

**AN ANALYSIS OF THE EFFECTS OF SELECTED HUMAN RESOURCE MANAGEMENT PRACTICES ON THE CORPORATE PERFORMANCE OF A MULTINATIONAL COMPANY, WESTERN NIGERIA**

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**Abstract**

*Studies have attempted to recommend designs of various HR systems to achieve organizational goals as well as determine best set of complementing HR practices that will indeed boost performance. However, several limitations spanning from different levels of analysis, size of firm, union status of organizations and business environment have limited the acceptability of several advancements, hence, the need for a contextual study such as this. It therefore sets to discover if systems of high-performance HR practices will boost productivity. It equally examines if complementing high-performance HR practices will boost productivity. The study engages Pearson's product-moment correlation coefficient at 0.01 level of significance for degree of freedom 2 to test these hypotheses. Moreover, regression analysis was employed to measure the contribution of the independent variable to the dependent variable while student-t-test, beta and F-ratio were used to test the relationship in terms of nature and strength. Our findings revealed that high-performance HR practices will boost productivity. It equally ascertained that complementing high-performance HR will improve productivity of staff.*

*Keywords: Human Resources Management Practices, Corporate Performance, Multinational Company, Western Nigeria*

**INTRODUCTION**

Contemporary organizations are constantly confronting pressures to improve service and productivity. The precariousness of the external working environment and the rapid rate of technological change increasingly demand innovative means of improving business performance and securing competitive advantage. People are the recognized prime

determinants of competitive advantage and the need for effective manpower management has become more important than ever before.

The task of effective human resource manager in recent times has gone beyond just the HR unit of the organization alone. The responsibility for exploring the potentials of the people in work settings for maximum performance is now shared between senior managers, HR professionals and line managers. However, the challenges facing today's organization provides an ideal occasion for the diverse HR practices to prove its ability to contribute towards corporate performance. HR in organizations is considered as a critical component in the maintenance and improvement of corporate performance (Bowen and Ostroff, 2004; Ostroff and Bowen, 2000). Moreover, HR is assumed to affect knowledge, skills, abilities (Schuler and Jackson, 1995), attitudes and behaviour of employees Guest, (2002), and may affect the performance of an organisation (Den Hartog et al., 2004). Research shows that the human element in organisations is an indispensable variable as organizations try to stay ahead of competition. Research further reveals that HR can play a decisive role in organisational performance (Arthur 1994; Becker and Gerhart, 1996; Boselie et al., 2005; Guest et al., 2003; Wood, 1999; Youndt et al., 1996). Two factors have been assumed to be important factors in explaining the link between HR and corporate performance. Baron and Kreps (1999) identified these two factors as:

1. The alignment of HR with the organisation strategy (strategic fit) and
2. The alignment of the various HR practices, such as career opportunities, training and appraisal, within the organisation (internal fit)

Baron and Kreps hypothesize that when HR within an organisation is well aligned, and employees know what is expected of them, they will invariably act similarly and have uniform expectations about work and behaviour. It is on this note that this study is conceived. It strives to find out if systems of high-performance HR practices will boost productivity. Its findings is expected to indicate whether complementing high-performance HR practices will boost productivity in the organization under study.

### **Hypotheses**

Based on the findings of Arthur (1994) that firms, which embrace 'collaborative' HR systems had lower turnover rates and higher productivity than firms with 'calculative' systems whose emphasis is efficiency and the reduction of labour costs, it has been hypothesized (in the null form) that:

- (a) Systems of high-performance HR practices will not boost productivity.
- (b) Complementing high-performance HR practices will not boost productivity.

The above hypotheses were tested using Pearson's product-moment correlation coefficient at 0.01 level of significance for degree of freedom 2. It was used to establish the relationship between dependent and independent variables. Also, regression analysis was used to measure the contribution of the independent variable to the dependent variable. Finally, the relationship in terms of nature and strength were tested using student-t-test, beta and F-ratio.

### **Exposition of Research on Human Resources Management**

Researchers into human resource management have accentuated that HR practices may lead to higher organization performance and be the essence of sustained competitive advantages (Wright et al., 2001). Huselid, (1995) opines that there is an increasing accord that HR policies can, if properly organized, offer a significant contribution to corporate performance. The use of High Performance Work Practices can improve the knowledge, skills and abilities of an organization's current and prospective employees. These practices can increase employee motivation, decrease absenteeism, and boost retention of value-driven employees while giving room to redundant workers to leave the organization (Jones and Wright, 1992; U.S. Department of Labour 1993). However put, an organization's choice of employment practices, policies and strategies will determine the productivity of its workers.

This study explores leading theories in human resource management–performance linkage research. The HR literature holds that theories whose focus are on the productivity effects of work practices often center on modes in which compensation policies, such as profit sharing, efficiency wage payments, or other forms of incentive pay, can affect workers productivity. Other theories imply that bringing individual but related HR practices together in a HR system may be vital determinants of productivity than individual work practices.

This discourse also explores diverse human resource management practices as evaluated in literature. Guest, (2002) argued that the effect of HR on corporate performance is contingent upon individual employee's response to constituted HR practices. Therefore, the impact will move in direction of the perception of HR practices by the employee. Patterson et al. (1997) while discussing impact of HR practices on performance asserted that HR practices covering selection and training greatly influence performance by providing appropriate skills. Their research revealed that HR practices have prevailing impact on corporate performance even if measured as productivity. The crux of the discourse in this work will be the discussion of the selected HR practices under the categories of 'calculative' or 'collaborative' HR practices.

## THEORETICAL INSIGHTS

The contingency approach to HR management is premised on the basis of no one best way to manage employees for high performance. The theory holds that HR practices must be tailored to the particular circumstances been confronted by an organization. The contingency perspective (also called the situational approach) assumes that there is no universally acceptable response to issues bothering on HR systems that ensure increased performance of employees because organizations, people, and situations are dynamic and do change over time (Baird and Meshoulam, 1988). Thus, the appropriate approach towards increasing the corporate performance rating is dependent on a complex variety of critical environmental and internal contingencies.

Contingency theory begins with the assertion of "it depends," stating that the way out to any one managerial impasse is dependent on the factors that impinge on the situation. For instance, where slight distinction in materials exists in the production process, it becomes pertinent to assign work into highly routine tasks. However, where distinction is high, requiring many judgments concerning which material is suitable and which is not, managers will want to avoid making tasks routine. Another illustration that supports this assertion focuses on training. Human relations training might be more effective under what Porter, (1980) terms a differentiator, as opposed to a cost-leadership strategy. The differentiator relies heavily on innovation and teamwork, so that the returns to human relations training could be imagined to be greater under new circumstances.

The Contingency approach is organizationally rooted on the postulation that the choice of a blend of Human Resource Management practices is influenced by the strategy engaged in the organization. This assertion further holds that the choice of strategy is influenced by business oriented environmental factors and those organizations which achieve 'vertical fit' between Human Resource Management practices, strategic choices and environmental features will achieve better results than other organizations (Baird and Meshoulam, 1988; Youndt et al., 1996).

The effectiveness of an organization's HR policies according to the argument of the contingency approach demands a consistency with other aspects of the organization. The primal contingency factor is considered to be the organization's strategy; hence, HR practices are expected to be consistent with the organization's strategy. Corporate performance will be enhanced when the right fit between corporate strategy and HR practice is achieved (Schuler, 1989). This perspective negates the existence of the best practices in managing human resources.

The contingency view has a sizeable theoretical appeal premised in the western literature dealing with organizational design and management (Thompson, 1967). In the case of

HR systems, Schuler, (1989) identifies a set of behavioural patterns which he proposes to be determined by corporate strategic needs (e.g., risk taking versus risk avoidance, cooperation versus independent action, rule adherence versus innovation); these in turn are achieved by the selection of appropriate HRM practices in such areas as staffing, assessment, training and development, and compensation. This suggests that no one practice can match an organizational strategy to achieve an identified corporate goal. Begin, (1991) offers a comparable framework, one poised to comprehend corporate HR systems across the nation. He identified a multi-tiered set of system expectations, these expectations range from employee proficiency to system incorporation and financial elasticity—all of which ultimately inform corporate performance – driving the choice of Human Resource Management system components.

The situational perspective of the contingency theory has been a major attraction among researchers. They have argued that the productivity of an organization and its HR practice must of necessity conform to other facets and strategies of the organization (Arthur, 1994; Sanz-Valle et al., 1999; Schuler and Jackson, 1987; Sparrow et al., 1994; Youndt et al., 1996). Schuler and Jackson, (1987) having adopted the concept of synergy, suggest that if HR practices are not consistent with corporate strategies, then they can be more competitively disadvantageous than advantageous by restraining both individual and corporate performance. Indeed, one objective of research within the contingency framework is to specify those dimensions and conditions that do affect a situation and those that do not. Irrespective of the success that has been recorded in the utilization of this approach towards increased corporate performance, there have been numerous criticisms.

The contingency approach was useful in recognizing that the complication attendant to comprehending human and corporate systems has made it challenging to develop a universally acceptable system of management principle. A major criticism beckons on the question of whether management can be practiced by intuition given that the contingency approach points to every situation as a unique one, thereby negating the value of prior knowledge and wisdom.

From a research perspective, it has been found lacking in the requirement for postulating a theory whose validity of assumptions is expected to be steady and unchanging even when differing assumptions are postulated. In a contingency framework, if differing results are obtained, the contingency response would be that the situation is unique or that essential dimensions affecting the situation were not tested. Thus, showing that contradictory assumptions disprove the theory would be difficult at best.

## METHODOLOGY

### Research Design

The research design for this study was a descriptive in nature using survey design. It elicited responses from an array of employees of the organization of study.

### Research Instruments

An empirical investigation was conducted through the use of questionnaire. The questionnaire consist of three sections; corporate performance, human resources practices and demographics. The demographics questions consisted of items that sought information with regard to: gender, age, education, number of years' experience within the industry and the organization currently which the respondent works. The corporate performance section consisted of 2 items to measure productivity and turnover. The human resources practices section consisted of 36 items to measure selection, compensation, job definition, employee participation, career planning, performance appraisal and training. The human resources practices and the indicators of performance–productivity and turnover – in the questionnaire were scored on a 7-point Likert-type scale (also known as the summated rating scale) with 1 expressing very strongly disagree, 2 strongly disagree, 3 disagree, 4 fairly agree, 5 agree, 6 strongly agree and 7 very strongly agree.

### Population of Study and Sample Size

The staff of the multinational company at Agbara plant represents the population of this study. The total population in figure is one hundred and eighty-five (185). Out of which one hundred and thirty-five (135) were selected. The company was reticulated into thirteen (13) department- Production, Engineering, Nutritional Health Drinks, Procurement, Over The Counter, Finance, Supply & Warehouse, Occupational Harzard Category, Environmental Health & Safety, Security, Human Resources, Quality Assurance and Operational Excellence. Proportional sample technique was used to select sample from each department. Hence, each department produced sample based on the strength of its staff.

### Data Reliability

The Cronbach alpha coefficient was used to test the reliability of the measurement scale in this study. Dwelling on this test, the Cronbach Alpha coefficient was .976 for the 48 items analysed together as evidenced in table1 below.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.976	48

This shows that these items are highly reliable. It therefore suffices to say that the individual items in the scale have been found and adjudged to be highly reliable; hence the results that will be derived from their analysis can be depended upon and used in policy formulation and strategy implementation.

### Content Validity

In this study, content validity was ascertained by the adoption of a questionnaire by an expert.

### Statistical Analysis

The returned questionnaires were screened for comprehensiveness. Afterward, the responses from the appropriate research questionnaires were captured, coded and inputted into a database using the Statistical Product and Service Solutions (SPSS; Formerly known as Statistical Package for the Social Sciences). The following statistical methods were utilized on the empirical data set to test the hypotheses: Analysis of variance, Pearson's product-moment correlation and multiple regression.

## RESULTS

The **Descriptive Statistics of Dependent and Independent variable** is shown in Table 2 below. This table includes descriptive statistics for each variable. Specifically, the table includes the number of cases (N), the range, the mean, the standard deviation, and the variance. Of greatest interest here are the mean scores for productivity (5.33) and for labour turnover (5.15) as well as that of the calculative HR practices (5.1256) and collaborative HR practices (4.9550).

Table 2: Descriptive Statistics of Dependent and Independent Variables

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Productivity	135	5	2	7	5.33	.076	.880	.774
Labour Turnover	135	6	1	7	5.15	.101	1.175	1.381
Calculative HR Practices	135	3.96	2.53	6.50	5.1256	.06636	.77101	.594
Collaborative HR Practices	135	5.24	1.38	6.62	4.9550	.08355	.97079	.942

Using SPSS v. 15 to determine the relationship between the calculative and collaborative HR practices, table 3 below reveals the results of the of the correlation analysis of the dependent and independent variables.

Table 3: Correlations of Calculative and Collaborative HR Practices

N=135		Productivity	Labour Turnover
Calculative HR Practices	Pearson Correlation	.337(**)	.482(**)
	Sig. (2-tailed)	.000	.000
Collaborative HR Practices	Pearson Correlation	.220(*)	.353(**)
	Sig. (2-tailed)	.010	.000

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

## INTERPRETATION OF RESULTS

The relationship between independent variables - calculative HR practices and collaborative HR practices – and dependent variables – productivity and Labour turnover – having been investigated using the Pearson product-moment correlation coefficient revealed a significant relationship between the dependent and independent variables. There was a moderate correlation between the calculative HR practices, productivity and Labour turnover [ $r=.337$  (productivity),  $r=.482$  (labour turnover),  $n=135$ ,  $p<.0005$ ], with calculative HR practices been more associated with increased turnover than with productivity. On the other hand, collaborative HR practices has a slight correlation with productivity [ $r=.220$ ,  $p<.010$ ] and a moderate correlation with Labour Turnover [ $r=.353$ ,  $p<.0005$ ]. The collaborative system of high-performance HR practice negates our hypothesis 1 when compared with the calculative system of high-performance HR practice. Hence, we accept the hypothesis that asserts that systems of High-performance HR practices will boost productivity.

The standard multiple regression was used to generate results that will indicate how well the set of variables representing Complementing High-performance HR practices is able to predict employee turnover and productivity. In order to find the relationship between the individual HR practices and employee turnover and productivity, the Pearson's product-moment correlation coefficient was used.

The individual HR practices used in this study have been identified in literature. The combined HR practices that make up the independent variables in this study have been identified as the complementing HR practices for this second hypothesis.

Table 2 showed the descriptive statistics of the dependent and independent variables that make up hypothesis 2, while Table 3 above showed the correlations between the dependent



variables—productivity and labour turnover—and independent variables—training, selection, compensation, career planning, performance appraisal, job definition, and employee participation—to determine the level of relationship each HR practice bears on productivity and turnover. The table reveals that there are statistically significant relationships between the dependent and independent variables.

Table 4a below is the model summary. It shows how much of the variance in the dependent variable (productivity) is explained by the model (which includes the variables of Total Selection, Total Employee Participation, Total Job Definition, Total Training, Total Compensation, Total Performance Appraisal, and Total Career Planning). In this case the R square value is .212. Expressed by a percentage, this means that our model (which includes Total Selection, Total Employee Participation, Total Job Definition, Total Training, Total Compensation, Total Performance Appraisal, and Total Career Planning) explains 21.2% of the variance in productivity.

Table 4a: Descriptive Statistics of Dependent and Independent Variables

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Productivity	135	5	2	7	5.33	.076	.880	.774
Labour Turnover	135	6	1	7	5.15	.101	1.175	1.381
Total Training	135	4.33	2.33	6.67	5.1506	.06941	.80650	.650
Total Performance Appraisal	135	4.86	1.71	6.57	5.0825	.07567	.87915	.773
Total Career Planning	135	5.29	1.43	6.71	4.9397	.08438	.98038	.961
Total Employee Participation	135	5.33	1.33	6.67	4.9704	.09223	1.07162	1.148
Total Job Definition	135	5.00	2.00	7.00	5.2815	.07244	.84168	.708
Total Compensation	135	6.00	1.00	7.00	4.9170	.09201	1.06907	1.143
Total Selection	135	4.25	2.75	7.00	5.1963	.07777	.90365	.817
Valid N (listwise)	135							

Note: a. Predictors: (Constant), Total Selection, Total Employee Participation, Total Job Definition, Total Training, Total Compensation, Total Performance Appraisal, Total Career Planning

Table 4b below shows the assessment of the statistical significance of the result. This tests the null hypothesis that multiple R in the population equals 0. The model in this table reaches statistical significance (Sig = .000)

a Predictors: (Constant), Total Selection, Total Employee Participation, Total Job Definition, Total Training, Total Compensation, Total Performance Appraisal, Total Career Planning

b Dependent Variable: Productivity

The Table 4b also shows which of the variables included in the model contributed to the prediction of the dependent variable. The study is interested in comparing the contribution of each independent variable; therefore beta values are used for the comparison. In this table, the largest beta coefficient is -.390 which is for Total Performance Appraisal. This means that Total Performance Appraisal makes the strongest unique contribution to explaining the dependent variable – productivity – when the variance explained by all other variables in the model is controlled for.

Table 4b: Correlations of Dependent and Independent Variables

N=135	Productivity	Labour Turnover	Total Training	Total Performance Appraisal	Total Career Planning	Total Employee Participation	Total Job Definition	Total Compensation	Total Selection
Productivity	1	.263(**)	.342(**)	.199(*)	.243(**)	.177(*)	.354(**)	.277(**)	.283(**)
		.002	.000	.020	.005	.040	.000	.001	.001
Labour Turnover	.263(**)	1	.387(**)	.431(**)	.341(**)	.327(**)	.435(**)	.356(**)	.464(**)
	.002		.000	.000	.000	.000	.000	.000	.000
Total Training	.342(**)	.387(**)	1	.731(**)	.709(**)	.557(**)	.601(**)	.654(**)	.694(**)
	.000	.000		.000	.000	.000	.000	.000	.000
Total Performance Appraisal	.199(*)	.431(**)	.731(**)	1	.815(**)	.651(**)	.671(**)	.789(**)	.684(**)
	.020	.000	.000		.000	.000	.000	.000	.000
Total Career Planning	.243(**)	.341(**)	.709(**)	.815(**)	1	.790(**)	.650(**)	.871(**)	.686(**)
	.005	.000	.000	.000		.000	.000	.000	.000
Total Employee Participation	.177(*)	.327(**)	.557(**)	.651(**)	.790(**)	1	.565(**)	.757(**)	.619(**)
	.040	.000	.000	.000	.000		.000	.000	.000
Total Job Definition	.354(**)	.435(**)	.601(**)	.671(**)	.650(**)	.565(**)	1	.586(**)	.632(**)
	.000	.000	.000	.000	.000	.000		.000	.000
Total Compensation	.277(**)	.356(**)	.654(**)	.789(**)	.871(**)	.757(**)	.586(**)	1	.621(**)
	.001	.000	.000	.000	.000	.000	.000		.000
Total Selection	.283(**)	.464(**)	.694(**)	.684(**)	.686(**)	.619(**)	.632(**)	.621(**)	1
	.001	.000	.000	.000	.000	.000	.000	.000	

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

Table 4c below also seeks to explain which of the variables is making a statistically significant unique contribution to the model. It is important to state here that this is dependent on the variables that are included in the model, and how much overlap there is among the independent variables.

Table 4c: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.460(a)	.212	.168		.802

Note: a. Dependent Variable: Productivity

Further, looking at the Sig. column in table 4d below, it reveals that total training, total performance appraisal, total job definition and total compensation made a unique, and statistically significant, contribution to the prediction of productivity level, hence, we accept the hypothesis.

Table 4d: ANOVA (b)

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	21.947	7	3.135	4.873	.000(a)
	Residual	81.712	127	.643		
	Total	103.659	134			

## DISCUSSION

Ichniowski et al., (1997), found the impact of 'cooperative and innovative' HR practices to have a positive and considerable effect on firm efficiency. This finding concurs with that of Arthur, (1994) which revealed that firms that embrace 'collaborative' HR systems had lower turnover rates and higher productivity than firms with 'calculative' systems whose emphasis is efficiency and the reduction of labour costs. This assertion of Arthur, (1994) supports our findings in this study and helps to validate our decision to reject the null hypothesis.

The implication of the results presented suggests that collaborative HR practices have contributed more significantly towards productivity than calculative HR practices; hence, for enhanced productivity in the organization, management is advised to focus more engaging employee participation and career planning programs. This will lead to the employees been more committed to the task given to them.

This study found out that a combination of complementing HR practices will invariably lead to enhanced productivity of the organization. This discovery is substantiated by MacDuffie,

(1995) where he found that 'combinations' of internally consistent HR practices were linked with greater productivity and quality in 62 automotive plants.

The HR practices identified as contributing significantly to the improved productivity of the organization should be supportive, complementing one another's strengths and the degree of contribution to the productivity level of the organization. Baird and Meshoulam, (1988) asserted that corporate performance will be improved to the degree that organizations engage HR practices that support one another (the internal fit).

A review of the HR practices deduced as having contributed to the improvement of productivity reveals that they fit together, hence, they promote value-based HR activities. Osterman, (1994) found that organizations that place high value on employee commitment, for example, are not likely to use term employees rather they are likely to invest in innovative work practices such as skills training and incentive compensation. Huselid, (1995) posits that the effectiveness of employee participation systems will be improved if employees are aware of that their efforts will be rewarded and has the tendency to ensure their advancement.

Calculative HR practices if emphasized above collaborative HR practices will generate more labour turnover than the collaborative practices. Therefore the reduction of labour turnover will demand the intensification of collaborative HR practices in order to ascertain employee loyalty to the cause of the organization. Calculative HR practices have been discovered to be individualised and performance-oriented practices yet they do not promote productivity as collaborative HR practices do. Collaborative HR practices seek to enhance the commitment of the employee and from this study it can be deduced that commitment-oriented practices will improve productivity and reduce turnover when considered against the calculative HR practices which are control-oriented. Therefore, the two hypotheses tested were found to be accepted as they were statistically established to be significant. The explanation of the findings is given in the following discuss.

### **Theoretical Findings**

The Contingency approach to the discourse of HR-performance found expression in the postulation that confirms that a blend of HR practices is influenced by organizational strategy. Further revelations indicate that the choice of strategy is influenced by a determination of the 'vertical fit' between HR practices, strategic choices and environmental features, thus a better output in terms of performance will be achieved. (Baird and Meshoulam, 1988; Youndt et al., 1996)

Motivation enhancing practices were reported to have a positive influence on employee commitment, and ultimately result in motivational outcomes. Consistent with the perceived organizational support arguments, HR practices such as compensation, rewards generating

performance appraisal, incentives and other rewards-for-performance signal a positive estimation of employee efforts thus increasing reciprocal obligation (Meyer and Allen 1997; Rhoades et al. 2001). Furthermore, Klein's (1987) asserts that employee's interests in the organization are aligned towards greater commitment and corporate loyalty if financial rewards are calculated to boost dedication to performance. However, these practices may not give an assurance of sustained high performance unless the compensation level favours employees even during turnover.

The resource-based view model of human resource management confirms that high-performance organizations focus basically on the development and retention of the skills and knowledge of workers. It seeks not to fit human resource management practices to the multiple and emergent strategies of organisations so that the development of complementing HR practices can pave the way for employee development.

Employee training as an important part of human resources is a form of investment in human capital. It advances further the human resource practices of recruitment and selection. Once recruitment and selection processes are concluded, training programs are put up to enhance job skills. Training programs enable new employees to align their skills and knowledge towards achieving corporate strategies. The essence of training has been to ensure that employees discharge their assignment maximally and to the best of their capacities. It also gives room for employees to correct deficiencies in performance levels (Gomez-Mejia et al., 1995).

Singh (2004) asserts that compensation is a mechanism using financial and non-financial incentives, pay and benefits to align employee behaviour with corporate strategy. Kalleberg and Moody, (1994) reported that compensation is positively associated to the performance of the organization. The compensation policy that favours higher rewards leads to a harmonious relationship between management and employees, thus leading to a reduction in turnover (Kalleberg and Moody, 1994; Arthur, 1994).

Research findings have indicated positive correlation between compensation, performance-oriented pay and corporate performance as indicated in productivity (Delaney and Huselid, 1996; Lazear, 1996). Performance appraisals have been revealed to be more concerned with employee wellbeing, development and motivation of staff. McGregor, (1957) reports that performance appraisal targets effective supervision that often leads to employee development and culminate in increased productivity. Findings have identified areas of emphasis for performance reviews as those vital to the performances of employees in the workplace with intent to know how well they are faring while proffering suggestions for enhanced productivity. Wright et al., (2003) have argued that an employee will bring to bear his

discretion to work if proper performance appraisal is obtainable and is propped up by compensation system linked with the performance management system.

Job definition, if clearly outlined and unambiguously communicated to the employee will achieve supervisory expectations in areas of task accomplishment, skill enhancement, team coherence and realization of corporate goals (Qureshi et al., 2006)

### **Empirical Findings**

The finding of Ichniowski et al., (1997) perfectly fits our study on compensation as a major independent variable that impacts on employee productivity. It discovered that performance-driven compensation is applied to both calculative and collaborative HR systems. A distilling factor in the study reveals the implications for industrial relations practice. In a unionized organization such as was studied in this research work, performance-based compensation formed part of collaborative HR, and trade unions gained a representative role.

The results of the research conducted by Qureshi, (2006) regarding impact of HR practices on corporate performance in Pakistan were tangential with our finding that HR practice system affects corporate performance indicating positive employee outcomes. Ichniowski et al., (1997), found the impact of 'cooperative and innovative' HR practices to have a positive and considerable effect on firm efficiency. This finding concurs with that of this assertion by Arthur (1994) supports our findings in this study and helps to validate our decision to reject the proposition that systems of high-performance HR practices do not boost productivity.

The implication of the results presented suggests that collaborative HR practices have contributed more significantly towards productivity than calculative HR practices. Collaborative HR practices seek to enhance the commitment of the employee and from this study it can be deduced that commitment-oriented practices will improve productivity and reduce turnover when considered against the calculative HR practices which are control-oriented. This study has found out that a combination of complementing HR practices will invariably lead to enhanced productivity of the organization. This discovery is substantiated by MacDuffie, (1995) where he found that 'combinations' of internally consistent HR practices were linked with greater productivity and quality in 62 automotive plants.

### **RECOMMENDATIONS**

Having reviewed complementing HR practices under the AMO framework of Ability, Motivation and Opportunity, it is important for managers to note that for employees to engage in behaviours that are beneficial to the sustainability of organizational competitive advantage the three conditions of AMO must apply.

1. There must be sufficient number of employees with the required ability (skills, experience, knowledge, etc) to do current and potential jobs.
2. There must be reasonable motivation for them to maximally utilize their abilities. These motivational factors could take the form of financial or non-financial incentives but must certainly include social rewards (and sanctions) and recognition of input as applied by co-workers and immediate bosses.
3. There must be an opportunity to engage in discretionary behaviour (thus the importance of job definition). Opportunity is the invitation to have employees participate and get involved in organizational tasks of goal attainment. This should occur both within the job itself in terms of how the job can best be done (known as 'on-line participation') and outside the job as a member of a team or work area, and a 'citizen' of the organisation (off line-participation).

From the results derived from hypothesis 1, management is advised to focus more engaging employee participation and career planning programs. This will lead to the employees been more committed to the task given to them. Calculative HR practices if emphasized above collaborative HR practices will generate more labour turnover than the collaborative practices. Therefore the reduction of labour turnover will demand the intensification of collaborative HR practices in order to ascertain employee loyalty to the cause of the organization. Calculative HR practices have been discovered to be individualised and performance-oriented practices yet they do not promote productivity as collaborative HR practices do.

## CONCLUSION

Whilst the conclusion of this study does not differ substantially from those obtained by other scholars, a contextual approach, with fuller attention to a unionized organization as a whole, enabled the researchers to re-appraise the relationship between HR practices and performance. Thus, performance was defined in terms of productivity and labour turnover that corresponds to the HR practices in place. Moreover, performance was measured subjectively in intra-organizational output and an effort was made to avoid undue emphasis on strictly financial or economic parameters. The intention, then, was to obtain insight on both human resource management practices and corporate performance in terms of productivity and turnover. The methodology used was essentially quantitative, although it also entailed a level of narrative analysis in the literature review. For this reason, focus was on comparison of opposites, namely 'calculative' HR practices on the one hand and 'collaborative' HR practices on the other. This is a strategy geared to highlighting variations found in different HR systems/contexts. Like previous researchers cited in this study, we can conclude that innovative HR practices has a

positive impact on corporate performance, particularly if the organization adapts complementing HR practices that boosts productivity while reducing turnover.

## IMPLICATIONS FOR FURTHER RESEARCH

As a way of advancing the field of Human Resource Management, further studies can be carried out to address the following deficiencies in the HR-Performance research.

- More theoretical approaches should be tested for wide acceptability given that the acceptable theories in this research area are concentrated on a few paradigm.
- Second, research methods differ in analyzing the linkage between HR and Performance, thus, a review of effective techniques for measuring and analyzing the variables in this research area should be advanced.

The recommendations that are derived from the previous research are somewhat not applicable to different sizes of organizations, thus, research can be advanced considering the levels of business organizations such as SME's, Private Institutions, Public Institutions, Multinationals and their subsidiaries.

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