THE IMPACT OF HR PRACTICES ON THE PERFORMANCE OF MULTINATIONAL COMPANIES OPERATING IN PAKISTAN

Uamara Sheikh[1], Amna Naveed[2] & Sajid Ali khan[2]

[1]M. Phil Scholar, Superior University, Pakistan
[2]Department of Humanities, COMSATS, Lahore, Pakistan

ABSTRACT

Multinational companies have always been ready to offer Fast Moving Consumer Goods (FMCG) in developed and under developed countries. They always focus on rapid expansion through employee performance. The current study is quantitative in nature and examines the function of human resource management and implication of its practices (including: performance appraisal, career planning, employee participation, job definition, compensation, selection and performance as perceived by the respondents) and its effects on employee performance. For the current study a closed ended questioner was used to collect the data. Respondents from (Nestle & Unilever Pakistan) were given Likert scale based survey questioners. Data was analyzed by using descriptive statistics correlation & regression method to find relationship between independent and dependent variables i.e. performance appraisal, career planning, employee participation, job definition, compensation, selection and performance as perceived by the respondents.

Keywords: *HR Practices, Pakistan Multinational Companies, Performance*

INTRODUCTION

Human resource is considered lifeblood for any organization because it keeps them alive and helps to flourish. According to Becker and Husield (1998) human resource is one of the sources of competitive advantage for any business. Values, attitudes, opinion and behavior which form these resources, have impact on employee performance. The current paper investigates if HR Practices are good for employees and how does it affect them. Unilever Pakistan (formerly Lever Brothers Pakistan), has been operating in Pakistan since 1947. Unilever was well established before 20th century, and its leads to the prismatic that Unilever must acquire excellence in their standard to enter in 2020, for this target Human Resource management playing a leading role to magnetize, increase and keep the precise talent.

The management is also striving to raise its current and future leaders to create better employee performance culture which valued our norms and further variety within organization. "Unilever's annual report, 2013"Our organization has structured HR polices which make the working environment fit to improve the employee performance to capture the fast growing change and demand and it's our organization ambition. We know that HR Practices have good impact on organization and engage organizations is an efficient way and good employees performance have power to passionate and advocate for our brands and products, with the help of HR department strong strategy Unilever's managerial structure become stronger. And its range of brands is more competitive. In the last five years the Turnover ratio is around10 billion and shareholders have getting uncertainly profit at Unilever, with a 98% cumulative Total Shareholder Return (TSR).

Nestle (Food & Beverage) Pakistan is a subordinate of Nestle and working in Pakistan since 1988 under a joint venture with Milk Pak Ltd. It was established in 1988 and its HR department was introduced in 1991. Since they aim at choosing the right person for the right place therefore Nestle was chosen for data collection. The HR management decided that they would devoted their employees and utilized the HR practices in the best way to achieve organization tasked and within ten years, this organization won a position among top 25 companies of Karachi stock exchange. In 2013 Nestle was the third largest selling brand company.

The Policies of HR in Nestle Pakistan emphasis that each employee has a separate liability in dealing with people be it as a leader of a team or as a peer. HR practices have good impact on their employee performance and their organization. "The approach, inspired partly by Boselie Dietz and Boon (2005) is based on the idea of a set of best, universal HRM practices as per their situation that adopting them leads to superior organizational performances."

LITERATURE REVIEW
HRM Policy is the most important strategic resource for any organization. HRM plays vital role in planning, monitoring, motivating and meditating rather than controlling orientated task alone (Truss, 2001). According to Huselid (1995) if we adopt best practices like selection and in case of Selection pouring the best quality of skill set which accelerates the value of skill record in specific to the organization and the performance of the employees. Moreover, training is also

significant as it refers the selection practices which could be help full in developing a competitive organization to culture.

Cooke (2000) has incorporated efficiency and effectiveness as the most important elements of performance; apart from competitiveness and productivity. In addition, he has admitted that the practices of Human Resource are supportive in developing the knowledge as well as skills as a method to increase employees' performance (efficiency as well as effectiveness). Summers and Hyman (2005) assert that the schemes of financial contribution are more advantageous for the organizations than the associated cost. According to Datta, Guthrie and Wright (2003), firm can get high growth output with the   use of the best Human Resource practices.

Compensation
"According to Çalişkan (2010), there are three aspects of the same scenario. Firstly there are some goods or services which are not paid via cash. Secondly, they dive deep down to see if any part is paid in an informal way. Thirdly, they also want to analyze the reasons which force employers to pay in the form of goods instead of cash."

Employee participation
Employee participation increases employees' self-confidence and develops productive (talking about employees' part in decision). Researchers (Wright, Gardner, & Moynihan, 2003; Paauwe, 2004) are of the view that if employees participate in decision making, their confidence will be enhanced which will result in better production. Moreover shared decision making can create new opportunities for the employees and organization.

Performance Appraisal
In order to evaluate the employees' performance the performance appraisal evolution is used. Guest, Michie, Conway & Sheehan (2003) are of the view that performance appraisal evolution is essential for the success of any organization. Singh (2004) further used "Multi-rater methods such as "360° appraisal" to collect the data on employees' individual behavior. Wood (1999) and William, Werther & Davis, (1996) suggest that this state of affairs is also present in the social context of Performance Appraisal. Moreover it moves away from the cognitive pattern which has directed Performance Appraisal analysis for such a long time.

Career Planning

Guest (2002) states that the purpose of career planning process is to help Professionals inspect their careers; evaluate their training and educational needs; and develop some detailed action plans not only to maintain but to improve their specialized and administrative skills in a work environment that considers the value of fast change and edition.

Job Definition

Delery and Doty (1996) is of the view that balancing HR practice System effects employees' performance. Job description and job specification is a combination of Job definition. It plainly outlines the tasks, working conditions and anticipated skills of an individual performing that job (Collins, Ericksen & Allen, 2005).

Theoretical Back ground

In 1960, McGregor and Maslow's hierarchy introduced theory X and Theory Y which describes that how motivation and human behavior in work place help to get maximum output. Theory X type employee needs more attention because management considers them they are lazy and need to keep an eye on employee whereas theory Y states that employees are active and have ability to resolve the problem without any supervision.

According to Ouchi's theory Z, this is a combination of Theory X and Theory Y, theory X emphasis on human reluctance to fulfill the needs thoroughly whereas theory Y is based on the human determination to acquire maximum goals. Theory Z helps to enhance the employee truthfulness to the company by providing a job for life with a well-built central point on the welfare of the employee, both on and off the job. Modern allegation for corporation using these theories have been showed development in turnover rates, productivity, effectiveness, efficiency, organizational behavior, and job satisfaction and employee performance.
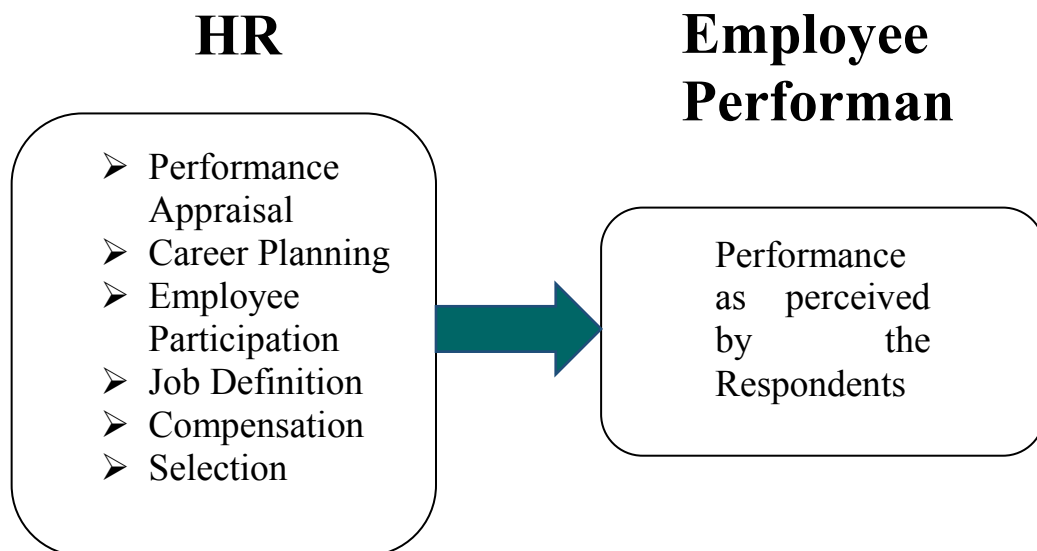
Research GAP

Researchers like Singh (2004); Truss (2001); Guest (2004); Paauwe and Boselie (2005), worked on HR Practices and examined that it has positive correlation with employee performance but focus and drive of this topic has been the developed countries such as: UK and India respectively. There is less literature available on this topic in Pakistan, According to them Pakistan is measured as under-researched country in the field of HRM practices. Some researchers like Sels, Winne, Maes, Delmotte, Faems and Forrier (2006) have worked on

underdeveloped countries like Pakistan in Banking Sector. The present study has taken two famous multinational companies (Unilever & Nestle) of Pakistan at one time for the research and to find "is HR practices have same effect on these companies".

Purpose of Human Resource & its Practices
The main aim of Human resource management in any organization is to refine the employee performance in to look at of their employer's planned objectives. HR department is highly concerned that how   to organize the people within organizations. This is typically liable for a number of activities, as well as employee recruitment & Selection, performance appraisal, Compensation, Job Definition, Career Planning & Training development.

(HRM) Human resource management means the way to best utilization of Human Resource to attain organization goals. In this practices involved to bringing out the 'human resource (HR) feature of a management place as well as human resource Planning, job Description, Career Planning, selection, compensation, performance appraisal, and development. HRM helped to balance the Policies, practices, and systems that control employees' manners, position, and performance

HR   **Employee Performan**

| Performance Appraisal |
| Career Planning |
| Employee Participation → | Performance as   perceived by   the Respondents |
| Job Definition |
| Compensation |
| Selection |

Hypothesis
Human Resource Management Practices are significantly correlated to Employee's performance.

H1: Performance appraisal is significantly correlated to Employees' Performance.

H2: Career planning is possible to be significantly correlated to Employees' Performance.

H3: Employee Participation is expected to be significantly correlated to Employees' Performance.

H4: Job Definition is significantly correlated to Employees' Performance.

H5: Compensation is strongly significantly correlated to Employees' Performance

H6: Selection is highly significantly correlated to Employees' Performance.

H7: Performance as perceived by the Respondents is significantly correlated to Employees' Performance.

Significance

The study is instantly correlated with HR and employee performance. For this purpose the target population is Multination companies of Pakistan (Nestle and Unilever).

The study has two variables: Impact of HR Practices is independent variable and employee performance is dependent variable. Based on Ouchi's theory Z, emerged in 1980, the present study attempts to motivate workers by giving them more responsibility. As per Japanese management practices which allowed for more worker participation in decision making.(abahe.co.uk).The current study is pure and empirical having significant impact on the Pakistani business.

This current study signifies the relation of employee performance and HR practices. The study will attract more management of all sectors of local and multinational companies. The obstruct significance of the research will explain the significance of these HR practices not only for the accomplishment of the organization but also how they are supportive for individual improvement of the employee

The findings of this study will facilitate organizations to improve employee performance and will provide the way to start with employees and utilize them to achieve targets. At the same time it will help the employees to understand the culture of employer.

METHODOLOGY

Research Design

The research was quantitative in nature and was conducted with the help of close ended questionnaire. Sample of this study has been taken from the Human Resource administrative staff of Multi-National Companies. Selected sample size is 100 and 100 returned out of total distributed questionnaires. For data collection questionnaires of Singh (2004) was used.

Procedure
Cronbach's Alpha was used for Reliability of measurement. Whereas, descriptive statistics, correlation and regression were used for studying the data numerically with the help SPSS (16.00) to find relationship between human resource management practices and employees' performance.

Statically Analysis
Descriptive Statistics and Correlation Independent Variable with depend variable:
Note: $*p<.001$

Study variables	N	No of Q	Alpha	Min	Max	Mean	SD	Correlation
Performance Appraisal	100	8	.80	1	5	3.87	.65	-.10
Employee Participation	100	3	.78	1	5	3.73	.61	.16
Job Definition	100	4	.68	1	5	4.06	.57	.036
Compensation	100	4	.69	1	5	3.99	.58	.100
Career Planning	100	7	.74	1	5	3.69	.71	-.151
Selection	100	4	.73	1	5	3.79	.67	.490*
Performance perceived by Respondents	100	6	.71	1	5	4.09	.44	-

Regression Analysis

Study Variable	B	Std. Error	Beta	t	Sig.
Performance Appraisal	-.207	.090	-.235	-2.306	.023
Career Planning	.077	.141	.079	.545	.587
Employee Participation	.003	.093	.003	.036	.971
Job Definition	.164	.087	.176	1.879	.063
Compensation	-.272	.104	-.323	-2.622	.010
Selection	.519	.095	.577	5.455	.000

Results

Correlation and multiple regression analyses were conducted to examine the relationship between HR practices and Employee performance. Table of Correlation summarizes the output from correlation analyses. As can be seen that selection is significantly correlated with EP ($r = .49$, $p < .001$).

The multiple regression model with all five predictors produced $R^2 = .385$, $F_{(6, 93)} = 9.722$, $p < .001$. The **F Value** shows that the model as a whole has statistically significant predictive capability. The regression table shows the performance appraisal, compensation and selection have significant regression weights (β), , after controlling for the other variables in the model. It is evident that performance appraisal ($\beta = -.235$, $t = -2.306$, $p < .05$) and compensation ($\beta = -.323$, $t = -2.622$, $p < .05$) have negative regression weights showing higher scores on these indicators predict poor employ performance and selection having positive regression weight ($\beta = .577$, $t = 5.455$, $p < .001$) showing higher score on selection predicting better employ performance.

DISCUSSION & CONCLUSION

In the face of modern era, and rapid change in organizations, it has become very apparent for any organization that its employees should be efficient in their work. Now a day there is higher competition among multinational & national organizations. Similarly employees are also highly energetic to achieve high levels of productivity. The management is responsible to operate the HR practices to get competent result. The aim of the current study is to examine the relationship between HR practices and Employee performance. This study has main focus to examine the impact of HR practices on Employee performance in Multinational Companies.

To analyze the data Correlation and multiple regression analyses were used to examine the relationship between HR practices and Employee performance. It can be seen that selection is significantly correlated with Employee Performance, and other variables are not significantly correlated with employee performance. It is evident that performance appraisal, compensation and selection have strong regression. Consistent with the previous research, the findings of the study suggest that HR practices have impact on employee performance as supported by Sing (2004) and to Ouchi, theory Z. From these results, it can be concluded that if we want to achieve the higher level of employee's outcomes, we have to pay more attention to effective HR Practices.

Suggestions

The results of the current study may help the multinational and national organizations to increase employee performance level more Employee performance level by itself is a largely affected by the attitude of employees. The following suggestions have been based on my study findings:

➢ Its support and supervision is help to maintain the employee engagement, people development processes and suitable goal alignment in national and multinational companies:

➢ The Training and development programs   must be designed to reach the new and upcoming talent were received significantly.

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