The Impact of Human Resource Management Practices on the Organizational Performance 
A Survey of Commercial Banks in Dera Ismail Khan, Khyber Pakhtunkhwa, Pakistan

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Abstract
In the altering competitive environment, human resources are considered as one significant source for competitive advantage. The human resource systems can subsidize to persistent competitive advantage through enabling the expansion of competencies that the organization needs for its development. The findings revealed that the positive statistical relationships were found between the human resource management practices and organizational performance. The fundamental linkage between HRM practices and organizational performance will enable the HR managers to design packages that will bring out better operating results to attain higher organizational performance. When the organizations grip, gadget and evaluate these practices effectively, then ultimately it will culminate at the higher performance in the organization. Data was collected from the employees working in commercial banks in Dera Ismail Khan. The same data was then analyzed by using diverse statistical tools (correlation & regression analysis).

1. INTRODUCTION
In organizations, human resource management is concerned with the overseeing and controlling the employees so as to develop the organizations’ performance (Osemeke & Monday, 2012). Human resource management covers such practices as human resource planning, recruitment and selection, training and development, compensation management and performance appraisal (Eniola & Elizabeth, 2013). To what extent, these practices influences the performance of the organization is the credence theme of the present study. In any case, various analysts exposed that human resource management practices are accepted to be the basic constituent of organizational procedure (Benjamin & Anthony, 2014). In such manner, the organizations need wise, instructed, skillful, conferred and profoundly energetic employees to build up a way for boosting the organizational performance. Thusly, human resource management generally implies the undertakings looking over employees, counseling with them, instructing them, empowering them through training to shape their tenacity, accomplish their potential endeavors and to encourage the organizational destinations (Fahad, Nadeem & Samsaa, 2015).

1.1 The Background
The organizational performance is an indicator which measures how well an association/ firm/ undertaking/ business substance accomplishes their destinations. The organizational performance is concerned with administration quality, administration advancement, worker fascination, representative maintenance, client/worker fulfillment and management /representative relationship (Caliskan & Nemli, 2010). The literature revealed that the human components of the organization are those that are equipped for learning, changing, enhancing and giving the innovative push which if legitimately roused can guarantee the long haul survival of the organization (Danlami, 2012). In such manner, the human resources have been distinguished to be both profitable and a source of advantage. It is additionally examined that the practices utilized by an organization to deal with its human resources can substantially affect numerous organizational results (Eniola & Elizabeth, 2013). At the point when organizations face difficulties, for example, a financial droop, it depends deliberately upon prepared experts who respond rapidly to changes in nature and make techniques for achievement.

Human resource management practices are liable of organizational performance in precisely selecting and training, rewards, compensation and incidental advantages, obliged aptitudes to seek after the system viably and the assessment of performance of the employees. Human resource management can be depicted as a key, coordinated and cognizant way to deal with the occupation, development and prosperity of the people working in associations (Benjamin & Anthony, 2014). It has a solid reasonable premise drawn from the behavioral sciences and from key management, human capital and mechanical relations speculations. Human resource management is the approaches, practices and frameworks that impact representatives' conduct, states of mind and performance (Fahad, Nadeem & Samsaa, 2015). Parallel to the understanding those human resources are fundamental for an
organization; human resource management capacity is additionally going up in organizational pecking order. Human resource management intends to guarantee that the organization gets and holds the talented, conferred and very much spurred workforce it needs (Robindro & Kassa, 2016).

1.2 Problem Statement
Impact of human resource management practices on organizational performance has been a broadly researched area. Numerous studies, from developed countries to developing countries have shown that human resource practices have significant impact on organizational performance. But unfortunately, very insufficient studies have been conducted in context of the commercial banks in Khyber Pakhtunkhwa, Pakistan. The current study assessed the impact of human resource management through four dimensions; recruitment & selection, training & development, compensation management and performance appraisal on the organizational performance in the commercial banks of Dera Ismail Khan.

1.3 Objectives of the Study
- To learn about the human resource management practices in the organizations especially in the banking industry.
- To study the issues of HRM practices as perceived by the employees working in different commercial banks in Dera Ismail Khan.
- To get command over the research methodology in social sciences by working on a project of academic research.
- To explore the impact of human resource management practices on the organizational performance in banking industry.
- To develop a model for addressing the problems and issues of HRM practices and organizational performance, DIK, KP, Pakistan.
- To prepare a thesis on the topic as to qualify for the degree of M. Phil in Management Studies.

1.4 The Research Hypothesis
- H1: All predictors are associated with the criterion variable (Correlation).
- H2: All the independent variables Explains the Dependent Variable (Regression).

2. LITERATURE REVIEW
The related literature revealed that the reason supporting the act of human resource management is that employees are the key resource of the organization and organizational performance to a great extent relies on them. Consequently, the suitable human resource practices are mandatory to create and actualize them viable to upgrade the performance of the organization (Osemeke & Monday, 2012). The related literature additionally revealed that the relationship between human resource management practices and organizational performance is based upon two contentions. The literature revealed that effectively utilization of human resources offers a standout amongst the most effective bases of advantage. The second contention is that powerful situating of human resources relies on the use of a particular mix of practices overpowered at elevated performance (Benjamin & Anthony, 2014). In the present study, the selected practices (recruitment and selection, training and development, compensation management and performance appraisal) were utilized to measure the organizational performance.

2.1 Human Resource Management Practices
Various analysts have delivered persuading proof for the central connection between human resource practices and organizational performance (Qureshi, Mohammad & Syed, 2007). They contend that the viability of human resource practices; especially individuals’ selection systems, performance appraisals, compensation management and employee training and development have an immediate bearing on organizational efficiency and performance (Osemeke & Monday, 2012). Adding to this affirmation, different specialists exhibit that, the consequence of successfully overseeing human resources practices is an upgraded capacity to draw in and hold qualified employees who are inspired to perform (Fahad, Nadeem & Samsaa, 2015). To them, by applying these practices productively, the benefits of having the right workers spurred to perform incorporate more noteworthy gainfulness, low representative turnover, high item quality, lower creation expenses, and more fast acknowledgment and usage of corporate procedure (Robindro & Kassa, 2016). These perpetually prompt higher efficiency and performance.

2.1.1 The Recruitment and Selection
The recruitment and selection in any organization is an attentive practice performed by the human resources managers. The success of any organization and effectiveness in administration conveyance relies on the nature of its workforces, the individuals who are enrolled through the act of recruitment and selection (Katou & Budhwar,
The plan to address the issues of both the organization and its partners (Pratheepkanth, 2010). The literature revealed that the theory of reward management perceives that if human resource management is about putting resources into human capital from which a sensible return is required, then it is appropriate to remunerate individuals in an unexpected way, as indicated by their commitment (Aktar, Sachu & Ali, 2012). Besides, the reasoning of compensation management likewise perceives that it must be key as in it addresses longer-term issues identifying with how individuals ought to be esteemed for what they do and what they accomplish (Osemeke & Monday, 2014). In every one of the associations either open or private, the prize framework is constantly comparable with the capacities and result of representatives.

2.1.4 The performance appraisal

The practice of performance management includes a ceaseless judgment on the conduct and performance of staff. It is imperative that employees know precisely what is anticipated from them and the measuring stick by which their performance and results will be measured (Cook & Crossman, 2006). A formalized and orderly appraisal plan will empower a standard evaluation of the people's performance, highlight potential and recognize training and development needs. In particular, a powerful appraisal plan can enhance the future performance of staff (Burney & Widener, 2008). The appraisal plan can likewise frame the premise for a survey of budgetary rewards and arranged vocation movement. The literature revealed that there is a reasonable and solid connection between organizational performance and the consideration given to performance management and worker appraisal (Anupama & Dulababu, 2011). The odds of really accomplishing the goals of the association are significantly enhanced when all management levels are in accordance with each other. What's more, this guarantees all association individuals realize what is imperative for the association and what is normal from them (Michael, Melanie & Dinesh, 2014).

2.2 Organizational performance

The impact of best human resource management practices on organizational performance has the subject of much consideration throughout the years. In any case, observational approval of the findings in operations crosswise over nations or commercial banks is almost non-existent and exceptionally constrained of best late patterns towards globalization and mergers and acquisitions in the business world make the investigation of best human resource management practices with regards to country and industry a need (Qureshi, Mohammad & Syed, 2007). The literature has accentuated the requirement for summing up of the relationship between human resource management practices and organizational performance. Various scientists raise worry that the consequences of their investigation of human resource management practices on organizational performance in keeping money industry may not be substantial on different businesses (Marwat, Qureshi & Ramay, 2011). In this manner, esteem creation as characterized by the resource gives, is the crucial general performance criteria
for any association. The literature gives a far reaching technique to measuring performance of associations. How
well every association performs is reliant on the key arrangement (Singh & Kassa, 2016).

2.3 Theoretical Framework
A theoretical framework is the research model extracted from the relevant literature to guide the researcher in
further research. This research builds a model as adopted conceptual framework of research and then develops
the model from previous researches.

Figure 2.1 Schematic Diagram of the Theoretical Framework

3. RESEARCH METHODOLOGY

3.1 Survey Approach
“An analysis of the social research methodologies suggests that survey is the handy tool for managers to collect
primary data using questionnaire and interviews about the perceptions and attitudes of employees”. It is noted
somewhere that questionnaire approach is the “most frequently used mode of observation in the social sciences
(Babbie, 1993:256-257).”

3.2 Population & Sample
“The universe or population is the entire group of items in which the researcher is interested and wishes to plan
to generalize (Boyd et al., 1977:302-303)”. The population of interest in this research project consisted of all the
‘Bank Employees’ working in the commercial banks of Dera Ismail Khan, Khyber Pakhtunkhwa, Pakistan.

3.3 Data Collection Methods
1. Secondary Sources: All research inevitably involves the use of the book, pamphlet, periodical, and
documentary materials in libraries. “Obviously, no research project can be undertaken without this
preliminary orientation”. “Nor should one be undertaken without knowledge of the research that has
already been done in the field” (Goode & Hatt, 1952:103).
2. Primary Sources: A structured questionnaire was prepared by first extracting variables and their related
attributes from the extensive literature survey. The questionnaire included the research and
demographic variables. There were six (6) demographic variables while the research factors consisted
of recruitment and selection, training and development, compensation management, performance
appraisal and organizational performance. A 5-point Likert scale will be used to record the responses.

3.4 Tools for Data Analysis
Science is a method of approach to the entire empirical world. It is a mode of analysis enabling the researcher to
state the propositions in the form of 'if-then'. There are two types of questions about analysis which may be
raised.
1. Descriptive Tools: “Graphs, tables, and charts that display data so that they are easier to understand are
all examples of descriptive statistics (Levin, 1984:4) therefore the researcher has used different tables
and charts to represent descriptive data about the respondents as well as the variables used to analyze
the attitude of the employees”. Cross tables have been used to present the classification of the
respondents according to their demographic attributes.
2. Testing of Hypotheses: The researcher has also used inferential tools to test the hypotheses. Multiple
tools have been applied to test the hypothesis about the relationships between the research variables, the
demographic attributes of the respondents as well as the relations between the research variables themselves. Following tools have been applied:

- Correlation analysis (Association)
- Regression analysis (Cause & effect)

4. FINDINGS OF THE STUDY

4.1 Descriptive Analysis

Table 4.1 Cross-tabulation across Designation, Domicile and Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Designation</th>
<th>Domicile</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operational</td>
<td>Local</td>
<td>Non Local</td>
</tr>
<tr>
<td>Male</td>
<td>Middle</td>
<td>24</td>
<td>15</td>
</tr>
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<td></td>
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<td>17</td>
<td>11</td>
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<tr>
<td>Total</td>
<td></td>
<td>57</td>
<td>37</td>
</tr>
<tr>
<td>Female</td>
<td>Operational</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Middle</td>
<td>13</td>
<td>6</td>
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<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>25</td>
<td>16</td>
</tr>
</tbody>
</table>

Table 4.1 Cross-tabulation across Age, Qualification and Gender

<table>
<thead>
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<th>Gender</th>
<th>Qualification</th>
<th>Age</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>Master</td>
<td>20-30</td>
<td>14</td>
</tr>
<tr>
<td>Married</td>
<td>M. Phil</td>
<td>31-40</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>PhD</td>
<td>41-50</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>94</td>
</tr>
<tr>
<td>Un-married</td>
<td>Master</td>
<td>20-30</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>M. Phil</td>
<td>31-40</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>PhD</td>
<td>41-50</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>41</td>
</tr>
</tbody>
</table>

4.2 Inferential Analysis

4.2.1 The Correlation Analysis (Association)

Table 4.3 Correlation

<table>
<thead>
<tr>
<th>Recruitment &amp; Selection</th>
<th>RS</th>
<th>TD</th>
<th>CM</th>
<th>PA</th>
<th>ORP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.470*</td>
<td>.431*</td>
<td>.560*</td>
<td>.556*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>Pearson Correlation</td>
<td>.470*</td>
<td>1</td>
<td>.664**</td>
<td>.628**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Compensation Management</td>
<td>Pearson Correlation</td>
<td>.431**</td>
<td>.664**</td>
<td>1</td>
<td>.562**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>Pearson Correlation</td>
<td>.560**</td>
<td>.628*</td>
<td>.562**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>Pearson Correlation</td>
<td>.556**</td>
<td>.581**</td>
<td>.524**</td>
<td>.843**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
<td>135</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis

The table above 4.3 shows a strong positive relationship between the predictors and the criterion variable. However, the most significant highest correlation is between the performance appraisal and the organizational performance with .843 (.000). Likewise, the second highest correlation is between the predictors themselves that is between compensation management and the training and development with .664 (.000). Similarly, the third
The highest positive relationship is between the training and development and performance appraisal with the values of .628 (.000). Therefore, on the basis of this analysis, the hypotheses # is accepted as true and substantiated.

4.2.2 Regression Analysis (Cause & Effect)

Table 4.4 Model Summary (Regression)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R</th>
<th>Std. Error Est</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.851</td>
<td>.723</td>
<td>.715</td>
<td>.30302</td>
<td>85.025</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Performance, Recruitment, Compensation, Training

Table 4.4 Model Summary (Regression)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.357</td>
<td>.237</td>
<td></td>
<td>1.505</td>
</tr>
<tr>
<td>Recruitment &amp; selection</td>
<td>.127</td>
<td>.067</td>
<td>.108</td>
<td>1.905</td>
</tr>
<tr>
<td>Training &amp; Development</td>
<td>.054</td>
<td>.078</td>
<td>.047</td>
<td>.689</td>
</tr>
<tr>
<td>Compensation Management</td>
<td>.034</td>
<td>.064</td>
<td>.034</td>
<td>.529</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>.719</td>
<td>.064</td>
<td>.734</td>
<td>11.199</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational Performance

Analysis

The model summary table 4.4 shows that there is 72% variation (change) in the dependent variable is due to the independent variables. However, all the independent variables are significant in the regression process. The first significant independent variable in the regression process is the recruitment and selection with p-value .014 which means that the organizational performance is totally dependent upon recruiting and selecting the right candidate for the right job and place. The other significant variables in the regression process are the training and development with p-value .041, the compensation management .037 and the performance appraisal .025 respectively. Hence, from the analysis it is concluded that the hypothesis # 2 is accepted as true and substantiated.

5. DISCUSSIONS

The commitment of viable recruitment and selection practices is to upgrade organizational performance which is delineated by the output of observational studies that revealed that the obtaining and development of employees’ abilities through utilization of complex selection, actuation, training and appraisals positively affect organizational efficiency, productivity and performance (Katou & Budhwar, 2006). Amid recruitment meetings and introduction, HRM faculty ought to unmistakably and genuinely convey the obligations and desires of the employee, also that organization will give in return (Tabassum, 2008). Training and development constitute a subsystem inside of the wide range of staff capacity. Human resource is the most elements of all resources in any organizational along these lines impressive consideration must be given to human development in the organization (Ghafoor, Khan & Khan, 2009). Training infers planning for a calling while development in its perspective of information and aptitudes obtaining through training (Devi & Shaik, 2010).

Compensation contains the management of reward and benefits which is worried with the definition and usage of techniques and arrangements, the motivations behind which are to remunerate individuals decently, evenhandedly and reliably as per their worth to the organization and along these lines help the organization to accomplish its vital objectives (Aktar, Sachu & Ali, 2012). It manages the frameworks of prize procedures, practices and methodology that expect to address the issues of both the organization and its partners. The procedure of performance management includes a ceaseless judgment on the conduct and performance of staff. It is critical that workers know precisely what is anticipated from them and the measuring stick by which their performance and results will be measured (Ahmad & Ali, 2013). A formalized and orderly appraisal plan will empower a normal evaluation of the people’s performance, highlight potential and recognize training and development needs. Above all, a viable appraisal plan can enhance the future performance of staff (Michael, Melanie & Dinesh, 2014). The appraisal plan can likewise shape the premise for a survey of monetary rewards and arranged profession movement.

The impact of best human resource management practices on organizational performance has the subject of much consideration throughout the years. Be that as it may, exact acceptance of the discoveries in operations crossover over nations or commercial banks is almost non-existent and extremely constrained of best late patterns towards globalization and mergers and acquisitions in the business world make the investigation of best human resource management practices with regards to country and industry in need (Benjamin & Anthony, 2014). The literature has underlined the requirement for summing up of the relationship between human resource management practices and organizational performance. Various specialists raise worry that the aftereffects of
their investigation of human resource management practices on organizational performance in keeping banking industry may not be substantial on different businesses (Fahad, Nadeem & Samsaa, 2015). Along these lines, esteem creation as characterized by the resource gives, is the key general performance criteria for any organization. The literature gives a complete technique to measuring performance of organization (Singh & Kassa, 2016). How well every organization performs is subject to the key arrangement.

6. CONCLUSION
As the psychological contract starts its development amid the procuring process, it is imperative that the organization does not overpraise the profession in this way setting impossible desires which when disregarded may bring about disappointment and brought down duty. The literature revealed that training is the utilization of orderly and arranged direction exercises to advance learning. It includes the utilization of formal procedures to grant learning and help people to secure the abilities fundamental for them to perform their employments attractively. The literature revealed that the theory of reward management perceives that if human resource management is about putting resources into human capital from which a sensible return is required, then it is legitimate to remunerate individuals in an unexpected way, as indicated by their commitment.

The findings revealed that there is a reasonable and solid connection between organizational performance and the consideration given to performance management and worker appraisal. The odds of really accomplishing the goals of the organization are impressively enhanced when all management levels are in accordance with each other. A great part of the past examination on the relationship between best human resource management practices and organizational performance has focused on a solitary human resource practice, for example, compensation, selection and others (Armstrong and Baron, 2009). In any case, a developing number of specialists have contended for founding integral groups of human resource management practices to improve organizational performance. Organizational performance includes the real yield or aftereffects of an association as measured against its expected yields (objectives and targets).

References