

## **Implication of HR components on Employee Performance: A comparative analysis of Public & Private Sector employees**

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**Abstract:** Globalization and technological advancement has made market competitive. To survive in market every organization needs to maintain high performance. It can only be possible when the employees working in organization perform more efficiently than competitors. Increase in competition of market has made employee performance a big question to organization for its survival in global competition. Study reveals performance of employee is affected by various component of human resource management i.e. Job satisfaction, leadership, training & development and work stress. HRM is managing people effectively and efficiently to achieve strategic aims of organization. This study focuses on analyzing the impact of HR components on performance of employee. It also compares impact of HR component respect to public and private organizations. The study finds HR components have significant positive relationship with employee performance except work stress. Study also interprets findings irrespective of organization type.

**Keywords:** Employee performance, job satisfaction, leadership, training & development, work stress.

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### **1. Introduction**

Globalization has increase competition in the market. Every organization has now main concern to improve employee performance in order to get competitive advantage in the market. As the technology grow it becomes easy to enter in the global market. Advancement in technology and development of e-commerce has increased challenges to existing firms by giving easy entry and exit to new firms. Only those companies are surviving that has competitive advantage on other. In order to increase competitive advantage to company, focus should be on people knowledge

and skills. The term competitive advantage is introduced by Porter that includes innovation, quality enhancement, cost reduction (Schuler & Jackson, 1987). Study reveals only fewer firms meet challenges that has competitive people. HRM and its component play vital in enhancing potential of employees (Bohlander, Snell, & Sherman, 2001). Company having higher employees' performance is likely to produce more competitive output. Employees' performance has been under discussion since centuries. It is affected by various external and internal factors in organization. Study reveals performance of employees is affected by job satisfaction, job rotation, leadership, training & development, and work stress, working condition work relationship etc. Study discusses employees' satisfaction with their job, produce more output and perform better than unsatisfied employees. According to studies trained employees are more likely to feel satisfied with their job as they are more able to perform their job in effective way. Training enhances the ability of employee. Training and development is a process of preparing employee for performing work as per requirement of the company to meet current and future goals. HRM can increase the ability of employee and prepare prospective leader through training & development. Leadership has become a crucial activity of management to improve the efficiency of employees.

Organizations are focusing to create the match between leaders and employees in order to enhance their performance. Leadership is an activity to engage employees in work with their willingness. Leadership also deals with environmental factors i.e. internal and external. It finds the easiest way to perform job and reduces stress from employee. It plays an important role in releasing work stress from employee. Study concluded negative relationship between employee performance and work stress that can only be tackling by adopting a fair leadership style. Study also concluded HR component has no significant variation of impact on performance of employees working in Public and Private Organization. Study recommended private organization should do more focus on job satisfaction and training & development beside this focus on leadership is recommended to Public organization.

The present study aims to analyze the impact of human resource component on employee performance. The other purpose of the study is to discuss variation of impact of Human resource components with type of organization i.e. Public and Private.

## **2. Literature Review**

### ***2.1 Human Resource Management and its Components***

Study of HRM got its importance in 1980s as the subject discussed managerial efficiency with its relation. Many theoretical constructs were discussed about link between HRM practices and performance of employees (Hendry & Pettigrew, 1990). Today it has emerged as global field of study. It can be portrayed as a vital, incorporated and cognizant way to deal with the business, improvement and prosperity of the general population working in associations. It has a solid theoretical premise drawn from the behavioral sciences and from vital management, human capital and mechanical relations hypotheses. This establishment has been worked with the assistance of a huge number of research ventures (Armstrong, 2010). Human resource management (HRM) is the strategies, practices, and frameworks that impact representatives' conduct, states of mind, and execution. Many organizations allude to HRM as including "people practices". There are a few essential HRM practices that should boost the association's business methodology: breaking down work and outlining occupations, deciding what number of representatives with particular information and aptitudes are required (human resource arranging), pulling in potential representatives (enrolling), picking representatives (choice),

showing representatives how to play out their occupations and setting them up for the future (preparing and improvement), assessing their (execution management), remunerating representatives (pay), and making a positive workplace (worker relations). An association performs best when these practices are overseen well. At organizations with powerful HRM, representatives and clients have a tendency to be more fulfilled, and the organizations have a tendency to be more inventive, have more prominent profitability, and build up a more positive notoriety in the group (Raymond, 2011). It is the process of managing organization's human resource for the achievement of its objective with effectiveness and efficiency. Study reveals human resource management creates opportunities for employees, so that they can utilize their skills and abilities efficiently for the achievement of goals and objective of organization. It also helps employee to contribute their effort in the direction of company motive. It aligns talent of employee with the mission of organization (Burma, 2014).

## ***2.2 Job Satisfaction***

It is psychological, physiological and natural conditions that an employee feels that he is happy with his job (Hoppok, 1935; Aziri, 2011). According this explanation job satisfaction of employee is the response numerous variables, it remains something interior that needs to do with the way how the representative feels. It is also means that employee knows all activities of his job as compared to colleague (Vroom, 1964). Job satisfaction is expert's feeling of accomplishment and success at work. It is for the most part seen to be specifically connected to productivity and in addition to individual prosperity. Job satisfaction infers doing a job one appreciates, doing it well and being compensated for one's endeavors. Job satisfaction additionally infers energy and bliss with one's work. Job satisfaction is the key ingredient that prompts acknowledgment, wage, advancement, and the achievement of different objectives that prompt a sentiment fulfillment (Kaliski, 2007).

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

Training is acquiring knowledge & skills for performing current job and doing training for future job referred as development. It is also a system and planned instruction activity to enhance learning (Armstrong, 2006). The official and continuous instructive exercises inside an association intended to upgrade the satisfaction and execution of workers (Business dictionary, 2017). Training and development is a continuous process of enhancing skills of employee to perform current and future work. Development help employees to perform better with change of task and responsibilities (Noe, Hollenbeck, Gerhart, & Wright, 2004). Study reveal trained employee produce output more efficiently.

## ***2.4 Leadership***

It is an activity that aims to engage employees for achievement organization's objective. Leadership is set of decision taken by a selected person for ensuring the achieve of organization' objective with the utilization of workforce. Leadership conduct is in this way authoritatively authorized either formally or casually and the pioneer is looked to for direction and course by the individuals who perceive in his or her energy (Babatunde & Emem, 2015).

## ***2.5 Work Stress***

Work stress is the consequences of failure of employees as they are unable to meet requirement working environment. It also evolves from many sources. It can be a requesting manager, irritating colleagues, insubordinate understudies, furious clients, dangerous conditions, long

drives and a ceaseless workload (Hamlett, 2017). It affects physical and mental condition of employee that reduces its work efficiency (Goswami, 2015).

### **2.6 Relationship among Human Resource Component and Performance of Employees**

Human resource management can enhance the firm's competitive advantage by creating potential in the employees that increase the profitability of firm. It is a system of policies and practices that influences performance (Altarawmneh & Al-Kilani, 2010). HRM is important for defining strategy in large organization. Practices of HRM increase competitive advantage as it deal with reinforcement of skill and ability of manpower of the company (Ozcelik & Ferman, 2006). Study reveals employees usually do not utilize their potential adequately that tends to low performance (Wright & McMahan, 1992). HRM can affect their performance by its practices. It can influence employees' skills and ability by defining a better organization structure. Employee relatively performs low if they are not motivated. HRM can influence their motivation various way (Baily, 1993) i.e. making them satisfied from their job, leadership, reducing their mistakes by arranging relevant training programs and also decreasing their work stress.

The study of Shmailan (2014) discussed performance of employee is influence by number of factors. Employees satisfied with their job produce more competitive output. Job satisfaction is connected to productivity of employees. Satisfied employees are likely to perform efficient. (Kaliski, 2007). Firms can increase satisfaction of employee by providing them training about to perform their duties. As they become more able to perform duties they feel more satisfied. Noe, Hollenbeck, Gerhart, & Wright, (2004) discussed training and development prepare employees for current and future responsibilities. It is the process of enhancing skills of employees. It prepare employee to deal with peculiarities of job and perform it in appropriate way in order to maximize firms' profitability. Training & development helps organization in developing prospective leaders. Study reveal organization's success is dependent on leadership. Organization can enhance the leadership skills of employee by providing them adequate training (Babatunde & Emem, 2015). A fair leadership style can reduce the work stress of employees that can be responsible for increase in performance. Study of Kotteeswari & Sharief (2014) reveals indirect relationship between work stress and performance of employee. As the work stress increases the performance of employee decreases. They explain it daily issue for employees in respect to gender and age which they need to tackle.

Employees' performance is affected by various variables. The present study focuses on Job satisfaction, training & development, leadership and work stress as having significant impact on employees' performance. The study also discusses variation of impact of these variables with respect to types of organization.

The hypotheses of the study after review of literature are:

H<sub>1</sub>: As job satisfaction increases so does employees' performance.

H<sub>2</sub>: As firm's focus on training and develop increases so does employees' performance.

H<sub>3</sub>: As quality of leadership increases so does performance of employees.

H<sub>4</sub>: As work stress increases on employee it tends to decrease in performance.

H<sub>5</sub>: Job satisfaction impact varies with type of organization.

H<sub>6</sub>: Training and development cause greater impact of Public organization as compared to Private organization.

H<sub>7</sub>: Leadership is more likely impact on Public organization.

H<sub>8</sub>: Variation in work stress has more impact on Public sector employees as compared to private sector employees

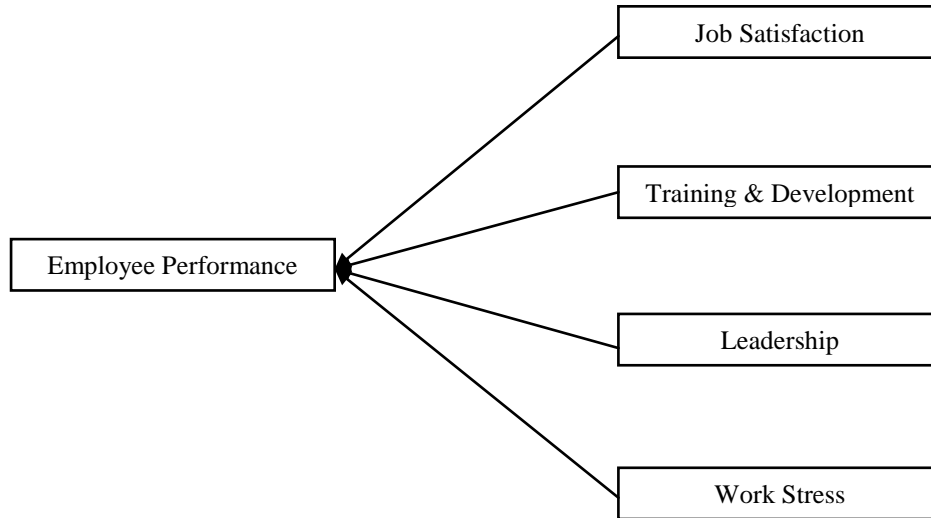


Figure 1: Model of the Study

### 3. Methodology

The study is based on data collected from secondary source. A survey of 306 was conducted by Nasir khan (DGM PSO T&D) during the year 2017 on human resource interventions. 50% sample were drawn from Public sector and remaining 50% from private sector. Convenience sampling was used to draw sample. Respondents belonging to higher, middle, lower management were the sample for the study. The scope of survey was consisting of people engaged in management activity. Survey was conducted through close ended questionnaire based on 5 points Likert scale. The questionnaire comprised of various items about HR interventions and environmental factors affecting the organization i.e. leadership, training and development, job satisfaction, job rotation, goals and targets, work stress etc. The study discusses comparison of performance of employees working in public and private organizations affected by human resource components. The study performed multiple statistical tests to analyze the variability caused by independent variables in employee performance. Logistic regression was run on data in order to analyze impact of independent variables. The study also discusses independent t-test in order to analyze variation in impact of independent variables with respect to type of organization.

### 4. Results and Discussion

The study reveals more than 70% employee agrees with job satisfaction, leadership and training & development leads to better employee performance (see Figure ). Beside this work stress has negative impact. Nearly 50% employees agree increase in work stress can be responsible for lower performance of employee. Sample 306 respondents from which 152 respondents agree employee's performance is affected by various factors i.e. job satisfaction work stress, leadership and training & development. Study finds job satisfaction causes the variation in employees'

performance. Responses from leadership and training & development are much similar to job satisfaction.

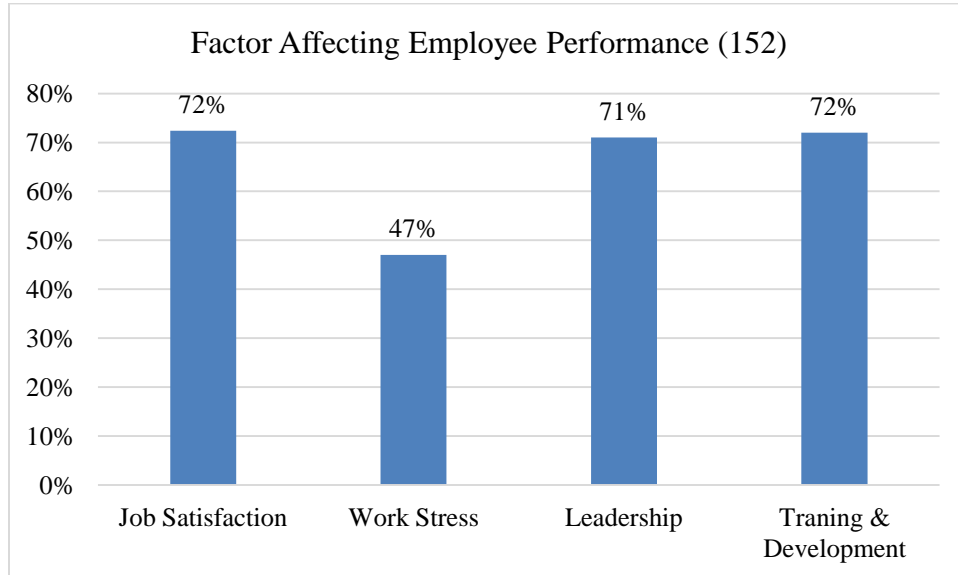


Figure 2: Factors affecting Performance

Comparative analysis of public and private organizational employees shows that private organization employees are more influenced by job satisfaction and training & development as compared to leadership (see Figure ). Beside this employees of public organizations are more affected by leadership and training & development.

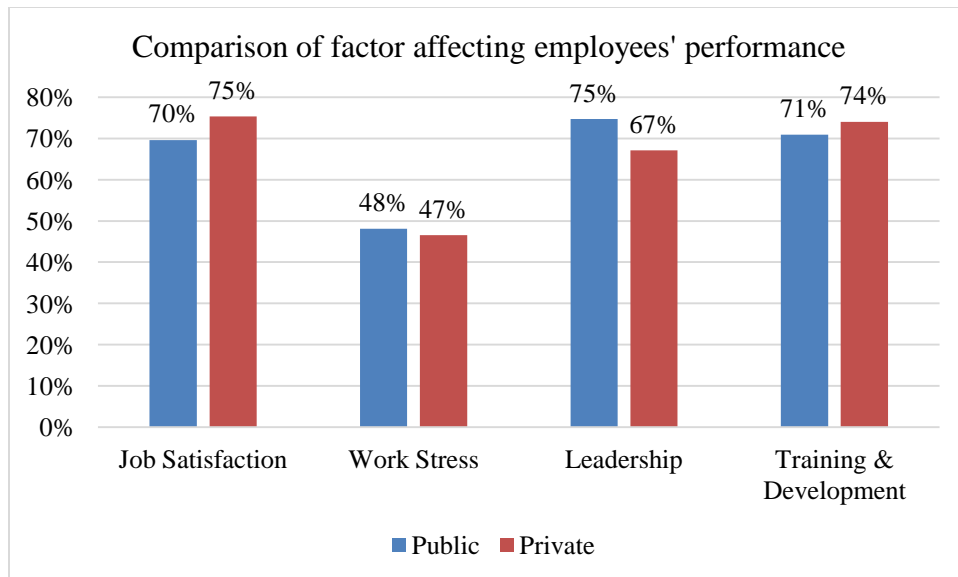


Figure 3: Comparison of Variables at organizational Level

It is an appropriate tool to analyze dichotomous data. Model assumes all outcomes are discrete and there is no outlier in data (Statistics solutions, 2017). All variables are recoded into binary digits (0, 1) as 0 = no employee performance and 1 = employee performance. The results

indicate that 35% variability in employees' performance, which means that other variables i.e. job rotation, delegation & empowerment, harassment are also impacting the performance.

*Table 1: Regression Analysis*

Model Summary			
Step	-2 Log likelihoods	Cox & Snell R Square	Nagelkerke R Square
1	290.738a	0.353	0.471
a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001			

Logistic regression shows job satisfaction is the most impacting factor on employee performance with the impact of 7 times in its 1-time rise. Employees satisfied with their job are more likely to perform better. This variation of job satisfaction is independent of types of organization. Employees working in public organization or private organization are satisfied. They took more interest in their job. Beside the job satisfaction, leadership and training also have positive impact on employees' performance. Leadership has impact of 3.89 time and training & development has 4.64 times on employees' performance on its 1-time rise (see Table 2).

*Table 2: Regression result*

Variables in the Equation					
Step 1 <sup>a</sup>	B	S.E.	df	sig	Exp(B)
Job Satisfaction (1)	1.952	0.350	1	0.000	7.04
Training & Development (1)	1.534	0.310	1	0.000	4.64
Leadership (1)	1.359	0.300	1	0.000	3.89
Work Stress (1)	-	0.365	1	0.000	0.15
Constant	-	0.290	1	0.000	0.21
	1.543				
a. Variable(s) entered on step 1: JS, WS, LEAD, TD.					

The independent t-test analyzes the significant differences between the two groups. It infers the variation in independent variables with respect to change of group. The independent t-test analysis shows job satisfaction, work stress, leadership and training & development are comparatively having same impact on employees' performance irrespective of organization' type (see Table 3). Job satisfaction has the highest level of significance and very low mean difference. Leadership is showing the smallest level of significance and high mean difference.

Table 3: T-test Analysis

Variable	Variance	Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig.	Mean diff	Std. Error Difference	Lower	Upper
JS	Equal variances assumed	.052	.820	-.114	304	.909	-.00654	.05711	-.11892	.10585
WS	Equal variances assumed	2.180	.141	-.803	304	.423	-.04575	.05698	-.15787	.06637
TD	Equal variances assumed	.144	.705	-.342	304	.733	-.01961	.05734	-.13244	.09322
LEAD	Equal variances assumed	.052	.820	1.142	304	.254	.06536	.05723	-.04726	.17798
EP	Equal variances assumed	.051	.822	.684	304	.494	.03922	.05731	-.07356	.15199

## 5. Conclusions

Study concludes that components of HRM i.e. job satisfaction; training & development and leadership have significant positive impact on employee performance that has no significant variation from public to private sector employees. Study also concluded work stress has negative impact on employees' performance irrespective of organization type. Employees facing work stress are more likely to produce less output. Employee of Public organization agrees leadership is little bit more significant variable for enhancement of performance in the organization. Beside this private organization employees are more likely affected by job satisfaction. The study recommends that private organization must ensure job satisfaction to employees by giving attention to their problem. These organizations should initiate timely training course for enhancement of employees' skill so that can perform better. Furthermore, both public and private sector organizations should maintain conducive environment to release work stress.

The scope of analysis conducted in study is limited to data collected from people engaged in activities of management in Pakistan. The study employs non-probability sampling as the complete and accurate data about management professional is not organized in Pakistan. Probability sampling can be used on the availability of parameters of population. The findings of study are based on cross-sectional data and if other variables are taken into account, the results may vary.

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