

UNIVERSITY OF CAPE COST

IMPACT OF HUMAN RESOURCE MANAGEMENT  
PRACTICES ON ORGANIZATIONAL PERFORMANCE: THE  
CASE OF SELECTED MANUFACTURING FIRMS IN ACCRA

GIFTY OFORI SAMOR-DUA

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ON ORGANIZATIONAL PERFORMANCE: THE CASE OF SELECTED  
MANUFACTURING FIRMS IN ACCRA

BY

GIFTY OFORI SAMOR-DUA

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## DECLARATION

### **Candidates' Declaration**

I hereby declare that this Dissertation is the result of my own original research and that no part of it has been presented for another degree in any University or elsewhere.

Candidates Signature.....Date.....

Name: Gifty Ofori Samor-Dua

### **Supervisors' Declaration**

I declare that the preparation and the presentation of this dissertation were supervised in accordance with the guidelines on supervision of this Dissertation laid down by University of Cape Coast.

Supervisors Signature:.....Date:.....

Name: Mr. Christopher Boachie

## ABSTRACT

It is now a recognized fact amongst both academics and practitioners that Human Resources play a critical role in the success of organizations. This awareness has precipitated the myriad of empirical researches that have explored the link between the HR practices used by firms and the performance firms attain. The objective of this study was to first, identify and examine the extent to which bundles of HRM practices affect performance of Ghanaian manufacturing firms. Specifically, the study also analyzed the impact of HR planning, recruitment and selection, training and development, performance appraisal and compensation and rewards on organisational performance. By administering a questionnaire to a purposively selected sample of 200 respondents across 8 manufacturing firms located in the Greater Accra Region of the Republic of Ghana, multivariate regression analysis based on ordinary Least squares (OLS) estimation was performed to analyze the effects of HRM practices on organisational performance. The results indicate that control variables account for only small proportion of the total variations in organisational performance and that this joint effect is statistically insignificant at the 0.05 level. The R-square change indicates that the HRM practices significantly accounted for total variations in performance of manufacturing firms and this observed effect is statistically significant. Finally, the results reveal that only compensation and rewards positively and significantly influenced performance of manufacturing firms. The study recommends to management of manufacturing firms in Accra to pay critical attention to their compensation and rewards systems.

## LIST OF ACRONYMS

APA	American Psychology Association
ANOVA	Analysis of Variance
HRM	Human Resource Management
PM	Performance Management
SPSS	Statistical Package for Social Sciences

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## DEDICATION

This work is dedicated to my husband, children, Roderick, Richard, for their support.

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## CHAPTER ONE

### INTRODUCTION

#### **Background to the Study**

There is currently a growing demand in the domestic and international labor markets due to the rapid changes that are occurring in the business environment. This has created a diversity of responses among industrial organizations and intensified the need for firms to adopt a strategic approach to managing human resources. Globalization of production and markets, coupled with increase in the rate of technological innovation in addition to dynamic changes in consumer demand are among the factors that have boosted the drive of the competitive environment to which organizations must respond (Paauwe & Richardson, 2012; Wang, 2015).

To withstand these pressures from the global economy Ghanaian firms need to manage their resources efficiently and effectively to harness the full benefits of these resources. One key resource identified as providing a source of competitive and transient advantages is the human resources of the organization (Delery & Doty, 2009; Dany, Guedri & Hatt, 2010; Dessler, 2011; Dess, & Picken, 2014).

Employee management practices appear to be one approach through which companies achieve superior performance (Bartel, 2010; Becker & Gerhart, 2013). For any organization to successfully achieve its strategic

objectives it is crucial for the organization to focus much attention on the human resources and human resource management practices being deployed within its specific jurisdiction. Several researchers have opined that the intensifying attention on human resources in many manufacturing firms is due to the suppositions that employees and the way they are handled are critical to the success of a firm (Katou, & Budhwar, 2010; Barton, & Delbridge, 2012).

Considering the observation of several scholars and their constant reiteration of people management is a far more daunting task compared to technology and capital management (Huselid, Jackson, & Schuler, 2010; Delery & Doty, 2012), principally, in a country like Ghana, which is a multiracial country, failure in managing human capital and maintaining a perfect synchrony with the extant organisational culture could perpetrate a diverse portfolio of problems. An organization may be endowed with a lot of money, machines, technology, and other natural resources, yet without human resource; the success of the organization can never be harnessed.

According to Drucker (1982), the human resource (HR) is of all resources the most productive, the most adaptable, and the most resourceful. Thus an enterprise's wealth does not depend on the financial and material resources available but rather on the people who make things work. The reason is that, it takes human beings to turn these resources around towards the attainment of the organisational objective. No amount of money, technological ingenuity or work innovation will do the trick. The *human resource* of the organization should form the focal point for any movement towards increasing *productivity*. *Drucker's (1982) definition of HR and the ensuing emphasis he placed on the critical role of employees as the most important organisational*

*resources appears to have some congruencies with the thinking and empirical findings of other researchers and Commentators (Green, Wu, Whitten, & Medlin, 2010; Guest, 2012).*

Human Resource Management practices include but not limited to recruitment and selection, training and development, performance appraisal, compensation management, safety and health and industrial relations. In our contemporary global world, the position of human resources remains important for organizations. In spite of this confirmation, many firms are slow in adopting those practices that were found to contribute to organisational success. This situation is found not only in the agricultural sector (Barton & Delbridge, 2012), but also in manufacturing sector in Ghana.

### **Statement of the Problem**

The rapidly transforming business landscape in Ghana, the emergence of new and competing companies, and the constant improvement in technology pose many challenges to human resource management including the need for companies to take steps to retain their work force, the need to emphasize on training and invest in staff development efforts. As businesses grow and expand, so too must their human resource be effectively managed.

Moreover, the impact of human resource management policies and practices on a firm performance are an important topic in the fields of human resource management, industrial relations, and industrial and organisational psychology (Paul & Anantharaman, 2013). Over the last decade, much research has been conducted in the field of human resource management (HRM) and its associations with organisational performance. Prior studies

have found substantial positive evidence for statistical associations between HRM practices and improved employee productivity (Delaney & Huselid, 1996; Huselid, 1995, Budhwar & Debrah, 2001; Mahmood, 2004; Katou and Budwar, 2007, Petrescu& Simmons, 2008; Hornsby & Kuratko, 2010; Huselid, 2011; Hyde, Stup & Holden, 2012).

Majority of these empirical researches focused on firms within developed contexts for years (Delaney & Huselid, 1996, Katou & Budhwar, 2010; Paul & Anantharaman, 2011). Surprisingly, very little of these studies have been conducted on HR practices in the context of developing countries in general (Quansah, 2013) and Ghana in particular which specifically focused on the manufacturing sector. Recent studies on HRM's impact on organisational performance appears within the Ghanaian context appears to have been limited only to the banking sector (Quansah, 2013).

Although initial results indicate that some human resources practices may have a positive effect on employee performance, most researchers suggest that more conceptual and empirical work is required (Lepak, Liao, Chung & Harden, 2012; Lopez, Peon & Ordas, 2012; Luna-Arocas & Camps, 2014).

According to Harter, Schmidt, and Hayes (2012), HRM practices can generate increased knowledge, motivation, synergy, and commitment of a firm's employees, resulting in a source of sustained competitive advantage for the firm. However, a number of authors, such as Hilsop (2003), Morrow and McElroy (2001), and Moynihan, Gardner, Park, and Wright (2001) [as cited Purcell, & Kinnie, 2013] have argued on the missing link between HRM practices and organisational performance. The author adds to the assertions of



some previous authors (Hilsop, 2003; Morrow & McElroy, 2001; Moynihan, Gardner, Park, & Wright, 2001 as cited in Purcell, & Kinnie, 2013) and argues for the need for further empirical research to be conducted on the HR practices-organisational performance nexus. Since knowledge resides in the individual and given the role of HRM practices in influencing an individual's attitude and behaviors, it is a widely held notion that HRM practices may exert some significant effect on organisational performance but much empirical evidence is required, especially within the Ghanaian context.

It is against this milieu that this study has been conducted to fill the existing research gaps and to explore the impact of HR practices and organisational performance in the Manufacturing industry of Ghana.

### **Objectives of the Study**

The main objective of this study was to investigate the impact of human resource management practices on organisational performance within the manufacturing industry of Ghana. Specifically, this research intended to achieve the following objectives: To

1. Identify and examine the extent to which bundles of HRM practices affects performance of Ghanaian manufacturing firms.
2. Analyze the effects of :
  - i. HR planning on organisational performance
  - ii. recruitment and selection on organisational performance
  - iii. training and development on organisational performance
  - iv. performance appraisal on organisational performance and
  - v. Compensation and reward on organisational performance.

## **Research Questions**

1. Do bundles of HRM practices affect firms' performance?
2. What is the effect of HR planning on organisational performance?
3. To what extent does recruitment and selection affect organisational performance?
4. How does training and development influence organisational performance?
5. What is the effect of performance appraisal on organisational performance?
6. How do Compensation and reward affect organisational performance?

## **Hypotheses**

The study specifically tested the following hypotheses:

### ***Hypothesis 1***

H<sub>0</sub>: HR practices do not have significant impact on organisational performance.

H<sub>1</sub>: HR practices do have significant impact on organisational performance.

### ***Hypothesis 2***

H<sub>0</sub>: HR planning does not significantly influence organisational performance.

H<sub>1</sub>: HR planning significantly influences organisational performance

### ***Hypothesis 3***

H<sub>0</sub>: Recruitment and selection do not positively influences organisational performance.

H<sub>1</sub>: Recruitment and selection do positively influences organisational performance.

***Hypothesis 4***

H<sub>0</sub>: Training and development do not significantly influence organisational performance.

H<sub>1</sub>: Training and development do significantly influence organisational performance.

***Hypothesis 5***

H<sub>0</sub>: Performance appraisal does not positively influence organisational performance

H<sub>1</sub>: Performance appraisal positively influences organisational performance.

***Hypothesis 6***

H<sub>0</sub>: Compensation and reward do not positively influences organisational performance.

H<sub>1</sub>: Compensation and reward do positively influences organisational performance.

**Significance of the Study**

This study is significant to a myriad of stakeholders. Firstly, policy makers, practitioners, researchers, academicians and students could benefit from this study as it would throw more light and enhance their understanding of the HR practices-organisational performance nexus. Secondly, the outcome of this study would contribute to empirical literature on the subject matter. In this regard, the findings of the study add to existing literature on the subject.

Again, the results of the study could offer managers and leaders of Ghanaian manufacturing firms some useful and practical recommendations on how to employ and deploy effective HR practices to boost organisational performance.

Finally, the study is also significant to government in the sense that if the recommendations are implemented to boost organisational performance, sustainability of Ghanaian firms in the manufacturing sector is guaranteed. Since one of Government's key interests in business relates to employment and sustainability, the outcome of this study stands the chance of contributing to government objectives.

### **Delimitations (Scope) of the Study**

This study limited itself to the manufacturing industry, focusing on a small number of volunteering organizations in some few parts of Accra. Access to these organizations was gained through the researcher's personal networks; the findings of the study may therefore not be generalizable to the Ghanaian context. Although the sample size of 200 respondents is statistically tenable (with a high statistical power), it does not in any way indicate the generalizability of findings as firms from other significant sectors of the economy such as agricultural and services sectors were ignored due to lack of accessibility. Moreover, the findings of the study, at best, may only be representative of the Ghanaian case, and in this regard, recommendations may not necessarily be applicable to other developing and developed contexts due to unique discrepancies in institutional, geo-political and socio-cultural dynamics.

### **Limitations of the Study**

Although the sample size of 200 used in this study does not limit the results power, it is generally reckoned amongst social scientists that a larger sample size is always better than a smaller one. In other words, if the sample size had been increased more, the parameter estimates of the regression model would have been more descriptive of their true population parameter. However, lack of easy access to respondents which was known to the researcher a priori, also somehow affected the sample size.

Methodologically, the study was conducted within a non-experimental, ex-post factorial, cross-sectional design. As the study was non-experimental, it implies that the observed link between HRM practices and organisational performance is only purely statistical and does not represent an actual causal relationship which could only be achieved through random assignment. Moreover, due to the ex post facto nature of the study, the researcher could not manipulate all the variables that could have affected or accounted for the observed relationship between HR practices and organisational performance. This makes the findings of the study open to a myriad of possible interpretations. Again, due to the cross-sectional framework within which the data was collected and analyzed, it makes it difficult for one to really analyze the actual relationship between the variables which could have been better deciphered under a time series design.

Furthermore, the study employed multiple regression analysis based on ordinary least squares (OLS) estimation to explore the link between HRM practices and organisational performance. But regression analysis is

underpinned by several assumptions which need to be tested in repeated sampling procedures in order to ensure that the model parameter estimates are BLUE (Best Linear Unbiased Estimator). This, the study could not do due to time constraints and limited accessibility to data. Moreover, the regression model fails to account for the role of moderating variables as it assumes a direct effect of HRM practices on organisational performance, an assumption which is untenable given the complicated fashion in which social science research variables are related. More robust techniques which were beyond the scope of the researcher that could have used to address this problem include path analysis and structural equation modeling. These would have enabled the researcher study not only the direct and indirect effects of HR practices but also the mediating roles of other exogenous variables on organisational performance.

Finally, although the research instrument (the questionnaire) was found to be valid and reliable before being used in the study, responses received, especially in relation to organisational performance were more subjective. Traditionally, organisational performance has been measured using typical financial performance indicators such as return on assets, return on equity and Tobin's Q. However, the use of these measures in this study was deemed as not appropriate because attempting to link HRM practices for organisational performance (measured in only financial performance terms) was not only restrictive but also logically unacceptable as there was the need to attempt to associate those variables by relying on the experience of the humans involved (i.e., employees).

## **Definition of Terms**

### ***Human Resources (HR)***

Human resources according to Tiwari and Saxena (2012), is an organisational asset that serves as a source of achieving competitive advantage because of its capability to convert the other resources (money, machine, methods and material) in to output (product/service).

### ***Human Resources Management (HRM)***

Storey (1995) [cited by Tiwari and Saxena (2012)] defines HRM as a distinctive approach to employment management which seeks to obtain competitive advantage developed showing how HRM practices leads to overall corporate performance. Simply put, HRM is the management of human resources within an organization with the goal of boosting organisational performance within a dynamic competitive environment.

### ***Human Resource Management Practices***

There is no particular definition of HR practices. However, it could be understood, from literature, as referring to activities such as HR Planning (Anyadike , 2013); Recruitment and selection (Mustapha, Ilesanmi & Aremu, 2013) ; Training and Development (Khan, R., Khan, F., & Khan, A., 2011); Compensation and Reward (Hameed, Ramzan, Zubair, Ali & Arslan, 2014 ); and Performance Appraisal (Akinbowale & Lourens, 2013).

### *Organisational Performance*

Organisational performance encompasses of the actual output or results of an organization as measured against its goals and objectives (Ivancevich, 2014).

### *Organization of the Study*

This study is organized into five (5) chapters. The first is the introductory chapter and focuses on the background issues to the study including problem statement, objectives, significance of the study, limitations and the organization of the study. Chapter Two (2) examines the related literature under the subject of investigation; while chapter Three (3) discusses the methods and procedures for data collection. Analysis of data is done in the Fourth chapter with the final chapter presenting a summary of the main findings of the study and some recommendations if any.

## **CHAPTER TWO**

### **LITERATURE REVIEW**



## **Introduction**

This chapter reviews literature related which serves as a basis for the research topic. The chapter forms a basis of the study by reviewing the existing knowledge and literature about human resources and its impact on organisational performance as mentioned by various several scholars, authors and academicians. In particular it looked on human resources planning, recruitment and selection, training and development, performance appraisal, compensation and rewards, the approaches to studying human resource practices, as well as the relationship between human resources practices and organisational performance.

## **Theoretical Literature Review**

This section attempts to review most concepts and theories that may be relevant to the current study. It begins by reviewing the concepts of HRM, organisational performance and HRM practices. It ends by discussing some theories that are deemed to be necessary in understanding the link between HRM practices and organisational performance.

### ***The Concept of Human Resource Management***

The term “human resource management” has been commonly used for the last ten to fifteen years (Daud, 2012). Prior to that, the term was generally known as “personnel management”. Dessler (1991) [cited in Daud, 2012] made no differentiation between personnel management and HRM and found that HRM was a modern expanded version of conventional personnel management due to technological change in the work environment and a shift

in societal standards. Torrington & Hall (1998) [as cited in Vlachos, 2010] gave details to the differences between personnel management and HRM by explaining that personnel management is considered as workforce-centered while HRM as resource-centered. The conception of HRM (Guest, 1987) is not an alternate to personnel management but as a particular form of personnel management which stressed the strategic issues of employee commitment, flexibility, quality and integration (Katou & Budhwar, 2010).

Human resource management (HRM) according to Ivancevich (2014) is a function performed in an organization that facilitates the most effective use of people (employees) to achieve organisational and individual goals. Armstrong (2010, p.605) also defines Human resource management as a strategic and coherent approach to the management of an organization's most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives.

Storey (1995) viewed HRM as a distinctive approach to employment management which seeks to obtain competitive advantage through the deployment of a highly committed and skilled workforce, using an array of techniques. Other commentators have defined HRM as being concerned with the need to achieve congruency among the various HRM policies and practices so that they become mutually supportive, rather than conflicting (Milliman, Von Glinow & Nathan, 1991; Schuler & Jackson, 1987).

### ***Human Resource Management Practices***

Many researches on HRM practices have been conducted from time to time and researchers have identified different practices by different names. As

quoted in (Kok Jan de et al., 2003), researchers variously refer to certain sets of HRM practices influenced by the HRM profession as “best practice,” or “high-performance” (Huselid, 1995), “formal” (Aldrich & Langton, 1997; de Kok & Uhlaner, 2001; Heneman & Berkley, 1999), “sophisticated” (Golhar & Deshpande, 1997; Hornsby & Kuratko, 1990; Goss et al., 1994; Wagner, 1998) or as “professional” (Gnan and Songini, 2003; Matlay, 1999). Pfeffer (1994; 1998), argued the most appropriate term is “Best HRM Practices”.

But according to Chandler and McEvoy (2000) , one of the lingering questions in HRM research is whether or not there is a single set of policies or practices that represents a ‘universally superior approach’ to managing people. Theories on best practices or high commitment theories suggest that universally, certain HRM practices, either separately or in combination are associated with improved organisational performance. Researchers have also found that those well-paid, well motivated workers, working in an atmosphere of mutuality and trust, generate higher productivity gains and lower unit costs (Boxall, 1996; Lowe & Oliver, 1991; Pfeffer, 1994).

Several attempts have been made from time to time by different researchers to identify the type of HRM practices in different sectors. Initially Pfeffer (1994) identified 16 practices which denote best practice. This was later refined to the following seven practices:

- Employment security
- Selective hiring
- Self-managed teams/team working
- High compensation contingent on organisational performance
- Extensive training

- Reduction in status difference
- Sharing information

In another study, Redman and Matthews (1998) identify an 'HRM bundle' of key practices which support service organizations quality strategies, these being:

- Careful recruitment and selection, for example, 'total quality recruitment', 'zero defects recruitment', 'right first time recruitment'.
- Extensive remuneration systems, for example, bonuses available for staff willing to be multi-skilled.
- Team working and flexible job design, for example, encouraging a sense of cohesiveness and designing empowered jobs.
- Training and learning, for example, front line staff having enhanced interpersonal and social skills.
- Employee involvement, for example, keeping employees informed of key changes in the organization.
- Performance appraisals with links to contingent reward systems, for example, gathering customer feedback to recognize the work by employees over and above their expected duties, which in turn is likely to lead to a bonus for staff.

Quite recently, Saxena and Tiwari (2009) examined the HRM Practices implemented by leading IT Companies such as TATA, Infosys and Wipro in India. They developed the 3cTER Framework of HRM practices and identified Training and Development, Employer-Employee Relations, Recognition

through Rewards, Culture building, Career Development, Compensation and Benefits as important HRM Practices.

By combining the theoretical and empirical literature available, this study employed the following HRM practices:

### ***HR Planning***

Anyadike (2013) highlights Griffin's (1977) definition of human resource planning as follows: "it involves assessing trends, forecasting the supply and demand of labour and then developing appropriate strategies for addressing any differences" (p.58). Dessler (2001) is further cited by Anyadike (2013) as perceiving human resource planning as employment planning which, is the process of formulating plans to fill future openings based on an analysis of the positions that are expected to be open and whether they will be internally or externally. Anyadike (2013) explains why Ogunniyi (1992), in handling the subject, sees manpower planning as a concept that involves critical analysis of supply, demand, surplus, shortages, wastage and utilization of human resources whose primary goal is the adoption of policy actions and strategies which will not be stressful and or be a negation of endeavors to balance the equation of supply and demand required for socio-economic and political development of a nation.

Human resource planning can generally be seen as activities involving processing people into, through, and out of the workplace. Ferries and Buckley (1996) [cited in Anyadike, 2013], opined that it has to do with the determination of the number and kinds of personnel the organization needs

presently and need in foreseeable future and finding ways to anticipate these needs and satisfying them.

### ***Recruitment and selection***

Mustapha, Ilesanmi and Aremu (2013) in their work, cite Weihrich and Koontz's (1994) definition of recruitment as involving the process attracting of candidates to fill the positions in an organisational structure. Before recruiting begins, the position's requirements which should relate to the task must be clearly identified. Mustapha et al. (2013) further make reference to the views of Stonner, Freeman and Gilbert (2000) who argued that the purpose of recruitment is to provide a group of candidate that is large enough to let managers select the employees they need.

Hannagan (1995), [as cited Mustapha et al., 2013]] sees recruitment as the first process of filling vacancies. He goes further to say that the process involves the examination of the requirements for filling the vacancy (particularly in relation to job and person specifications); consideration of the sources of suitable candidates, drafting job advertisements and selecting media suitable to carry them; assessing appropriate salary levels for employees; and arranging interviews and other aspects of selection.

Moreover, as cited by Mustapha et al. (2013), Ejiofor (1989), was of the view that recruitment consists of seeking out and attracting who, while filling positions required for the successful implementation of the objectives of an organization, will also realize their personal objectives. According to him, the aim of recruitment goes beyond mere filling of vacancies to include individual development and achievement.

Llesanmi (1997), as again cited in the work of Mustapha et al. (2013) defined recruitment as the process of attracting individuals in sufficient numbers and with appropriate qualifications and encouraging them to apply for jobs with the organization. According to him, recruitment is knowing what staffs are required and where to get them.

Furthermore, Nwachukwu (1992) [as cited by Mustapha et al., 2013] considers recruitment to involve all prospective applicants for the job position in the organization. He is of the view that a good recruitment programme is one that is properly planned and well operated. He concludes that poor recruitment efforts could lead to the selection of poor applicants because positions are to be filled quickly.

### ***Training and Development***

Training and development collectively encapsulate the sets of programs, activities, projects and initiatives taken by management of an organization to boost the learning, skills set, knowledge, efficiency and productivity of employees. Training and development integrates training design, on the job training and delivery style and their degrees of synchronicity with employee needs (Khan, R., Khan, F., & Khan, A., 2011).

### ***Performance Appraisal***

Akinbowale and Lourens (2013) argue, citing the work of Mackey and Johnson (2000), that performance appraisal is the strength of performance management, which in turn affects the organisational performance. It helps to identify and overcome the problems faced by the employees on his/her work. Although it has many benefits for the organization, Anderson (2002) as cited

by Akinbowale & Lourens, 2013) states that performance appraisal have the equal probability of having a bad impact on the organization as well as on employee performance.

According to Mackey and Johnson (2000), as further cited by Akinbowale & Lourens (2013), where the performance appraisal improves the work performance and employee satisfaction, it can also demotivates employees and leaves a bad impression on the good employees. Most of the employees do not approve of continuous performance appraisal and also consider it as a burdensome activity (Anderson, 2002 as cited in Akinbowale & Lourens, 2013). Akinbowale and Lourens (2013) also refer to Kuvaas (2006) and Rudman (2003), who noted that performance appraisal and employee appraisal is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost and time) typically by the immediate line manager or supervisor. A performance appraisal is a part of the process of guiding and managing career development in both private and public sectors. It involves the task of obtaining, analyzing and recording information about the relative worth of an employee to the organization. Mani (2002) as cited by Akinbowale and Lourens (2013), states that performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses and suitability for promotion or further training.

### ***Compensation and Reward***

In their work, Hameed, Ramzan, Zubair, Ali, and Arslan (2014 ) cite a definition of Compensation and by extension provided by Holt (1993)



as output and the benefit that employee receive in the form of pay, wages and also same rewards like monetary exchange for the employee's to increase their performance (Holt, 1993). From the employee prospective one of the most important parts of compensation is cash flow. Compensation is mostly equal to half of cash flow of the companies. But in the service sector it is more than half. It is the major factor used to attract the employee and motivate employee to increases the performance (Ivanceikh & Glueck, 1989 as cited in Hameed et al., 2014). Rewards may go beyond monetary terms to include other additional motivational packages of non-economic value.

### *Organisational Performance*

Organisational performance consists of the actual output or results of an organization as measured against its goals and objectives. Citing Richard (2009), Ivancevinch (2014) defined organisational performance as involving the recurring activities used to establish organisational goals, monitor progress toward the goals, and make adjustments to achieve those goals more effectively and efficiently. Thus organisational performance can be viewed as the ability of a firm to meet its mission through sound management, strong governance and a persistent rededication to achieving results.

Various indicators of organisational performance have been used in different literature. Delany and Huselid (1996) used perceptual measures of organisational performance; financial measures such as profit and financial ratios were used by Terpstra & Rozell (1993), the value added or sales of the organization per employee were applied by Black and Lynch (2001) and

Cappelli and Neumark (2001) and physical measures of organisational productivity were used by Arthur (1994) [Ivancevich, 2014].

### ***Human Resource Practices***

In highlighting the observation of Sparrow, Schuler and Jackson (1994), Shaukat, Ashraf and Ghafoor (2015) note that manufacturing-based industries all over the world are looking for ways of gaining competitive and transient advantage at all cost and are turning to more innovative sources through human resource practices as a result of globalization HRM practices have been defined in several facets. According to Vlachos (2010), HRM practices are systems that attract, develop, motivate, and retain employees to ensure the effective implementation and the survival of the organization and its members.

To further explain the concept of HRM practices, Vlachos (2010), cites Delery & Doty (1996) who conceptualized HRM practices as a set of internally consistent policies and practices designed and implemented to ensure that a firm's human capital contribute to the achievement of its business objectives. Likewise, Minbaeva (2005) (cited in Vlachos) viewed HRM practices a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, produce complex social relation and generate organization knowledge to sustain competitive advantage.

### **Review of Theoretical Literature**

The theoretical literature presents and attempt to explain theories that relate to the research question or hypothesis in general. In this study, theoretical perspectives relating human resources management and organisational performance are discussed. Various models of HRM have been developed from time to time by different teams of the researchers. All these models have helped the HR practitioner to effectively manage the human resources. Some of the important models have been discussed as follows:

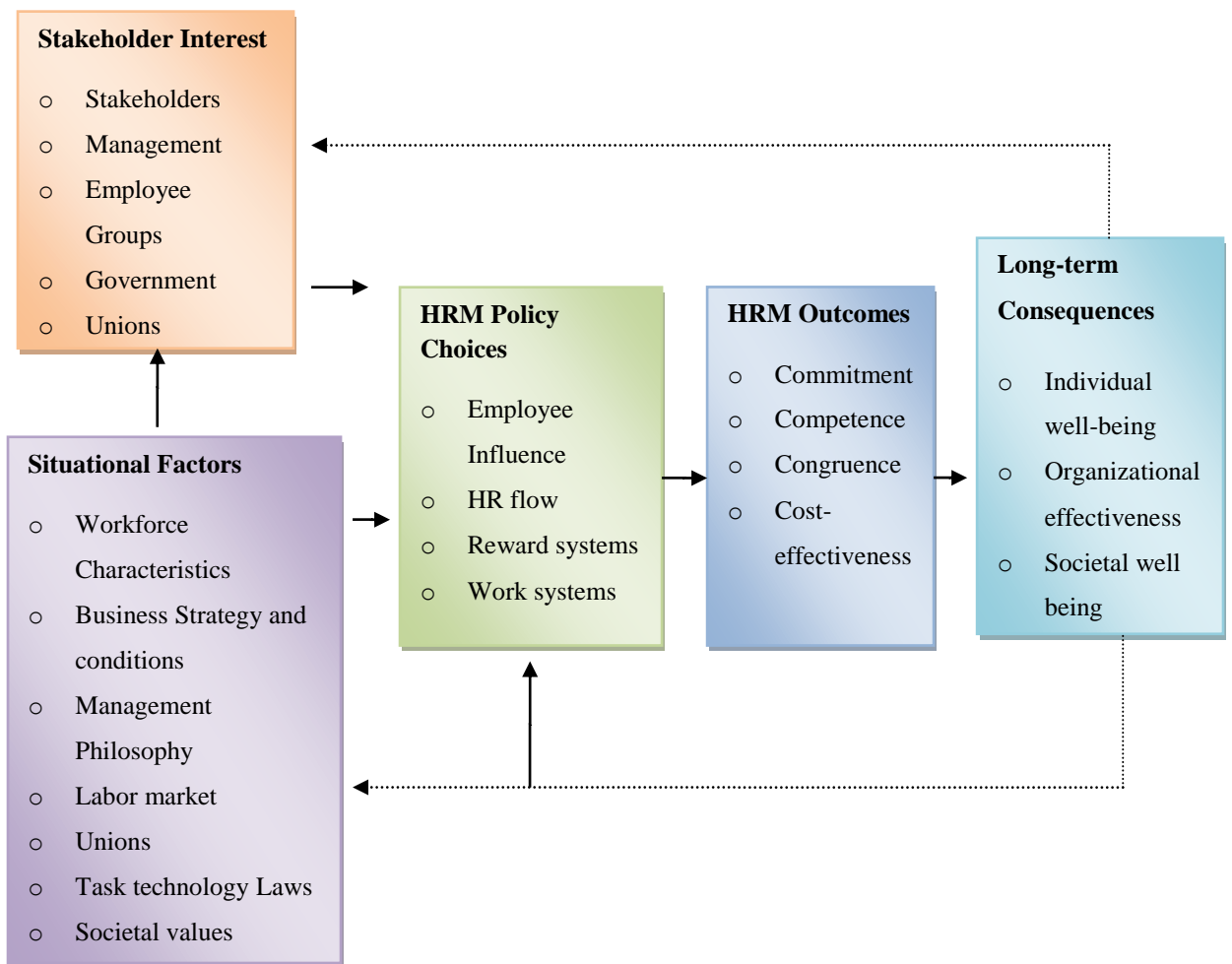
### *Harvard Model*

The Harvard model (Beer et al., 1984) works as a strategic map to guide all managers in their relations with employees and concentrates on the human or soft aspect of HRM. It strives at employee commitment not control. It also works on the premise that employees needed to be congruent, competent and cost effective.

The Harvard model argues that the long-term consequences/outcomes of an organization, measurable in terms of individual, organisational and societal well-being, are influenced by a bundle of factors. Firstly, stakeholder interests need to be effectively managed and this implies that the needs of Stakeholders /shareholders, Management, Employee Groups, Government and unions are efficiently addressed. Yet, in addressing these stakeholder interests organizations need to be aware of situational factors which might affect stakeholder needs. Such situational factors might include Workforce Characteristics, Business Strategy and conditions, Management Philosophy, Labor market, Unions and Task technology Laws. Both situational factors and stakeholder interest directly determine HRM Policy Choices (Employee

Influence, HR flow and Reward systems). HRM policy choices then directly affect HRM Outcomes (Commitment, Competence, Congruence and Cost-effectiveness) which in turn determines the Long-term Consequences (Individual well-being, Organisational effectiveness and societal well-being) of the organization. The long-term consequences also have an indirect feedback loop or effect on stakeholder interests and situational factors.

**Figure 1: Harvard Model of HRM**



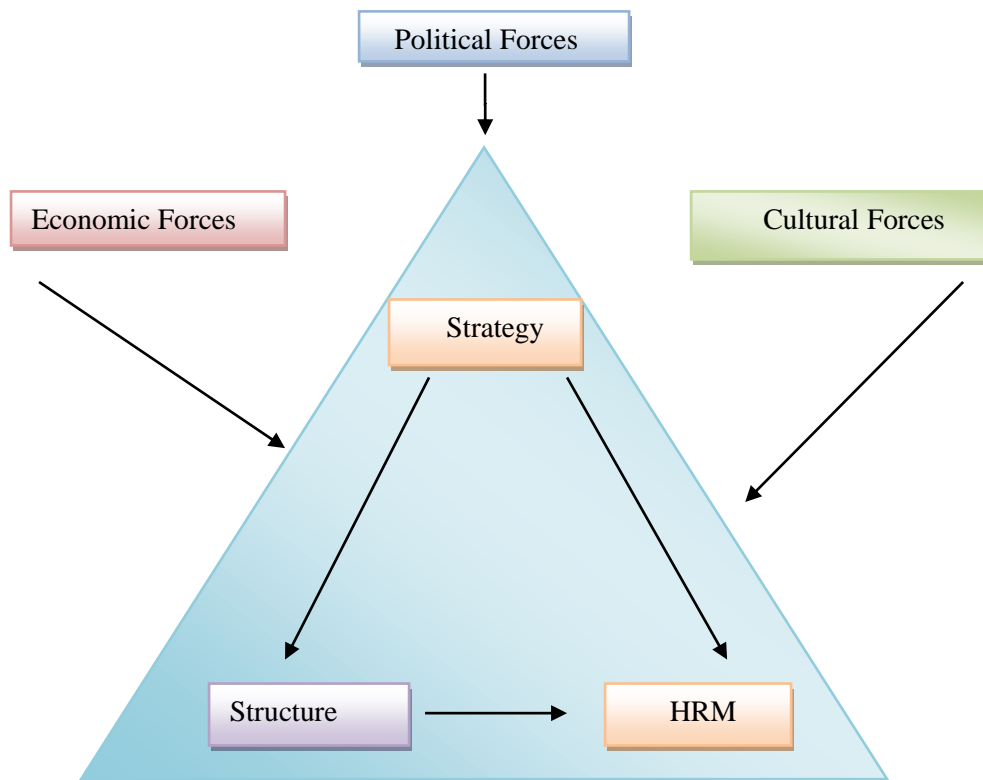
*Source: Beer et al. (1984).*

**Michigan Model**

The Michigan model (Devanna et al., 1984) focuses on hard HRM. It holds that people should be managed like any other resources and so obtained cheaply, used sparingly, developed and exploited fully. It also emphasized the

interrelatedness of HRM activities. According to this model, selection, appraisal, development and rewards were geared towards organisational performance. The Michigan model, also known as the “matching model” postulates the relationship between internal aspects of HR (strategy, organisational structure and management policies) and how these are influenced by externalities such as political, economic, and cultural dynamics.

**Figure 2: The Michigan Model of HRM**



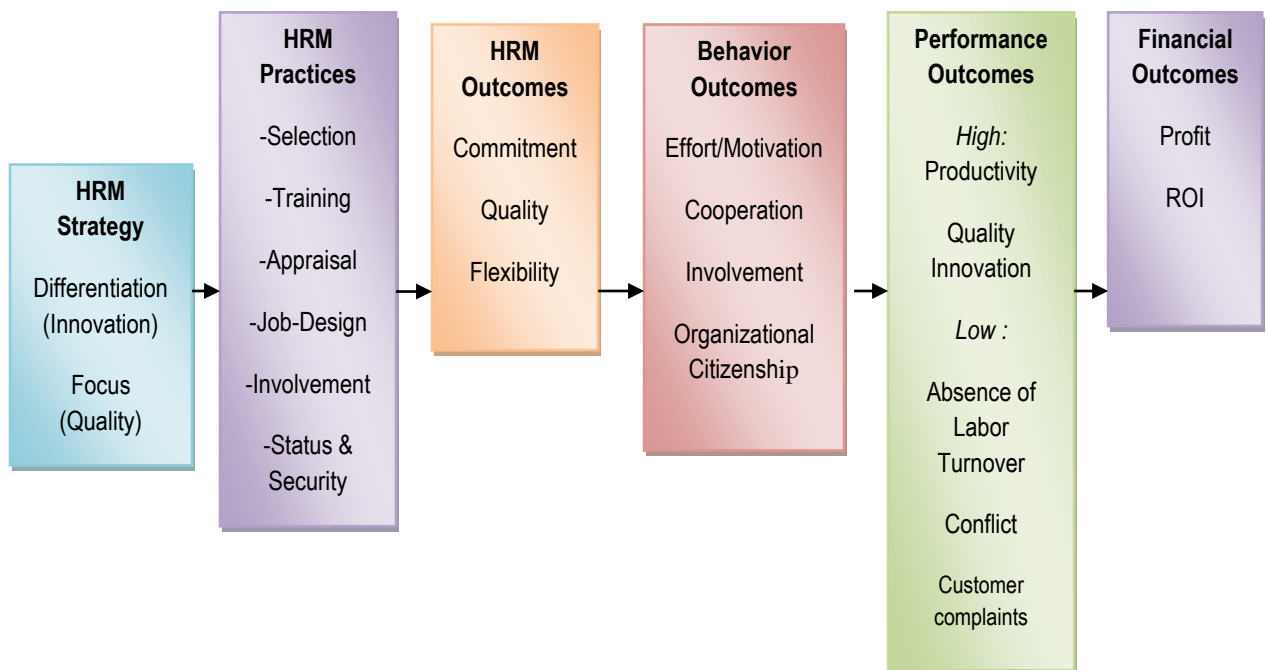
*Source: Devanna et al., 1984*

***Guest Model of HRM***

Guest comparative model (Guest, 1997) works on the premise that a set of integrated HRM practices will result to superior individual and organisational performance. It advocates for a significant difference of HRM

from PM. It holds that HRM strategies like differentiation, innovation, that focus on quality and cost reduction will lead to practices like better training, appraisal, selection, rewards, job designs, involvement, and security leading to more quality outcomes; commitment and flexibility. It will then affect performance in that productivity will increase; innovation will be achieved as well as limited absences, labor turnover, and conflict or customer complaints.

**Figure 3: Conceptual Model of Guest’s Model of HRM**



*Source: Guest (1997).*

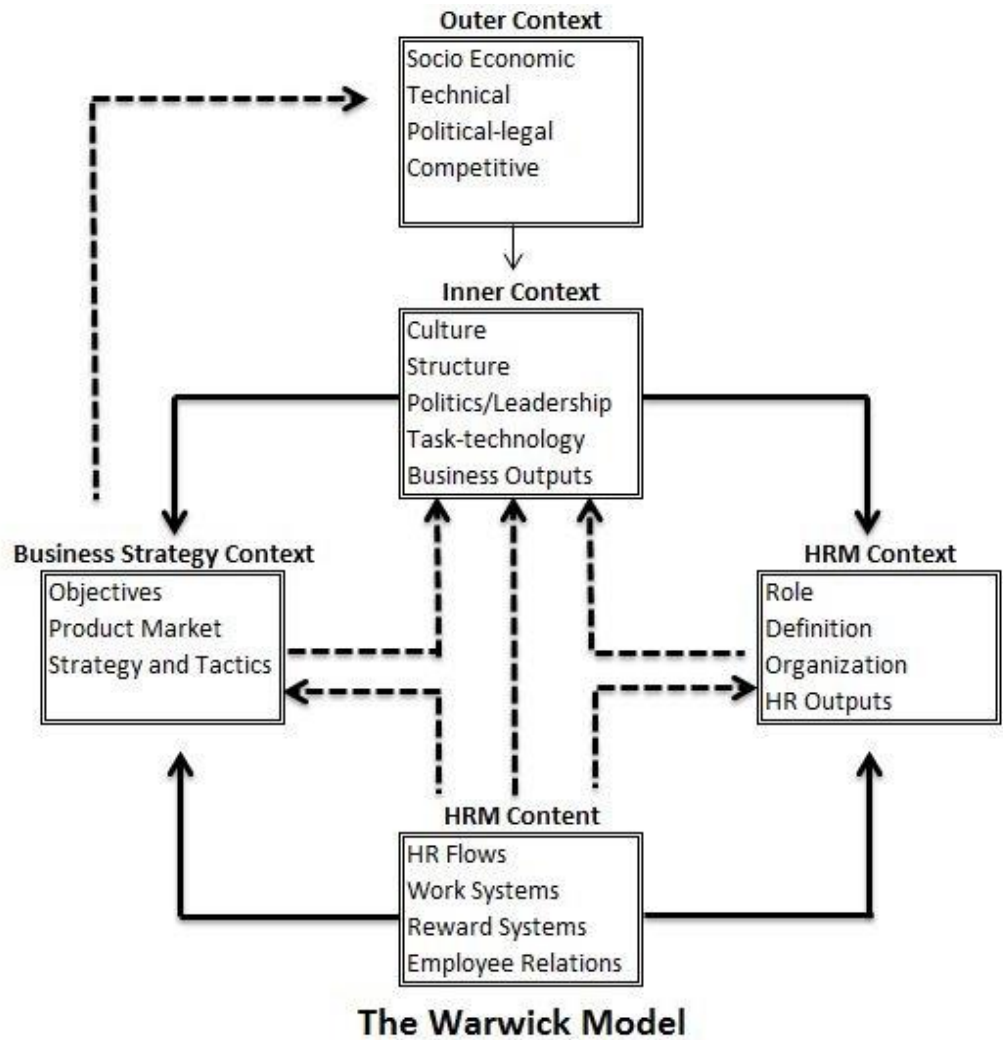
In attempting to explain the link between HR and performance, Guest (1997), in his model, argues that HRM strategy is the first point of reference in studying HRM. By HRM strategy, he alludes to pragmatic tactics deployed aimed at ensuring product and service differentiation (innovation) and quality (focus) of the organization’s brand. HRM strategy influences HRM practices

(Selection, Training, Appraisal, Job-Design, Involvement and Status & Security) which in turn affect organisational HR outcomes (Commitment, Quality and Flexibility). HR outcomes also determine the kind of behavior outcomes exhibited amongst employees in the organization namely; Effort/Motivation, Cooperation, Involvement and Organisational Citizenship which will also influence Performance Outcomes measurable in terms of High Productivity and Quality Innovation and Low Absence of Labor Turnover and Conflicts which results in positive Financial Outcomes (Profit and return on investments (ROI).

***Warwick's Model of HRM***

This model was developed by Hendry and Pettigrew (1990) at center for strategy and change, Warwick University in early 1990s. It emphasizes on analytical approach to HRM. It also recognizes the impact of the role of the personnel functions on the human resource strategy content. The researcher focused their research on mapping the context, identifying the inner (organisational) and external (environmental) context.

**Figure 4: Warwick Model of HRM**



Source: Hendry and Pettigrew (1990).

### Theories of Organisational Performance

A number of firm performance theories could be discussed. However for this study, transaction costs theory and agency theory shall be discussed. Both of them are based on the underlying assumption that if firm is to increase its performance (usually financial), it must employ appropriate governance structures, systems and mechanisms to minimize all transaction and agency costs. The theories are discussed in detail below:

#### *Transaction Costs Theory*



Transaction cost economics assumes that firms choose governance structures that economize transaction costs associated with establishing, monitoring, evaluating, and enforcing agreed upon exchanges (Williamson, 1979, 1981). Predictions about the nature of the governance structure a firm will incorporate two behavioral assumptions: bounded rationality and opportunism (i.e. the seeking of self-interest with guile). These assumptions mean that the central problem to be solved by organizations is how to design governance structures that take advantage of bounded rationality while safeguarding against opportunism. To solve this problem, implicit and explicit contracts are established, monitored, enforced, and revised.

The theory has direct implications for understanding how HRM practices are used to achieve a governance structure for managing the myriad of implicit and explicit contracts between employers and employees (Wright & McMahan, 1992), and maximize firm performance through increasing employee motivation, which increases employee satisfaction. For example, organizations that require firm-specific knowledge and skills are predicted to create internal labor markets that bind self-interested and boundedly rational employees to the organization, while organizations that do not require these skills can gain efficiencies by competing for self-interested and boundedly rational talent in an external labor market (Williamson, 1981, 1991). This means that employees who are construed by HR managers as being utilized sub-optimally are viewed as increasing transaction costs and minimizing firm performance; such employees need to be trained internally or replaced with more skilled employees from the external labour market. However, contextual factors, in turn, partly determine whether the types and amounts of skills and

knowledge a firm needs are likely to be available in the external labor market, the costs of acquiring them from the external market, the organization's capability for developing them internally, and the costs of doing so.

An effective HRM, under transaction cost theory, is one that designs and makes use of governance structures that take advantage of bounded rationality while safeguarding against opportunism through its ability to establish implicit and explicit contracts that are monitored, enforced, and revised with the ultimate goal of increasing returns on HR investment to the organization. In effect, transaction cost theory affirms that organizations, which are able to minimize transaction costs, are more likely to increase their performance. However, minimizing transaction costs must not be done at the expense of motivation. Therefore there is the need for firms to establish equilibrium between their investments in employees (with the goal of increasing their motivation through increased remunerations and incentive packages and sharpening their skills to enhance their productivity and efficiency through training and development) and minimization of transaction costs which could only be achieved through reductions in salaries, incentives or increasing costs associated with monitoring and control of employee opportunistic behavior.

### **Empirical Literature**

The next section following discusses empirical literature related to HRM practices and organisational performance.

#### ***The Impact of HRM Practices on Organisational Performance***

A number of studies have been conducted in the past to examine the relationship between HRM practices and firm Performance. Firstly, empirical studies appear to support a positive linkage between employee training and firm performance. According to Tzafirir (2005), training is an important element in producing the human capital. Investing in training programs can make employees feel indebted to the company. Training is necessary for the employees to perform particular jobs because job requires particular skills and knowledge by which the job is much easier to perform as it is in the benefit of the employee. Qureshi et al. (2007) concluded that training as an HR practice has a very positive impact on the performance of the employees as there is highly positive correlation found in the study. Danviladel Valle et al. (2009) stated that, training provides employees with the skills, abilities and knowledge required by the post. This effect can be explained in a way that the organization is interested in investing in training for the employees and giving them confidence and intends to count on them in future, they will make more effort and give their best at their work in an effective way.

Jayawarna et al. (2007), assert that formal training in comparison with informal training is more effective and significantly associated with performance. Denby (2010) states that training is a continuous process, one that is constantly refreshed and renewed according to the needs and requirements of the individuals along with encouragement to revisit the contents after the training. Training needs varies from industry to industry so one cannot be sure that the particular industry or the organization should conduct training every year, semi annually or quarterly.

The link between recruitment and firm performance has also been explored. Lynch and Smith (2010) and Cunningham (1999), argue that recruitment and selection is the initial process to evaluate staff. This is concerned with identification, attraction and selection of the suitable person meeting the job requirements of the organization. It is an important process to carry out otherwise the outcome in appropriate recruitment and selection is extensive. Qureshi & Ramay (2006) HR practices are positively correlated with employee's performance whereas selection and training is more affecting the performance rather than other practices.

Chand & Katou (2007) demonstrated that recruitment and selection, part of HRM system is strongly correlated with the profitability and suggests that management of the organization must focus on these HRM practices (recruitment and selection) resulting in an improved organisational profit. Marques (2007) involvement of HR department in hiring process helps to enhance knowledge of the workforce and required skills. It is also helpful for the identification of upgrading skill requirement of the employees. By such involvement, good communication seems to have synergy effect and helps to unify the workforce. As a result of this communication, negotiations happen in more positive atmosphere which has an ultimate effect on the quality within the workforce.

Other past studies have looked at Human Resource Practices and Firm Performance. Sudin (2004) investigated strategic human resource management of organisational performance and relationship between HRM practices and organisational performance. He proposed a model of the relationship between Human Resource practices, Human Resource characteristics and

organisational performance. It highlights critical HRM practices and it relates HRM practices to critical HR characteristics.

Jafari et al. (2009) proposed a new framework for selection of the best performance appraisal method. They concluded that the proposed framework is based on six factors which are training needs evaluation, coincidence with institutes, excite staff to be better, ability to compare, and cost of method and free of error.

Thang et al. (2010) sought to understand the effects of training on firm performance by reviewing theory and previous empirical studies on the relationship between training and firm performance. The authors found that training can have positive and significant effects on firm performance. They also stated that training is a valuable path to follow when an organization would like to improve its performance.

Mansour (2010), in their study, examined the nexus between human resource practices and firm performance. Using companies in Saudi Arabia, this study tested the proposition of HR practices.

The research revealed a positive relationship between the overall HR practices (by using recruitment, training, participation, performance appraisal, and compensation and benefits as the variables) and the performance of the firm.

Khan (2010) evaluated the effects of human resource management practices on organisational Performance in Oil and Gas Industry in Pakistan. The author found that the results indicate statistically significant relationship of recruitment and selection, training and development, performance appraisal,

compensation and rewards, and employee participation with organisational performance.

Tanver et al. (2011) analyzed the impact of human resource management practices on the performance of the employees. All variables (recruitment and selection, training, performance appraisal) are found to be significantly related with performance of employees. He found that recruitment and selection and performance appraisal play a vital role for the performance of the employees as training of the employees is also important.

Waiganjo et al. (2011) proposed a new framework of relationship between strategic human resource management, competitive strategies and firm performance. The research reveals how strategic human resource management influences firm performance from various critical perspectives. Effective human resource management strategy systematically organizes all individual human resource management measures to directly influence employee attitude and behavior in a way that leads business to achieve its competitive strategy.

Tiwari (2012) reviewed the existing literature available on HRM Practices and developed an understanding of HRM Practices. The research paper also examined the unique HRM practices implemented by different companies. He found that organizations which implements HRM practices with dedication, remains ahead of their competitors because such practices affects other variables such as job satisfaction, financial performance, employee turnover, employee commitment etc. in a positive way.

Some authors have also specifically studied the link between performance appraisal and firm Performance. For example, Brown et al.

(2010) argued that performance appraisals are the basic element of human resource management; many HR decisions are totally based on the results of the appraisal. Kelly et al. (2008) studied that over 80 percent of the respondents are in desire of the appraisal system along with 45 percent respondents indicates that appraisal system needs to improve. Fairness and clarity of the appraisal system is compulsory which results in satisfaction, improvement in performance, motivation and positive perception towards performance bonuses.

Ubeda and Almada (2007) noted that, while implementing performance appraisal system to appraise the competencies of each employee, it is important to notify which skills, knowledge and attitudes should be developed so that there is a substantial improvement in the process of the organization of jobs and tasks as well. In addition, it is a merit rating which should be beneficial to both parties and must be constantly reviewed to suit the requirement. The system explicitly mentioned the individual's needs and thus has far reaching effect of improving productivity. Hence, the following hypothesis has been stated.

Independently of the strategy followed to define the relevant HRM indicators, the empirical literature to date has generally provided with supportive evidence on the existence of positive relationship between at least one specific dimension of firms' economic performance and certain Human Resources Management (HRM) practices (Brewster & Meyer, 2012). However, only few multivariate analyses have been performed considering at the same time the configuration of these practices, the contingency variables of the organization, together with the institutional context in which these

practices are implemented and their impact on organisational performance.

There is very few research evidence in Ghana establishing the exact nature of relationship between HRM practices and organisational performance. In a survey of 166 organizations in Ghana and Nigeria Arthur et al. (1995) [ cited in Shaukat, Ashraf & Ghafoor , 2015] noted that though HRM practices in the US and West Africa are carried out under the same label, significant differences exist in the mode of operation. This they associated with attitudes and perceptions, financial constraints as well as general environmental issues. For example, differences noted in the recruitment and selection methods where associated with lack of resources such as good address systems that will enable background checks in these West African States.

Employee turnover is a major challenge for the organization but the companies implementing effective HRM practices can reduce the rate of the employee turnover.

However, reported evidence in developing contexts, such as the US (Gerhart, 2010) suggests, that labor productivity and or organisational performance are positively related to diverse features of HR management systems such as recruitment and selection (Koch & McGrath, 2010); training programs (Bartel, 1994); performance evaluation (Machin & Wood, 2011); compensation and benefits (Gerhart & Trevor, 2010 and innovative practices (Delaney & Huselid, 1996 cited in Shaukat, Ashraf, & Ghafoor, 2015). Similarly, some research has shown that firms characterized by the use of the above practices outperform those that display in flexible HR strategies within the same economic sector (Barton, 2004; Black & Lynch, 2001; 2004;



Ichniowski et al., 1997 cited in 1996 cited in Shaukat, Ashraf, & Ghafoor, 2015), even in the case of small and medium-size units (Way, 2012).

Becker and Gerhart (2010), Boxall and Purcell (2011), and Gerhart (2010; 2012 a, b) have made comprehensive reviews of the seminal work on the relationship between HRM practices and firm performance as done by Arthur (1994), MacDuffie (1995), and Ichniowski et al. (1997) in manufacturing and by Batt (2002) in the service sector. Huselid (1995) [as cited by Machin & Wood, 2011], in turn, conducted an early and influential study that introduced the concept of complementarities as applied to HRM practices (Machin & Wood, 2011). The existence of positive linkages between at least one specific dimension of firms' economic performance and certain HRM practices has also been found in small and medium size units (Way, 2012). Empirical findings can be broadly categorized as under "universalistic perspective", which assumes that the relationship found can be generalized to any context, developing a set of 'High Performance Human Resources Practices'(HPP) with a progressive impact on organisational performance (Martín-Alcázar, Romero-Fernández, & Sánchez-Gardey, 2012). Researchers who hold on to this "Universalist perspective" such as Pfeffer (1995) and Osterman (1994) [cited in Masters & Miles, 2012] argue that greater use of "high performance "practices such as participation and empowerment, incentive pay, employment security ,promotion from within the firm, and training and skill development result in higher productivity and profits across organizations.

The other category is the "contingency and configurational approaches", which instead, argue that firm performance is dependent on the

effective combination of some HRM practices and how these practices are “bundled” together in organizations that have distinct characteristics. The literature has examined the impact of different bundles on different levels and dimensions of outcomes (Arthur, 1994; MacDuffie, 1995; Ichinowski et al., 1997; Stavrou & Brewster, 2015), in which selected or specific HRM practices have a consistent configuration that reinforces their impact. These bundles are at times, used to define diverse ‘work systems’ (Guthrie, 2010). In some of this literature, though, there is still a “normative tone” on what should be the best HR practices (Delery & Doty, 1996; Doty et al. 1993; Martín-Alcázaret al., 2005 as cited in Jones & Wright, 2012), as in the pre-existing management profiles approach that proposes “ideal types”. In this case, the focus had been set on the characterization of management profiles according to the presence/absence of specific practices within the mentioned categories and on the assumption that they have a differential impact on performance (Labadie, 2012; Monks, 2012). Jones & Wright (2012) cite Deler and Doty (1996) as having compared practices within two configurational systems, namely the internal and the market systems. Huselid, Jackson, and Schuler (1997) cite activities such as compensation systems, team-based job designs, flexible workforces, quality improvement practices, employee empowerment, and planned development of the talent required to implement competitive strategy and achieve operational goals (Newman & Huselid, 2012)

Ichniowski et al. (1997) explain that when HRM practices are combined in different forms the effects on organisational performance are much greater than when practices are explored individually and this appears to

have been observed by other scholars (Newman & Huselid, 2012) as cited by Ostroff and Schmitt (2013).

Infact, MacDuffie (2010) argues that the appropriate unit of analysis for studying the strategic link between different HRM practices to performance does not involve individual activities as much as interrelated and internally consistent practices, called “bundles.” He explains that a “bundle” creates the multiple, reinforcing conditions that support employee motivation. Along the same lines of argumentation, Perry-Smith and Blum (2010) suggest that HR bundles capture broader and higher-level effects than those captured by focusing on individual policies and are particularly appropriate for investigating firm-level effects.

Another strand of the “contingency and configurational HRM” literature has argued that the relevant configurations of practices vary across organizations depending on several dimensions, the focus being mostly set on divergences in management and distinct competitive advantages that are in turn mirrored in different organisational strategies (Brewster, 2012). Schuler and Jackson (2010) distinguish among organisational strategies founded on cost reduction, quality improvement or innovation activities. The authors argue that employees are required to play different roles depending on the type of strategy and thus the best HR practices would be those that are most suitable to serve the purpose.

Another classification of HR managerial strategies displayed by firms seeking to improve organisational performance and productivity, depending on their intrinsic characteristics, are discussed in the literature under different denominations, such as ‘control’ and ‘commitment-oriented’ practices

(Walton, 1985 as cited in Russell, Colella, & Bobko, 2012); ‘efficiency’ and ‘strategy’ related HRM activities (Fombrun et al., 1984 cited in Williamson, 2011); or ‘calculative’ and ‘collaborative’ HR practices (Gooderham et al., 1999 cited in : Wright & McMahan, 2012). The subsets of practices with the highest weight in a particular bundle built by Factor Analysis are generally of either one type or the other and thus the corresponding bundle is classified in accordance. However, it is at times the case that the bundle has a mixed and/or ambiguous character because efficiency and strategically oriented HRM activities are both key components of the resulting construct.

Gooderham et al. (2008) propose to denote these configurations as ‘intermediary’ bundles. Bundles that are usually found to be relevant are: selective recruitment, training and incentive pay, both of a calculative and collaborative nature (Stavrou & Brewster, 2015). Evaluation systems, both aimed at rewarding performance and or training monitoring, are also frequently found to be relevant (Way, 2012; Stavrou & Brewster, 2015); team-working (Brewster, 2012); as well as management-workforce cooperation, shared values, communication and other features that should improve commitment of workers to the organization (Schuler & Jackson, 2010), increase their motivation and maximize their productivity are also found in literature.

International evidence supports the existence of positive linkages between most of these HRM bundles and organisational performance (Brewster & Mayrhofer, 2012). Research also suggests that improvements in performance are associated with the use of several of the single practices

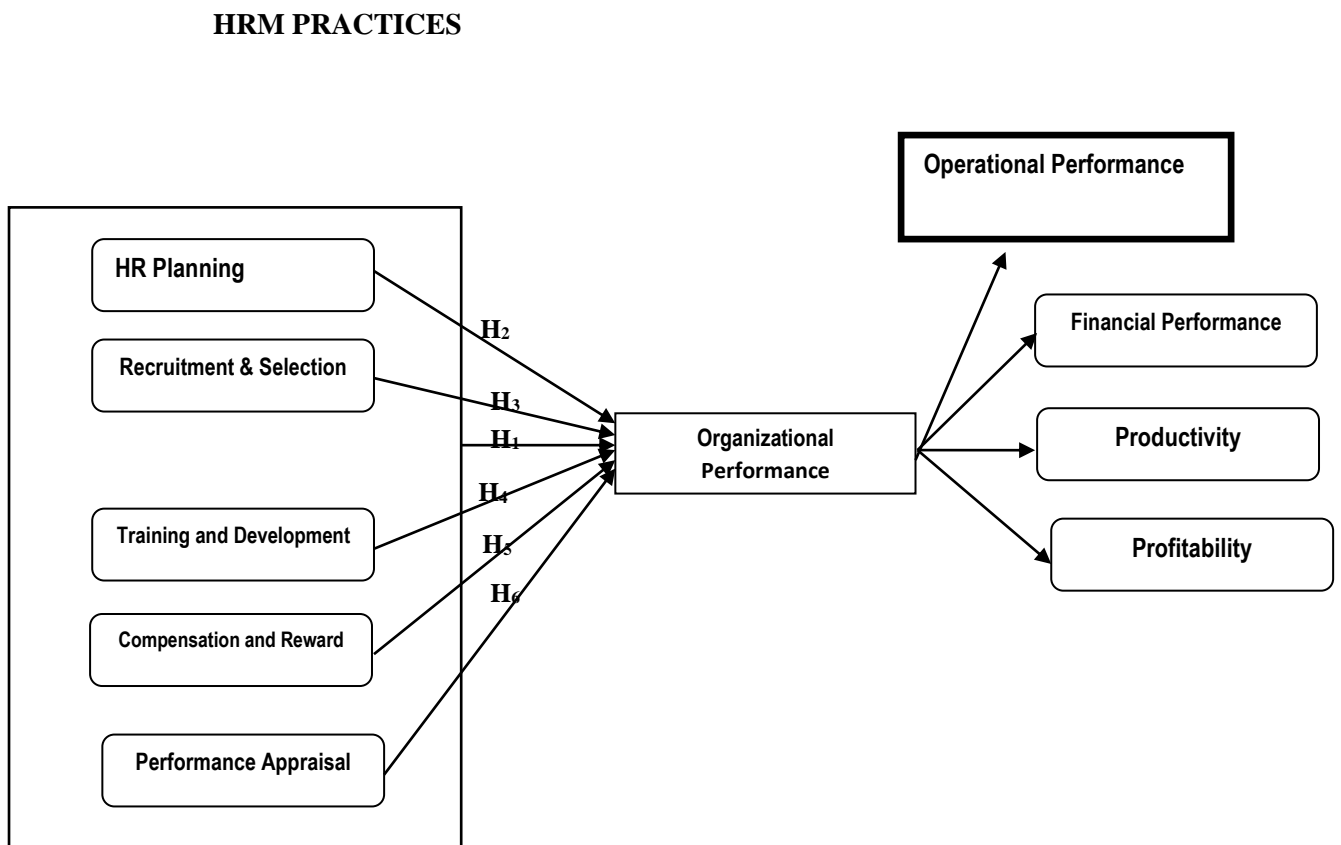
within these bundles, such as those related to skill and cognitive recruitment, training or incentive pay (Black & Lynch, 2011; Jackson & Schuler, 2015). High-commitment HR practices identified as drivers of performance include selection and training activities that emphasize values and human relations; behaviour-based promotion and rewarding; contingent pay systems; wages set above their market-level; among others (Lengnick-Hall, Andrade & Drake, 2010).

Given the assertions of the “universalist view”, the role of HR management and the optimality of specific practices in terms of firm performance and employee productivity seem to be strongly questioned as a suitable explanation of actual trends in the US, Canada, England, and some European countries. In developing contexts, like Ghana, this view appears to even be more unlikely due to the relatively low institutional norms, weak legal frameworks, and relatively low labour union organisational influences. Therefore, no generalization whatsoever can be made for Ghana as a country and hence the manufacturing sector. Although majority of the literature, whether underpinned by the “universalist view” or the “configurational and contingency perspective” finds a positive relationship between HRM practices and organisational performance, for the lack of adequate knowledge and empirical quantitative studies projecting the Ghanaian context, especially the case of the manufacturing sector makes this very critical even at the basic descriptive level. Hence, given that only few known valid empirical research has been published regarding the Ghanaian situational context, this study is even more justified.

**Conceptual Framework**

A conceptual framework is a diagrammatic representation showing the interconnections and proposed relationships between the main concepts, constructs and variables to be measured and analyzed in the research (Asamoah, 2015). The conceptual framework is developed for the purpose of this study is shown in Figure 5 below:

**Figure 5: Researcher’s Conceptual Framework**



*Source: Author, 2015.*

Figure 5 above illustrates the conceptual framework of human resource management practices relationship with organisational performance. It indicates that human resource management practices positively relate to

organisational performance which can be in the form of operational performance, financial performance, productivity, and profitability. Each of them is successively associated to organisational performance. Figure 5 again demonstrates the hypothesized pattern with a tacit assumption indicating that the impact of the individual human resource management practices such as human resource planning, recruitment and selection, training and development, compensation and reward, and performance appraisal positively impact on the organisational performance.

## **CHAPTER THREE**

### **RESEARCH METHODS**

#### **Introduction**

This chapter outlines the research design, the research method, and the population under study, the sampling procedure, data collection instruments, data collection procedures and data processing and analysis. The reliability and validity of the research instrument are addressed.

#### **Research Design**

Research design is “the blueprint for conducting the study that maximizes control over factors that could interfere with the validity of the findings. Designing a study helps the researcher to plan and implement the study in a way that will help the researcher to obtain intended results, thus increasing the chances of obtaining information that could be associated with the real situation”(Mann, 2003).

The study employed a non-experimental, quantitative, ex post factorial, survey-based design within a cross-sectional framework. In non-experimental, ex post factorial designs, the researcher cannot manipulate variables. Because the study deployed a survey-based design within a cross-section, the researcher could only study a section of the population at a specific point in time. In cross-sectional studies, data are collected from the research



participants at a defined point in time or relatively brief time period. The data are collected from multiple groups. Cross-sectional design helps enrich a study because it helps to study a large number of people within a short period and determine the causes and prevalence of a phenomenon which other study design cannot do (Mann, 2003).

The research design employed in this study was also quantitative in nature. In quantitative research designs, the researcher attempts to explain phenomena by collecting numerical data that are analyzed using mathematical-based methods (particularly statistics). The objective of quantitative research is to develop and use mathematical models to test theories and/or hypotheses pertaining to natural phenomena. Moreover, the quantitative design employed in this study was based on a multivariate regression model whose parameters were estimated using ordinary least squares (OLS) estimation.

### **Population**

Polit and Hungler (1999, p.37) refer to the population as “an aggregate or totality of all the objects, subjects or members that conform to a set of specifications”. The population of this study was all employees of all manufacturing firms in the Greater Accra Region of the Republic of Ghana. A sample is a subset of the population (Polit & Hungler, 1999). The sample for this study included two hundred (200) employees selected from eight (8) of manufacturing firms in Accra namely:

**Table 1: List of manufacturing Firms and corresponding number of Respondents Employed in the Study**

Serial	Name of Company	Number of Employee Respondents
1.	GIHOC	35
2.	DANNEX	25
3.	POLYTEX	25
4.	QUALIPLAST	25
5.	DURAPLAST	25
6.	ASHFOAM	25
7.	LATEX FOAM	25
8.	ASAMOAH ALUMINIUM MANUFACTURING	15
<b>TOTAL SAMPLE SIZE</b>		<b>200</b>

*Source: Author, 2015.*

The first seven are all located in the Industrial Area whilst the last one, Asamoah Aluminium Manufacturing is situated in Madina.

### **Sample and Sampling Procedures**

Sampling has been defined as “the process of selecting a portion of the population to represent the entire population” (Polit & Hungler 1999, p.95). Simple random sampling was employed in this study. Simple random sampling could be defined as a type of probability sampling method where

each element in the population has an equal probability of selection and each combination of elements has an equal probability of selection.

The probability of selecting a respondent was therefore:

$$P(E = \text{selecting a respondent}) = \frac{1}{N}, \text{ where } N = \text{target population size.}$$

The use of simple random sampling by the researcher minimized the risk of bias because each member of the population had an equal chance of being included in the sample. In addition, obtained results from use of simple random sampling were generalizable to the entire population of employees of manufacturing firms in the Greater Accra Region of the Republic of Ghana.

A sample is “a sub set of a population selected to participate in the study, it is a fraction of the whole, selected to participate in the research project” (Polit & Hungler, 1999, p.227). In this survey, a sub set of 200 respondents comprising employees of 8 manufacturing firms in located in the Greater Region of the Republic of Ghana was selected.

A general rule of the thumb is to always use the largest sample possible. The larger the sample the more representative it is going to be, smaller samples produce less accurate results because they are likely to be less representative of the population (LoBiondo-Wood & Haber 1998:263-264).

To compute the minimum sample size, and standard error, the following formula were used:

$$\begin{aligned} \text{Sample Size} &= e = z \times \frac{s}{\sqrt{n}} \\ n &= \left( \frac{zs}{e} \right)^2 \end{aligned}$$

Where  $e$  = standard error,  $z$  = Z score associated with the 95% confidence level,  $n$  = sample size and  $s$  = standard deviation. The sample size chosen in order to attain a standard deviation of  $s = 1.61$  was computed as :

$$n = \frac{(1.96 \times 1.61)^2}{0.05} \approx 199.7 = 200$$

The standard error associated with such a sample size was computed as below:

$$e = 1.96 \times \frac{1.61}{\sqrt{200}} = 0.223$$

Therefore the sample size selected in this study was  $n=200$ . This was selected in order to achieve a standard error of  $\pm 0.05$  around the mean, and to ensure that the confidence level of all statistical estimates would be 95%, with an accompanying critical level of significance of  $\alpha = 0.05$ .

### Data Collection Instruments

The instrument used in collecting primary data in this study was structured questionnaire. The use of a structured questionnaire was tenable, as it helped the researcher capture data relevant to the study's objectives and research questions. The structured questionnaire (included as appendix A of the dissertation) comprised the following sections:

Section A includes Questions which relates to demographic information of respondents such as sex, age, position in and tenure with organization and level of education.

Section B comprise of Questions related to HRM practices in the manufacturing sector and encapsulated various sets of questions related to HR planning, Recruitment and Selection, Training and Development, Performance

Appraisal, and Compensation and Reward employed by sample firms in the manufacturing sector located within the Greater Accra Region of the Republic of Ghana. Questions were placed on a five-point Likert scale (Haque & Taher, 2008; Yu & Egri, 2005).

A five points rating scales of questionnaire from strongly disagree (1) to strongly agree (5) were adopted to measure the variables of HR Practices. Independent variable proxies for HR practices were all measured by a one item questionnaire on five point Likert scale [where disagree (1) to strongly agree (5)], This Is the single global rating approach (Davidson, 1979) as It Is believed to be an easier approach to collect data (Haque & Taher, 2008; Yu & Egri, 2005).

Section C of the questionnaire was made up of Questions relating to how HR practices impacted organisational performance at least from the subjective perspectives of respondents. Dependent variable proxies were measured on a four-point scale of “high”, “average”, “low” and “cannot tell” [Refer to Appendix A].

### **Validity and Reliability**

This section describes how validity and reliability of the instrument used in this study were ensured.

#### *Validity*

Validity is defined as “a measure of truth or falsity of the data obtained through using the research instrument. It is classified as internal and external validity of the measuring instrument” (Burns & Grove, 2001, p.226).

In this study, validity refers to the measure of truth or falsity of information related to HRM practices and performance based on feedback received from respondents. The instrument's validity can be regarded as the extent to which "the instrument actually reflects the abstract construct being examined" (Burns&Grove2001, p.814). Several factors could influence the internal and external validity of the measuring instrument; the structured questionnaire was used in this survey to gather data about the impact of HRM practices on organisational performance.

In addition, specific questions on the face of the questionnaire was posed based on definitions of those items as found in empirical literature and this further ensured construct validity.

### *Reliability*

Reliability is "the degree of consistency with which the instrument measures an attribute" (Polit & Hungler, 1999, p.255). It further refers to "the extent to which independent administration of the same instrument yields the same results under comparable conditions" (DeVos, 1998, p.85). "The less variation the instrument produces in repeated measurements of an attribute, the higher the reliability. There is also a relationship between reliability and validity. An instrument which is not valid cannot possibly be reliable" (Polit & Hungler 1999, p. 250).

To ensure reliability in this study the responses obtained through the administration of the questionnaire would be split into two equal halves, they would then be scored independently to check correlation using the coefficient of Cronbach's alpha.

### **Data Collection Procedures**

The researcher first did a pre-testing by distributing the questionnaire to 20 students of the college of distance education University of cape coast Accra .The researcher then contacted selective manufacturing firms in Accra by means of an introductory letter from the university cape coast, seeking their concert and permission to conduct the research.

An agreeable time was arranged for the researcher to meet the respondents, the purpose of the study was explained to each participant and completely and voluntary. Employees who were not interested were allowed to redraw at anytime from the research without any consequences, Questionnaires were handed over to interested employee in order to participate in the research.

### **Data Analysis**

Data collected was organized, coded and analyzed using statistical software to describe data in simple percentage and frequencies In order to achieve the main objective of the study which is essentially to analyze the effect of HRM practices on organisational performance. The Statistical Packages for Social Sciences (SPSS) Version 16 was used to analyze the data collected.

Multivariate OLS Regression use to analyze the extent of significant effect of HRM practices on organisational performance All the tabulation and charts which were used in analyzing the data collected were by means of questionnaires and the results interpreted with respect to the research objectives.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **Introduction**

This chapter presents the results of the study and proceeds with a discussion of the results situated within relevant literature.

#### **Results**

The link between HRM practices and organisational performance has been studied by several authors albeit with mixed findings (Lepak, Liao, Chung & Harden, 2012; Lopez, Peon & Ordas, 2012; Luna-Arocas & Camps, 2014; Harter, Schmidt & Hayes, 2012; Hilsop, 2003; Morrow & McElroy, 2001; Moynihan, Gardner, Park, & Wright, 2001 as cited in Purcell, & Kinnie, 2013). In the Ghanaian context, particularly with regards to the manufacturing sector empirical evidence on the HRM-performance nexus is grim.

The main objective of this study was to investigate the impact of human resource management practices on organisational performance within the manufacturing industry of Ghana. Specifically, this research intended to achieve the following objectives:

1. Identify and examine the extent to which bundles of HRM practices affects performance of Ghanaian manufacturing firms.



2. Analyze the effects of :
  - HR planning on organisational performance
  - recruitment and selection on organisational performance
  - training and development on organisational performance
  - performance appraisal on organisational performance and
  - Compensation and reward on organisational performance.

The results of the study is presented using both descriptive and inferential statistics in the next section following. Statistics used well-defined mathematical procedures to collect, analyze, interpret, and present data. The major purpose of these quantitative procedures is to summarize and reduce data into parts that are small enough to interpret within the context of a predetermined theoretical background.

Two major forms of statistics are available descriptive and inferential. Descriptive statistics organize and describe the characteristics of the data in a particular study sample. The main purpose of descriptive statistics is to provide as much detail as possible about the characteristics of the study sample, which helps determine whether it is appropriate to apply research findings from that study sample to populations similar to the one that has been included in the sample. Inferential statistics use information or data collected about the study sample to make inferences about a larger population. Inferential statistics allow researchers to make predictions about a specific population on the basis of information obtained from a sample that is representative of that population (Munro, 2004; Fowler, Jarvis & Chevannes, 2002; cited in Giuliano & Polanowicz, 2008).

## Demographic Characteristics

This section following presents a descriptive statistics on the biographic characteristics of the respondents used in the study. They are; gender, age, position, tenure and educational qualifications of respondents.

### *Gender Distribution of Respondents*

The result, as shown in Table 2 below, indicates that 57% of respondents were male and 43% were female. Therefore, the views expressed in the responses to the questionnaires were more likely skewed towards the opinions, aspirations and HR expectations and experiences of men than of women.

**Table 2: Gender of Respondents**

Gender	Frequency	Percent (%)	Valid Percent (%)
MALE	114	57.0	57.0
FEMALE	86	43.0	43.2
Total	200	100.0	100.0

*Source: Author, 2016.*

### *Age Distribution of Respondents*

According to Table 3 shown below, 10.0% of respondents were below 20 years of age, 13.5% were between 21 and 30 years, 37.5% were between 31 and 40 years and 11.5% were 50 years and above.

**Table 3: Age Distribution of Respondents**

Ages (Years)	Frequency	Percent (%)	Valid Percent (%)
BELOW 20	20	10.0	10.0
21-30	27	13.5	13.5
31-40	75	37.5	37.5
41-50	55	27.5	27.5
50 AND ABOVE	23	11.5	11.5
Total	200	100.0	100.0

*Source: Author, 2016.*

### **Positions of Respondents in Respective Organizations**

The result, as could be seen in Table 4 below, indicates that 2.0% of respondents were accounts managers, another 2.0% were accounts officers, 3.0% were administrative officers, 7.50% were administrators, 5.0% were assistant HR Managers, 5.0% were assistant HR officers, 6.0% were assistant Administrators, 7.0% were assistant commercial Officers, 5.0% were Commercial Officers. In addition, 6.0% belonged to the Commercial Department, 7.5% were Directors, 3.0% were drivers, 2.0% were foremen, and 3.0% belonged to the HR Department. Moreover, 3.00% were HR Managers, 1.0% was HR officers, 0.5% was Managers, 5.0% were Marketing Officers, 2.0% were Operators, 6.5% were into production, 0.50% was a Production Officer and 2.0% were production Supervisors.

Finally, 0.5% was a Purchasing Manager, 2.0% were Secretaries, 6.0% were Senior Administration Officers, 1.0% was Systems Administrative

Officers, 4.0% were Technicians, 4.0% were Welders and 2.0% were welders (foremen). These statistics suggest that the views of administrators and directors of the sample firms might most likely influence the data distribution employed in the multivariate regression analysis.

**Table 4: Positions of Respondents in Respective Organizations**

Positions	Frequency	Percent
ACCOUNTS MANAGER	4	2.00%
ACCOUNTS OFFICER	4	2.00%
ADMINISTRATIVE OFFICER	6	3.00%
ADMINISTRATOR	15	7.50%
ASST HR MANAGER	10	5.00%
ASST HR OFFICER	10	5.00%
ASST. ADMINISTRATOR	12	6.00%
ASST. COMMERCIAL OFFICER	14	7.00%
COMERCIAL OFFICER	10	5.00%
COMMERCIAL DEPT	12	6.00%
DIRECTOR	15	7.50%
DRIVER	6	3.00%
FOREMAN	4	2.00%
HR DEPT.	4	2.00%
HR MANAGER	6	3.00%
HR OFFICER	2	1.00%
MANAGER	1	0.50%
MARKETING OFFICER	10	5.00%
OPERATOR	4	2.00%
PRODUCTION	13	6.50%
PRODUCTION OFFICER	1	0.50%
PRODUCTION SUPERVISOR	4	2.00%
PURCHASING MANAGER	1	0.50%
SECRETARY	4	2.00%
SENIOR ADMINISTRATION OFFICER	12	6.00%
SYSTEM ADM. OFFICER	2	1.00%
TECNICIAN	2	1.00%
WELDER	8	4.00%
WELDER(FOREMAN)	4	2.00%
Total	200	100.00%

*Source: Author, 2016.*

### Respondents' Tenure with Organizations

Table 5 shows that majority of respondents (37.5%) had worked with their respective organizations for 10 years and above. Nearly equal proportions (21.5%) and (22.5%) had worked for periods between 3-6 years and 7-9 years, respectively. A small proportion (19.5%) had worked with their respective firms less than three years. This result implies that the views expressed in the responses to questionnaires are mostly skewed towards those who had worked with their respective organizations for more than 10 years.

**Table 5: Tenure of Respondents**

Tenure	Frequency	Percent (%)	Valid Percent (%)
BELOW 3	39	19.5	19.5
3-6	43	21.5	21.5
7-9	45	22.5	22.5
10 YEARS AND ABOVE	73	37.5	37.5
Total	200	100.0	100.0

*Source: Author, 2016.*

### Educational Distribution of Respondents

According to Table 6, majority of respondents had professional qualifications (32.0%), and slightly lower proportions had university degree (21.5%) and polytechnic degrees (26.5%). Those with secondary school certificates were in the minority (20%). This also implies that the data on responses is most likely received from people possessing the requisite

professional qualifications, knowledge and expertise regarding all the questions administered to them lending much credibility to the data.

**Table 6: Respondents' Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent (%)</b>	<b>Valid Percent (%)</b>
SECONDARY	40	20.0	22.7
POLYTECHNIC	53	26.5	26.1
UNIVERSITY	43	21.5	37.5
PROFESSIONAL	64	32.0	13.6
Total	200	100.0	100.0

*Source: Author, 2016.*

### ***Inferential Statistics and Hypothesis Testing***

This section deals with how various inferential statistics were use to test the hypotheses of this study. Inferential statistics are concerned with making predictions or inferences about a population from observations and analyses of a sample. With this one can take the results of an analysis using a sample and can generalize it to the larger population that the sample represents. In order to do this, however, it is imperative that the sample is representative of the group to which it is being generalized (Giuliano & Polanowicz, 2008).

## **Multivariate OLS Regression**

To analyze the extent of significant effect of HRM practices on organisational performance, a bivariate regression analysis based on OLS estimation was run.

### ***Impact of HRM Practices on Organisational Performance***

The results indicate that control variables account for only about 2.2% of total variations in organisational performance ( $R\text{-square} = 0.022$ ) (See Table 7 below) and that this joint effect is statistically insignificant ( $F=2.233$ ;  $p=0.110$ ) at the 0.05 level. The bivariate unstandardized regression coefficients, however, reveal that the effect of firm age on performance of manufacturing firms was positive and statistically significant ( $B=0.08$ ;  $p=0.046$ ).

Age is the length of time during which a being or thing has existed. We defined firm age as the number of years of incorporation of the company; even though some believe that listing age, should define the age of the company (Shumway, 2001). According to Shumway (2001), listing age is more economical since listing is a defining moment in the company's life. Shumway's argument, however, is debunked from the perspective of the company as a legal personality (Waelchi & Pufferer, 2011). As a legal person, a company is born through incorporation (Gitzmann, 2008; Pickering, 2011). Hence this study's preference for the year of incorporation as the definition of the age of the company is supported by the arguments of Gitzmann (2008) and Pickering (2011).

The finding of a positive and statistically significant impact of firm age on performance is consistent with that some reported by some previous

authors (e.g Hasan, 2012; Papadogonas, 2007; Akinyomi & Olagunju, 2012). Others, however, have reported negative relationship (Majumdar, 1997; Dogan, 2013 and Coad, Segarra & Teruel, 2007), contrary to the findings of this study. In effect the finding of this study has added up to corpus of contentious literature on the subject matter which has always made the debate on the age-performance nexus inconclusive.

**Table 7 : Model Summary of joint Impact of Firm Age and Size on Organisational Performance**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.149 <sup>a</sup>	0.022	0.012	0.19087

a. Predictors: (Constant), AGE, SIZE

*Source: Author’s Analysis, 2016.*

**Table 8 : ANAVA Results On joint Impact of Firm Age and Size on Organisational Performance**

Model		Sum of Squares	Df	Mean Square	F	Sig
1	Regression	0.163	2	0.081	2.233	0.110 <sup>b</sup>
	Residual	7.177	197	0.036		
	Total	7.340	199			

a. Dependent Variable: ORG\_PERF

b. Predictors: (Constant), AGE, SIZE

*Source: Author’s Analysis, 2016.*



Moreover, based on the results of this study firm size exert a positive but insignificant influence on organisational performance. This finding is in partial agreement with the Gibrat (1931) proportionate growth hypothesis which Bharni (2007) investigated using of 250 Icelandic firms from five years and found a weak and insignificant relationship between size and profitability. In the same vein, Molyneux and Wilson (2004) studied European banks and found a weak evidence of consistent size and profitability relationship.

**Table 9: Bivariate Regression Results on joint Impact of Firm Age and Size on Organisational Performance**

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	0.350	0.178		1.972	0.050
	SIZE	0.017	0.012	0.101	1.337	0.183
	AGE	0.008	0.004	0.152	2.011	0.046*

a. Dependent Variable: ORG\_PERF

\*Significant at 0.05 level.

*Source: Author's Analysis, 2016.*

Afterwards, the set of predictor variables (HRM practices) were introduced into the model equation to examine their level of significant effect.

**Table 10 : Model Summary** of Impact of HRM Practices on Organisational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	0.304 <sup>a</sup>	0.093	0.060	0.18625	0.093	2.799	7	192	0.009*	1.616

a. Predictors: (Constant), COMP\_REW, SIZE, PLANNING, RECRUIT\_SELECT, TRAIN\_DEV, PERF\_APP, AGE

b. Dependent Variable: ORG\_PERF

\*Significant at 0.05 level

**Source: Author's Analysis, 2016.**

The R-square change of 0.093 indicates that the HRM practices of planning, recruitment and selection, training and development, performance appraisal and compensation and reward account for about 9.3% of total variations in performance of manufacturing firms and this observed effect is statistically significant ( $F= 2.799$ ;  $p =0.009$ ) at the 0.05 level. This finding suggests that “bundles” of HRM practices conjointly influence manufacturing firms’ performance ( $R=0.304$ ) and to a significant extent ( $p=0.009\leq 0.05$ ). The Durbin-Watson statistic is  $1.6 \approx 2.0$  suggesting that the observed relationship between organisational performance and HRM practices is not likely due to presence of serial correlation in regression residuals.

Therefore, the alternative Hypothesis 1,  $H_1$ : *HR practices do have a significant impact on organisational performance was accepted.*

Using the sample size of 200 selected in this study, there was a very high probability (0.9504399) that the above finding of HRM practices exerting

a statistically significant effect on manufacturing firms' performance is true and this represents a very high statistical power.

The finding that HR practices have a significant impact on organisational performance is congruent with previous empirical and theoretical arguments. Firstly, Becker and Gerhart (2010), Boxall and Purcell (2011), and Gerhart (2010; 2012 a, b) have made comprehensive reviews of the seminal work on the relationship between HRM practices and firm performance as done by Arthur (1994), MacDuffie (1995), and Ichniowski *et al.* (1997) in manufacturing sector and by Batt (2002) in the service sector. Their reviews strongly pointed to the presence of significant link between “bundles of HRM practices” and organisational performance.

In his influential study, Huselid (1995) [as cited by Machin & Wood, 2011) introduced the concept of complementarities as applied to HRM practices (Machin & Wood, 2011). The existence of positive linkages between at least one specific dimension of firms' economic performance and certain HRM practices has also been found in small and medium size units (Way, 2012) and in manufacturing firms.

A thorough review of literature reveals that empirical findings could be broadly categorized as under universalistic perspective and contingency and configurational approaches. The universalistic perspective to HRM studies are undergirded by the axiom that HRM-performance nexus is be generalizable to any context, through the development a set of ‘High Performance Human Resources Practices’ (HPP) with a progressive impact on organisational performance (Martín-Alcázar, Romero-Fernández, & Sánchez-Gardey, 2012). Researchers who subscribe to this “Universalist

perspective” such as Pfeffer (1995) and Osterman (1994) [cited in Masters & Miles, 2012] argue that greater use of “high performance” practices such as participation and empowerment, incentive pay, employment security, promotion from within the firm, and training and skill development result in higher productivity and profits across organizations.

Clearly, the finding of this study on a significant link between HRM practices and organisational performance cannot lend any empirical buttress to the universalistic view of HRM due to the context specific nature of the study. As long as this study was limited to a sample of manufacturing firms in Accra, the findings of this study cannot be generalized to other firms.

The other school of thought found in HRM literature is the contingency and configurational approaches. The contingency and configurational approaches posit that firm performance is contingent on the effective combination of some HRM practices and how these practices are “bundled” together in organizations that have distinct characteristics. The literature has examined the impact of different bundles on different levels and dimensions of outcomes (Arthur, 1994; MacDuffie, 1995; Ichinowski *et al.*, 1997; Stavrou & Brewster, 2015), in which selected or specific HRM practices have a consistent configuration that reinforces their impact. These bundles are, at times, and at least from a managerial decision-making perspective, used to define diverse ‘work systems’ (Guthrie, 2010). Yet, the “contingency and configurational approaches” literature, there is still a “normative tone” on what should be the best HR practices (Delery & Doty, 1996; Doty *et al.* 1993; Martín-Alcázar *et al.*, 2005 as cited in Jones & Wright, 2012) and not what HRM practices are actually employed by

organizations. The “contingency and configurational approaches” seek to define the pre-existing management profiles and approach to HRM practices in organizations by proposing “ideal types” of HRM practices. In this case, the focus had been set on the characterization of management profiles according to the presence/absence of specific practices within the mentioned categories and on the assumption that they have a differential impact on performance (Labadie, 2012; Monks, 2012). Jones & Wright (2012) cite Delery and Doty (1996) as having compared practices within two configurational systems, namely the internal and the market systems. Huselid, Jackson, and Schuler (1997) cite activities such as compensation systems, team-based job designs, flexible workforces, quality improvement practices, employee empowerment, and planned development of the talent required to implement competitive strategy and achieve operational goals (Newman & Huselid, 2012)

Once again, the finding of this study cannot provide very strong empirical underpinning for the “contingency and configurational approaches” because of the limitation of context. However, this study’s finding of a significant impact on HRM bundles on firm performance is consistent with other previous literature (e.g., Ichniowski *et al.*, 1997; Newman & Huselid, 2012, Ostroff and Schmitt, 2013).

**Table 11 : ANOVA of Joint Impact of HRM Practices on Organisational Performance**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.680	7	0.097	2.799	0.009*
	Residual	6.660	192	0.035		
	Total	7.340	199			

a. Dependent Variable: ORG\_PERF

b. Predictors: (Constant), COMP\_REW, SIZE, PLANNING, RECRUIT\_SELECT, TRAIN\_DEV, PERF\_APP, AGE

\*Significant at 0.05 level

*Source: Author's Analysis, 2016.*

Finally, the results [See Table 12 below] reveals that only compensation and rewards positively and significantly influenced performance manufacturing firms ( $B = 0.206$ ;  $p = 0.022$ ) at the 0.05 significance level. This led to the acceptance of alternative **Hypothesis 6**;  $H_1$ : *Compensation and reward positively influences organisational performance*. Again the power associated with the t-test is 0.9504399, which is again very high. This study's finding of a positive link between compensation and rewards practices and performance agrees with that of previous studies (Mansour, 2010; Khan, 2010; Tanver et al., 2011; Waiganjo et al., 2011; Tiwari, 2012).

Moreover, firm age, at the 0.05 significance level, was also found be still exerting a positive and statistically significant effect on manufacturing firms' performance ( $B = 0.011$ ;  $p = 0.012$ ) and confirms previous findings (Halil & Hasan, 2012; Papadogonas, 2007; Akinyomi & Olagunju, 2012) and contradicts others (Majumdar, 1997; Dogan, 2013 and Coad, Segarra & Teruel, 2007).

However, firms' size did not significantly influence the performance of manufacturing firms and it confirms Gibrat's (1931) proportionate growth hypothesis, which Bharni (2007) investigated using a sample 250 Icelandic firms and found a weak and insignificant relationship between size and profitability. Similarly, Molyneux and Wilson (2004) studied European banks and found a weak evidence of consistent size and profitability relationship.

However, the finding of an insignificant link between firm size and performance appears to contradict the findings from Tavakoli and Wilson's (2005) study using 4 European countries from 1993-2004 in which a significant negative relationship between size and profitability was found. This study's findings also conflict with that of Ammar (2003) and Burson (2007) both of whom reported a negative influence of firm size on profitability.

The weak and negative relationship has been explained by the structural inertia theory (Hannan & Freeman, 1984) which states that as the organization becomes larger, the volume of bureaucracy increases and this may cause stiff resistance to change which will ultimately decrease the level of profit. Even though this position contradicts the liability of smallness theory which says that expectations of success are brighter for large organizations and that on the average, small firms have a higher likelihood of failure as result of limited access to capital, problem is attracting and retaining skilled workers and higher administrative costs (Aldrich & Anster, 1986). However, this study's findings provides little evidence to support the structural inertia theory (Hannan & Freeman, 1984) and the liability of smallness theory (Aldrich & Anster, 1986).

The other HRM practices, namely HR planning, Recruitment and Selection, Training and Development, Performance Appraisal did not affect organisational performance to any significant effect. Thus alternative Hypotheses 2, 3, 4 and 5 were all rejected at the 0.05 significance level at the 0.05 level with an accompanying statistical power of 0.9504399.

These findings of insignificant links between HR planning, Recruitment and Selection, Training and Development and Performance Appraisal on one side and performance on the other hand, contradict that of previous studies most of which found a significant link between these HRM practices and performance (Tzafir, 2005; Qureshi et al., 2007; Danvila del Valle et al., 2009; Jayawarna et al. , 2007; Denby, 2010; Lynch &Smith , 2010; Cunningham, 1999; Qureshi & Ramay, 2006; Thang et al., 2010; Mansour, 2010; Khan , 2010; Tanver et al., 2011). A major reason for the apparent contraction of this study's findings with that of previous researches might be contextual differences. Whiles this study was conducted only on a limited number of manufacturing firms, most of the previous studies were conducted on both manufacturing and service sector firms in advanced contexts.

The collinearity diagnostics, that is, the Variance Inflation Factor and tolerance are all very low (VIF <2) and tolerance <1. This suggests that the observed relationships between organisational performance and HRM practices are not attributable to presence of multicollinearity among regression independent variables.



### **Testing the Normality Assumption**

In order for the parameter estimates of the multivariate regression model to represent the Best Linear Unbiased Estimator (BLUE), the normality assumption was tested. The histogram shown below indicates that the regression residuals almost follow a normal probability distribution.

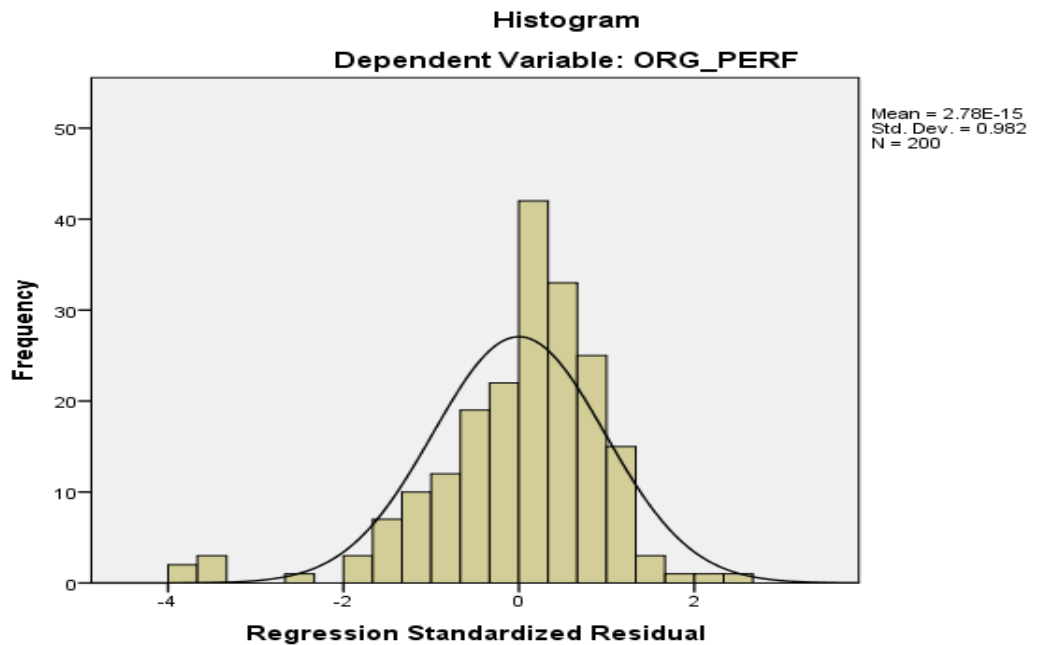
**Table 12 : Multivariate Regression Coefficients showing Individual Effects of HRM Practices on Organizational Performance of Manufacturing Firms**

Model	Unstandardized		Standardized	t	Sig.	Collinearity Statistics	
	Coefficients		Coefficients			Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	0.047	0.203		0.231	0.817		
SIZE	0.018	0.012	0.112	1.480	0.141	0.827	1.209
AGE	0.011	0.004	0.206	2.536	0.012*	0.716	1.398
PLANNING	0.022	0.129	0.012	0.171	0.864	0.899	1.112
RECRUIT_SELECT	-0.017	0.086	-0.015	-0.201	0.841	0.884	1.132
TRAIN_DEV	0.061	0.084	0.056	0.726	0.469	0.786	1.272
PERF_APP	0.113	0.092	0.098	1.240	0.217	0.753	1.328
COMP_REW	0.206	0.089	0.191	2.314	0.022*	0.696	1.437

a. Dependent Variable: ORG\_PERF

\*Significant at the 0.05 level

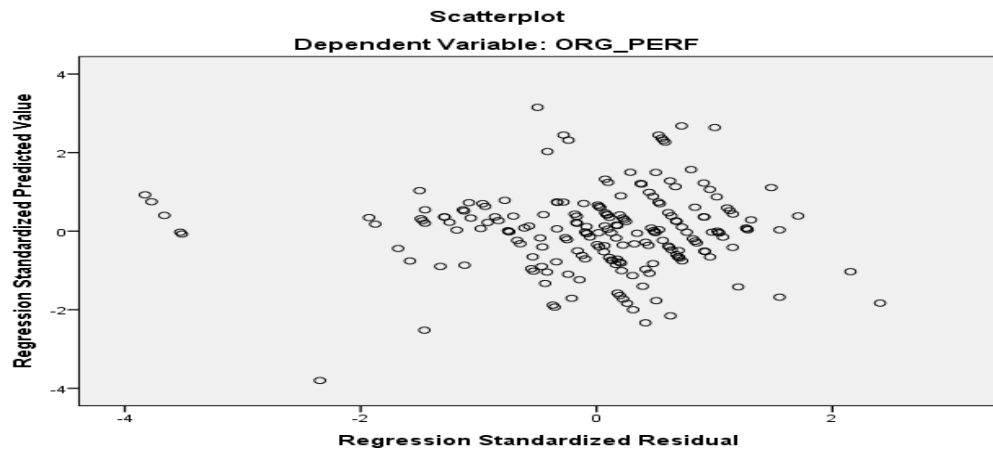
*Source: Author's Analysis, 2016.*

**Figure 6: Frequency Distribution of Regression Standardized Residuals**

*Source: Author's Analysis, 2016.*

The scatter plot of the Regression standardized predicted value and regression standardized residual does not follow any specific pattern (it indicates randomness). This was done to evaluate whether the homogeneity of variance assumption is met. As there is not clear pattern in the data distribution, it was concluded that there was no heteroskedasticity, (i.e., violation of the homogeneity of variance assumption). This implies the data was homoscedastic.

**Figure 7: Scatter plot of Regression Standardized Predicted Value against Regression Standardized Residual**



*Source: Author's Analysis, 2016.*

Finally, values of the standardized degree of freedom betas (DfBetas) and standardized residual values were examined to identify the presence or otherwise of outliers and influential cases. Large values suggest outliers or influential cases. Outliers or influential cases have large ( $< -2$  or  $>2$ ) standardized DfBetas.

**Table 13 : Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
PLANNING	200	0.50	0.93	0.7118	0.10810	-0.201	0.172	-0.497	0.342
RECRUIT_SELECT	200	0.20	0.96	0.5912	0.16265	-0.031	0.172	-0.217	0.342
TRAIN_DEV	200	0.20	1.00	0.6537	0.17714	-0.278	0.172	-0.167	0.342
PERF_APP	200	0.00	1.00	0.6352	0.16628	-0.618	0.172	0.608	0.342
COMP_REW	200	0.20	1.00	0.6159	0.17808	-0.272	0.172	-0.754	0.342
ORG_PERF	200	0.00	1.00	0.6592	0.19205	-1.139	0.172	2.408	0.342
Valid N (listwise)	200								

*Source: Author's Analysis, 2016.*

The results of table 13 show no standardized Df beta values  $< -2$  (minimum values) or  $> 2$  (maximum values). We can conclude that the dataset does not include outliers or influential cases. This Moreover, the values for Skewness and the Kurtosis indices are very small which indicates that the observed relationships between HRM practices and organisational performance, most likely, did not include influential cases or outliers.

### **Discussions**

The results indicated that the HRM practices of planning, recruitment and selection, training and development, performance appraisal and compensation jointly exerted statistically significant impact on manufacturing firms' performance. This finding suggests that "bundles" of HRM practices contemporaneously influence manufacturing firms' performance and to a significant extent. This finding agrees with that of Mansour (2010), whose study revealed a positive link between the overall HR practices (by using recruitment, training, participation, performance appraisal, and compensation and benefits as the variables) and the performance of Saudi Arabia the firm. Khan's (2010) study which evaluated the effects of human resource management practices on organisational performance in Oil and Gas Industry in Pakistan also showed that HRM practices as an "aggregate" or "bundle" conjointly affects organisational performance.

Finally, the results revealed that only compensation and rewards positively and significantly affected manufacturing firms' performance, a finding that strongly agrees with the results of Hameed, Ramzan, Hafiz, Zubair, Ghazanfar and Arslan (2014). The purpose of their study was to

measure the impact of compensation on employee performance. Using a questionnaire designed to collect the data on the factors relating to compensation like salary, rewards, Indirect Compensation and employee performance from different banks of Pakistan, the study found compensation to exert a positive impact on employee performance.

Moreover, the finding of a positive significant link between compensation and organisational performance has empirical support from other researches. Sophia's (2013) work revealed that compensation systems positively influenced organisational performance of Syariah Banks in Malang Indonesia through increased employee satisfaction.

However, the findings of this study is diametrically opposed to that of Rizal, Idrus, Djumahir and Mintarti (2014) who found, amongst other things, that compensation had an insignificant effect on employee ( and by extension) organisational performance. A likely explanation for this apparent contradiction might be methodology, sample size, and contextual difference. Whereas this study used multivariate regression analysis, Rizal et al. (2014) employed structural equation modeling which is statistically more robust. Moreover, the sample size of 200 used in this study, not only possesses a high statistical power of 0.95, but it is also large compared to the sample size of 126 employees that was employed in Rizal et al.'s (2014) study. Thus is a sense barring methodological, contextual and institutional dynamics, this study's findings should be more reliable than that of Rizal et al. (2014). Contextually and institutionally, this study focused on manufacturing firms in Ghana, whilst that of Rizal et al. (2014) looked at work at Local Apparatus Work Unit (LAWU) at Local Revenue Management in Kendari in Kenya.

Unique differences in these organizations, including their management styles, organisational HR strategies, and employee specific factors may have accounted for the difference in the findings.

The other HRM practices, namely HR planning, Recruitment and Selection, Training and Development, Performance Appraisal did not affect organisational performance to any significant effect on organisational performance of the selected manufacturing firms in Accra.

Firstly, HR planning, per the findings of this study exerted no significant effect on performance of manufacturing firms and this finding partly disagrees with that of AL-Qudah, Osman, Ab Halim and Al-Shatanawi, (2014).

In addition, Recruitment and selection did not significantly affect performance of the manufacturing firms and this finding appears to partly contradict that of AL-Qudah et al. (2014). In their study, AL-Qudah et al. (2014) aimed at examining the relationship between human resource (HR) planning, training and development and organisational performance in the Government Ministry in the Kingdom of Jordan. It investigated the factors that affect HR planning, training and development in Jordanian ministries. The study population, which consisted of employees in the HR departments in 23 Jordanian ministries, comprised 166 respondents. The results of the correlation analysis revealed that HR planning, training and development have a significant relationship with the organisational performance in the Jordanian Ministry. The paper provided recommendations for improving HR in the Jordanian Ministry.



In another sense the findings of AL-Qudah et al. (2014) also contravenes that of this study which found Training and Development to exert an insignificant effect on organisational performance of manufacturing firms in Accra. Furthermore, the insignificant effect of training and development on organisational performance contradicts the findings of some previous studies that apparently supported a positive connection between employee training and firm performance (e.g. Tzafirir, 2005; Qureshi et al., 2007; Danvila del Valle et al., 2009; Jayawarna et al., 2007; Denby, 2010). The apparent contradiction between this study's results and that of previous researchers might be attributable to methodological discrepancies, institutional dynamics and contextual differences. Whereas this study employed multiple regression analysis based on ordinary least squares estimation, some previous authors deployed correlation analysis (e.g., AL-Qudah et al., 2014). Moreover, this study was conducted within the Ghanaian context as compared to some of the previous researchers (AL-Qudah et al. (2014) who performed their study within the Jordanian Ministry. There may be wide differences between Ghana and Jordan's labor market dynamics, macroeconomic factors in addition to institutional factors functioning in the selected firms in each scenario that might account for the apparent contractions in the findings of this study and that of other previous researchers such as Jordanian Ministry.

Tanver et al. (2011) analyzed the impact of Human Resource Management practices on the performance of the employees. All variables (recruitment and selection, training, performance appraisal) are found to be significantly related with performance of employees. He found that

recruitment and selection and performance appraisal play a vital role for the performance of the employees as training of the employees is also important.

Performance appraisal was found in this study to not significantly affect performance of Ghanaian manufacturing firms, a finding that contradicts that of Ali et al. (2012) who found employee performance appraisal and evaluation process as boosting their intrinsic motivation. The discrepancy between the finding of this study and of Ali et al. (2012) might be sample size. Whereas this study employed a relatively large sample size of 200, Ali et al.'s study used a sample size of 80. Thus in this regard the statistical power of this study's finding is deemed as more robust than that of Ali et al. (2012). Again institutional factors may have played a role. This is because this study used manufacturing firms, whiles Ali et al. (2012) used firms in the transportation industry

Again, the findings of this study conflicts with that of Messah and Kamencu (2011). The purpose of their study (Messah & Kamencu, 2011) was to investigate the effectiveness of performance appraisal systems in Kenya Tea Development Agency(KTDA) with special focus on selected Tea factories in Meru County in Kenya. This correlation and multiple regression analysis also revealed that factors like employee training, Performance based pay, and management by objectives was the main factors that had an impact on employee performance in KTDA. Again differences in sample size and institutional factors may account for the apparent conflict between this study's findings and that of Messah and Kamencu (2011).

It appears that the extent of impact of performance appraisal systems (and indeed all other dimensions of HR practices on organisational

performance) depends on certain mediating variables such as the strategic focus it attracts within a particular organization. In his study, Boateng (2011) found that Staff Performance Appraisal exercise was not given the seriousness it deserves at Manhyia District Hospital and this appeared to negatively influence organisational performance. Stretching this argument further it could be asserted that the discrepancies between the effects of HR practices and organisational factors might be influenced by a host of moderating factors which may be institutional, contextual or organization specific and even employee specific. Although this study controlled, at least, statistically, organization specific factors (such as Age and Size), contextual, institutional and employee specific variables could not be controlled. Notwithstanding, the sample size and a priori statistical power analysis gives us reasonable grounds to accept the findings of the study as being at least fairly representative of employee views.

Other authors (for example, Brown et al., 2010; Kelly et al. (2008)) have made certain arguments about the role of performance appraisals in organisational performance but their arguments at best could be described as normative and unreliable. However, the vast majority of empirical findings appear to support a positive effect of performance appraisal on organisational performance barring any contextual, institutional, firm specific and employee related factors.

Ubeda and Almada (2007) noted that, while implementing performance appraisal system to appraise the competencies of each employee, it is important to notify that which skills, knowledge and attitudes should be developed so that there is a substantial improvement in the process of the

organization and jobs and tasks as well. Based on the argument of Ubeda and Almada (2007), one could assert that poor implementation of previous performance appraisal systems result in either insignificant or even negative effect on organisational performance. This reasoning could possibly account for the findings of this study, though it is still subject to further research.

The findings of this study buttress a rejection of the universalistic perspective of HR which presumes that the relationship found between HR and organisational performance can be generalized to any context, leading to the development of a set of ‘High Performance Human Resources Practices’ (HPP) with a progressive impact on organisational performance (Martín-Alcázar, Romero-Fernández, & Sánchez-Gardey, 2012). Researchers who hold on to this “Universalist perspective” such as Pfeffer (1995) and Osterman (1994) [cited in Masters & Miles, 2012] argue that greater use of high performance practices such as participation and empowerment, incentive pay, employment security, promotion from within the firm, and training and skill development result in higher productivity and profits across organizations. However, the finding of this study only appears to support one of those variables in the so called “universal HR high performance indicators” mentioned by (Martín-Alcázar, Romero-Fernández & Sánchez-Gardey, 2012).

The other categories or schools of thought purporting to explain the link between HR practices and organisational performance are the “contingency and configurational approaches”, which instead, assert that firm performance is contingent on the effective combination of some HRM practices and how these practices are “bundled” together in organizations that have distinct characteristics. The literature has examined the impact of

different bundles on different levels and dimensions of outcomes (Arthur, 1994; MacDuffie, 1995; Ichniowski et al., 1997; Stavrou & Brewster, 2015), in which selected or specific HRM practices have a consistent configuration that reinforces their impact. Jones and Wright (2012) cite Delery and Doty (1996) as having compared practices within two configurational systems, namely the internal and the market systems. Huselid, Jackson, and Schuler (1997) cite activities such as compensation systems, team-based job designs, flexible workforces, quality improvement practices, employee empowerment, and planned development of the talent required to implement competitive strategy and achieve operational goals (Newman & Huselid, 2012). Thus this study's findings partly supports the arguments of Huselid, Jackson, and Schuler (1997) that compensation systems when well implemented could stimulate organisational performance.

Ichniowski et al. (1997) explain that when HRM practices are combined in different forms, the effects on organisational performance are much greater than when practices are explored individually and this appears to have been observed by other scholars (Newman & Huselid, 2012) as cited by Ostroff and Schmitt (2013). However, Ichniowski et al.'s (1997) explanation, at least normatively speaking, might be contingent upon institutional context and specific HR strategies at work.

Another strand of the contingency and configurational HRM literature has argued that the relevant configurations of practices vary across organizations depending on several dimensions, the focus being mostly set on divergences in management and distinct competitive advantages that are in turn mirrored in different organisational strategies (Brewster, 2012).

Schuler and Jackson (2010) distinguish among organisational strategies founded on cost reduction, quality improvement or innovation activities. The authors argue that employees are required to play different roles depending on the type of strategy and thus the best HR practices would be those that are most suitable to serve the purpose.

In all, international evidence supports the existence of positive linkages between most of these HRM bundles and organisational performance (Brewster & Mayrhofer, 2012). Research also suggests that improvements in performance are associated with the use of several of the single practices within these bundles, such as those related to skill and cognitive recruitment, training or incentive pay (Black & Lynch, 2011; Jackson & Schuler, 2015). High-commitment HR practices identified as drivers of performance include selection and training activities that emphasize values and human relations; behaviour-based promotion and rewarding; contingent pay systems; wages set above their market-level; among others (Lengnick-Hall, Andrade & Drake, 2010).

In conclusion, it could be affirmed, on the basis of the evidence found in this study that bundles of HRM practices have a significant positive impact on organisational performance subject to the moderating effects of other situational factors and contingencies which may be contextual, firm specific, institutional or employee related.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### **Introduction**

This section presents a summary of main findings of the study. It continues to highlight the conclusions drawn based on the analysis in addition to recommendations for theory, policy and knowledge. Finally, the study also makes some recommendations to guide future academic research on the subject matter.

#### **Summary**

Globalization and competition among firms has created the massive need for firms to deploy effective and efficient strategies to manage their Human Resources. Deemed as a crucial asset of the organization, Human Resources play a crucial role in organisational success. Both previous and extant literature has highlighted the nexus between the HR practices employed by firms and the performance achieved. Yet the empirical literature in the Ghanaian context, specifically with regards to the manufacturing sector is scanty.

The objective of this study was to first, identify and examine the extent to which bundles of HRM practices affects performance of Ghanaian manufacturing firms. Specifically, the study also analyzed the impact of HR

planning, recruitment and selection, training and development, performance appraisal and compensation and rewards on organisational performance.

By administering a questionnaire to a purposively selected a sample of 200 respondents across 8 manufacturing firms located in the Greater Region of the Republic of Ghana, multivariate regression analysis was performed to analyze the effects of HRM practices on organisational performance after controlling for the effects of firm-specific factors of age and size.

The results indicate that control variables (firm age and size) account for only slight (2.2%) of the total variations in organisational performance and that this joint effect is statistically insignificant at the 0.05 level.

The R-square change indicates that the HRM practices of planning, recruitment and selection, training and development, performance appraisal and compensation and reward significantly accounted for total variations in performance of manufacturing firms and this observed effect is statistically significant.

Below is the summary of the key findings of the study;

- Firm age had a significant positive effect on performance but firm size had an insignificant effect on performance
- Of all the HRM practices, only compensation and rewards positively and significantly influenced performance manufacturing firms.
- All the other HRM practices, namely HR planning, Recruitment and Selection, Training and Development, Performance Appraisal did not affect organisational performance to any significant effect.



## Conclusions

The role of HRM practices in influencing performance of firms has become critically important in extant management research. The results indicated that the HRM practices of planning, recruitment and selection, training and development, performance appraisal and compensation jointly exerted statistically significant effect on manufacturing firms' performance. Thus alternative hypothesis one; *H<sub>1</sub>: HR practices do have significant impact on organisational performance*, was confirmed. This finding implies that “bundles” of HRM practices simultaneously affect manufacturing firms' performance and to a significant extent and it agrees with that of previous empirical researches (e.g. Mansour, 2010; Khan, 2010). It literally means that firm performance is more likely boosted to a greater extent when all HRM practices are in place compared to when just a few of them are implemented in organizations.

Moreover, the results also indicated that of all the HRM practices, only compensation and rewards positively and significantly affected manufacturing firms' performance and this finding finds partial congruencies with the results of Hameed, Ramzan, Hafiz, Zubair, Ghazanfar and Arslan (2014) and Sophia (2013) although it contradicts that of Rizal et al. (2014). Thus, alternative hypothesis six; *H<sub>1</sub>: Compensation and reward positively influences organisational performance*, was confirmed. This finding suggests that when employees of Ghanaian manufacturing firms are well compensated (in terms of better remunerations, wages, salaries and incentive packages etc), organisational performance could increase very significantly. Therefore, alternative hypothesis six; *H<sub>1</sub>: Compensation and reward positively influences*

organisational performance, appears to have empirical support within Ghanaian manufacturing firms.

HR planning, according to the results of this study had no significant effect on performance of manufacturing firms and this finding partly disagrees with that of AL-Qudah et al. (2014). Hence, alternative hypothesis two; *H<sub>1</sub>: HR planning significantly influences organisational performance* could not be confirmed. This implies that performance of manufacturing firms in Ghana would not necessarily increase because Management embarks on HRM planning activities.

Recruitment and selection did not significantly affect performance of the manufacturing firms and this finding appears to partly contradict that of AL-Qudah et al. (2014) and this led to a rejection of alternative hypothesis three; *H<sub>1</sub>: Recruitment and selection positively influences organisational performance*.

Moreover, the insignificant effect of training and development on organisational performance contradicts the findings of some previous studies that apparently supported a positive connection between employee training and firm performance (e.g. Tzafirir, 2005; Qureshi et al., 2007; Danvila del Valle et al., 2009; Jayawarna et al., 2007; Denby, 2010). Therefore, alternative hypothesis four; *H<sub>1</sub>: Training and development significantly influences organisational performance* was also rejected. This implies that while employee training and development are crucial, they may not translate into significant effects on performance.

Furthermore, performance appraisal was found in this study to not significantly affect performance of Ghanaian manufacturing firms, a finding

that contradicts that of Ali et al. (2012) and Messah and Kamencu (2011). This led to the rejection of alternative hypothesis five; H1: *Performance appraisal positively influences organisational performance*. This implies that evaluating employee performance would not directly translate into improved organisational performance.

A number of new thoughts and assertions are apparent based on the findings of this study.

First, it seems, from the Author's analysis and perspective, that the extent of impact of performance appraisal systems (and indeed all other dimensions of HR practices on organisational performance) depend on certain mediating variables such as the strategic focus it attracts within a particular organization.

Secondly, the findings of this study seems to support a rejection of the "universalistic perspective of HR" which presumes that the nexus between HR and organisational performance can be generalized to every context, leading to the development of a set of 'High Performance Human Resources Practices' (HPP) with a progressive impact on organisational performance as previously argued by Martín-Alcázar, Romero-Fernández and Sánchez-Gardey (2012). Although researchers subscribing to this "Universalist perspective" such as Pfeffer (1995) and Osterman (1994) [cited in Masters & Miles, 2012] argue that greater use of "high performance" practices such as participation and empowerment, incentive pay, employment security, promotion from within the firm, and training and skill development result in higher productivity and profits across organizations, the finding of this study only appears to support

one of those variables in the so called “universal HR high performance indicators” mentioned by them .

The other schools of thought propounded so far to explain the link between HR practices and organisational performance are the “contingency and configurational approaches”, which on the other hand, assert that firm performance is contingent on the effective combination of some HRM practices and how these practices are “bundled” together in organizations that have distinct characteristics. This reasoning finds empirical support in the works of several authors (Arthur, 1994; MacDuffie, 1995; Ichinowski *et al.*, 1997; Stavrou & Brewster, 2015; Jones & Wright (2012); Huselid, Jackson, & Schuler, 1997; Newman & Huselid, 2012; Ostroff and Schmitt (2013). Indeed, the findings of this study appear to lend partial credence to the configurational and contingency approaches. However, the other aspect of the “contingency and configurational HRM” literature has argued that the relevant configurations of practices vary across organizations depending on several dimensions, the focus being mostly set on divergences in management and distinct competitive advantages that are in turn mirrored in different organisational strategies (Brewster, 2012).

Juxtaposing all the theoretical arguments and previous empirical works on the results of this study, it could be concluded that that bundles of HRM practices have a significant positive effect on organisational performance subject to the moderating effects of other situational factors and contingencies which may be contextual, firm specific, institutional or employee related. It implies that the observed link between organisational performance and HR practices could be made stronger or weaker based on the

crucial role of other “contingent” variables or “the configuration of HR practices” within the firm in addition to specific situational and contextual factors.

### **Recommendations**

On the basis of the findings of this study, it is recommended to management of manufacturing firms in Accra to pay critical attention to their compensation and rewards systems. Previous literature and the findings of this study point to the fact that employees are highly motivated to work harder when they are assured of fair performance-based compensation systems and packages. Managements of manufacturing firms should consider maintaining or improving the existing system as this would have far reaching consequences on employee behavior and organisational performance. However, it must be borne in mind that HR practices function best when they work in “bundles” so that the overall organisational effect is the result of the complementarities between each individual dimension of the bundles. This implies that Managements of Manufacturing firms in Accra, whilst thinking of improving the rewards and compensation packages should ensure contemporaneous improvements in their HR systems and practices in relation to training and development, Recruitment and Selection, Training and Development, Performance Appraisal.

For further academic research, it is recommend that further investigation be conducted that seek to explore the links between HRM practices and organisational performance using more robust methods such as structural equation modeling that also allows the researcher to analyze the role

of other mediating variables that may be contextual, institutional, employee-specific or organization-related. The findings of such a study would be more interesting.

Again it is recommended that a comparative analysis be made to ascertain if there are any differences in the impact of HRM practices among manufacturing and service sector firms. A meta-analysis of existing empirical works from several contexts is recommended as a way of testing the Universalist and configurational and contingency schools of thought within the Ghanaian context.

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**APPENDIX A:**

**QUESTIONNAIRE**

**UNIVERSITY OF CAPE COAST**

**COLLEGE OF DISTANCE EDUCATION (CODE)**

I am a final year Masters student of University of Cape Coast (UCC), Ghana. I would like to invite you to be part of a research study entitled: **Impact of Human Resource Management Practices on Organisational Performance: The Case of selected Manufacturing firms in Accra.** It forms part of the requirements for the attainment of a Master's Degree in Business Administration. As such all responses/answers will be solely used for the stated academic purpose and will be accorded the necessary confidentiality. Please take a few minutes to complete this survey. Your specific answers will be completely anonymous and confidential, but your views, in combination with those of others, are extremely important.

**SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

1. Sex of respondent (a) Male ( ) (b) Female ( )
  
2. Age (a) Below 20 years ( ) (d) 41 – 50 years ( )  
(b) 20 – 30 years ( ) (e) 50 and above ( )  
(c) 30 – 40 years ( )
  
3. Position.....
  
4. How many years have you worked with this organization?  
(a) Below 3 years [ ] (c) 7 – 9 years [ ]

(b) 3 – 6 years [ ] (d) 10 years and above [ ]

5. What is your level of education?

(a) Secondary [ ] (b) Polytechnic [ ] (c) University [ ] (d) Professional [ ]

6. Then name of the organization.....

**SECTION B: HR PRACTICES IN THE MANUFACTURING SECTOR**

No.		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	<b>HR Planning</b>					
7.	I have clear target for each of my objectives					
8.	I know how my job impacts on the mission of our company					
9.	I know very well what is expected from me on my job.					
10.	Targets given by the company are realistic (achievable)					
11.	I have the flexibility to arrange my work schedule to meet my personal responsibilities					
12.	I have a clearly established career path at the company					
	<b>Recruitment and Selection</b>					
13.	I received a large amount of information about my job before being employed during recruitment process					
14.	All the information I received at my interviews about my job before being employed was relevant					
15.	I was told about all positive and negative aspects of the job at interviews before being employed					
16.	All the information I received at recruitment process about the job is accurate					

17.	The information about the recruitment and selection process was received at the right time					
	<b>Training and Development</b>					
18.	I received training before I started my work					
19.	I have opportunities to learn and grow					
20.	I get the training from the company for my promotion					
21.	I get the training I need to do my job well					
	<b>Performance Appraisal</b>					
22.	My last performance appraisal accurately reflected my performance					
23.	The performance appraisal system is fair					
24.	My performance appraisal is consistent with the mission and goals of the company					
25.	Discussion of performance with employees.					
26.	Feedback given after performance appraisal					
	<b>Compensation and Reward</b>					
27.	The company provides comfortable working conditions (space, light, seating arrangement, air condition, etc)					
28.	I am satisfied with the value of increment in pay					
29.	I am happy with the number of increments in the pay					
30.	Retirement plan for employees					
31.	Satisfactory incentives given to reassure me to help achieve organisational objective					

Please tick one cell for each statement

**SECTION C: IMPACT OF THESE HR PRACTICES ON ORGANISATIONAL PERFORMANCE**

32. In your view, what is the effect of these on the performance of your company in the following areas?

<b>No.</b>	<b>Areas</b>	<b>High</b>	<b>Average</b>	<b>Low</b>	<b>Cannot Tell</b>
i.	Profitability				
ii.	Efficiency				
iii.	Retention				
iv.	Customer				
v.	Cost reduction				

**THANK YOU**