
- Ulrich, D. and Lake, D. (1990): *Organizational Capability: Competing from the Inside Out*. New York: John Wiley.
- Wattanasupachoke, T. (2009) Strategic human resource management and organizational performance: a study of Thai enterprises, *Journal of Global Business Issues*, 3(2), 139- 148.
- Yahya, S. and Goh, W. (2002): Managing human resources toward achieving knowledge management, *Journal of Knowledge Management*, Vol. 6, No. 5, pp.457-468

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:
<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Recent conferences: <http://www.iiste.org/conference/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

