

## HRM Practices

### HRM Practices in Public and Private Universities of Pakistan

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### **Abstract**

The purpose of this study was to compare the HRM practices of public and private universities in Punjab province of Pakistan. The HRM practices were found through a focus group interviews in the universities (three public and three private). The sample was comprised of 60 executives (directors/heads of departments) drawn at random from sampled universities. Data were collected through a questionnaire comprised of 30 items mainly based on job definition, training and development, compensation, team work, employee's participation and performance appraisal. The instrument was validated through pilot testing. The internal reliability of the instrument was established at 0.85. The data collected was analyzed by applying descriptive and inferential statistical techniques such as means and t-test. The results showed that there was a significant difference in HRM practices used by executives of public and private universities. HRM practices in the areas of job definition, training and development, compensation, team work and employees participation are significantly better in the public universities than private universities. However, performance appraisal practices were found significantly better in the private universities than public sector universities. At the end suggestions and recommendations were made for the HRM executives of private universities to improve their HRM practices in favor of their employees.

**Key terms:** HRM practices

## I. INTRODUCTION

Education is essential for the overall personality developments of human beings. It plays an important role to change the attitude and behavior of the individual. In the process of education, people learn how they can better survive in the fast progressing world. Innovations and new discoveries in the fast changing world demand the humans to develop themselves in order to meet the challenges of the future. Education is one of the most powerful instruments that can bring out changes in community, society and particularly in the future dusting of nation (Shami, 1999). Higher education plays a vital role in the economic development of the country. Through research, new ideas and innovation can generate; which help in promoting higher education in the development of human resources. In order to manage the activities in the universities and higher education institution needs effective HRM.

Employing new labor forces entails the implementation of human resource management (HRM) practices. These practices include recruitment, selection, and hiring of the workforce. Once individuals are hired, they need to be incorporated into the company's framework through training and socialization. Appraising the progress of these employees and motivating them via compensation are also key components of HRM (Schuler & MacMillan, 1984). How to select, train, appraise, compensate, and communicate with one's domestic workforce can seem daunting enough. Successfully managing employees who do not share the same opinions, values, and outlooks as those found in the company's country of origin can pose a myriad of issues which, if not handled knowledgeably, can negate the advantages of entering new markets. Because of the increasing pressures and interconnectedness of the global market, researchers are now studying how well HRM practices can be transposed across different countries and which practices need to be modified to fulfill their respective purposes (Begin, 1992, Budhwar & Khatri, 2001).

Several studies have shown that the effectiveness of HRM practices is dependent on how well these methods fit with the culture in which they are implemented (Debrah, McGovern, & Budhwar, 2000; Huo & Von Glinow, 1995). Huselid (1995) found that the effectiveness of employees will depend on impact of HRM on behavior of the employees. Brown and Heywood (2005) state that 'performance appraisal represents, in part, a formalized process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers'. Brown and Benson (2003) found that employees' commitment and productivity can be improved with performance appraisal systems

A number of theoretical and empirical studies have linked HRM practices to business performance. Huselid et al. (1997) studied the effect of HRM on corporate firm performance of 293 U.S. firms. They divided HRM effectiveness into two types: The first type is HRM effectiveness including compensation, recruiting and training, employee/industrial relations, selection tests, appraisal, employee attitudes, and so on. The second type is strategic HRM effectiveness including team work, employee participation and empowerment, employee and manager communications, management and executive development, etc. Their study shows that there is positive link between strategic HRM effectiveness and firm performance, but technical HRM effectiveness is not related to firm performance. They found that there is a relationship between HRM effectiveness and productivity of firms.

Moreover, the current literatures also show that certain HRM practices are associated with positive operational (employee's productivity and firm's flexibility) and quality performance outcomes (Chang and Chen, 2002; Ahmad and Schroeder, 2003; Kuo, 2004; Sang, 2005). The accumulated research evidences show that effective HRM practices can have substantial impact on business performance. Chang and Chen (2002) conducted a comprehensive study to evaluate the links between human resource management practices and firm performance of Taiwanese high-tech firms in Hsinchu science-based industrial park. Using data from 197 participating firms, the study found that HRM practices such as training and development, teamwork, benefits, human resource planning, and performance appraisal have significant effect on employee productivity. In addition, benefits and human resource planning are negatively related to employee turnover. Ahmad and Schroeders' (2003) study attempts to generalize the efficacy of seven HRM practices proposed by Pfeffer (1998) in the context of country and industry, focusing primarily on the effects of these practices on operations. The seven HRM practices include employment security, selective hiring, use of teams and decentralization, compensation/incentive contingent on performance, extensive training, status differences, and sharing information. The operational performance includes cost, quality, delivery, flexibility, and organizational commitment. Their findings provide overall support for the relationship between the seven HRM practices and operational performance.

Frye (2004) examined the relationship between equity based compensation and firm performance and found positive relationship between the two. He argued that for human capital intensive firms compensation plays a crucial role in 'attracting and retaining highly skilled employees'. As universities are human capital intensive

organizations, compensation practices of a university can be of great help in hiring and keeping hold of highly skilled and competent teachers. Incentive pay plans positively and substantially affect performance of workers if combined with innovative work practices like 'flexible job design, employee participation in problem-solving teams, training to provide workers with multiple skills, extensive screening and communication and employment security'. HRM policies related to training and development and employee compensation are central in the HRM literature, and similar factors have been reported by several other researchers such as Becker and Huselid (1998, p. 74).

Huselid (1995) stressed that by adopting best practices in selection, inflow of best quality of skill set will be inducted adding value to skills inventory of the organization. He also stressed on importance of training as complement of selection practices through which the organizational culture and employee behavior can be aligned to produce positive results.

By increasing employee participation, the firm will benefit from increase in productivity of the employee due to increased commitment of the employee. Financial participation schemes were more beneficial for the organizations than the associated cost (Summers & Hyman, 2005). Use of best HR practices shows a stronger association with firm's productivity in high growth industry (Datta, Guthrie, and Wright, 2003).

One of another aspect of HRM practices is job definition, which is the combination of job description and job specification. Qureshi and Ramay (2006) state that job definition clearly outlines duties, responsibilities, working conditions and expected skills of an individual performing that job. Ichniowski, Shaw & Prensushi (1995) while observing productivity of steel workers have found that complementary HR practice System effects workers performance. However, Sels et al. (2006) found significant relationship between HRM practices and employee outcomes

A ranking given on the web site <http://www.topuniversities.com/world-university-rankings>, accessed on 27-12-2009, we come to know that there is no single Pakistani university in the top 500 universities of the world. Why it is so? We are lacking in many things especially in funding, research culture, HRM practices (e.g. training, selection, performance appraisal, job definition, compensation, career planning, and employee participation), productive politics, highly qualified staff, training of the staff etc. No adequate research has been conducted on HRM practices at higher education level. Therefore, it was imperative to review HRM practices in the universities. It was due to this reason that the researchers selected to investigate the HRM practices in public and

private universities so as to suggest remediation strategies to raise the quality of higher education in Pakistan.

### OBJECTIVES OF THE STUDY

The objectives of the study were to:

1. Investigate the HRM practices in view of the HRM executives of public sector universities
2. Investigate the HRM practices in view of the HRM executives of private sector universities
3. Compare the HRM practices in view of the HRM executives of public and private sector universities of Punjab province of Pakistan

### HYPOTHESES OF THE STUDY

Following were the hypothesis of the study:

H0:1 There is no significant difference between HRM practices implemented by HRM executives of public and private universities.

H0:2 There is no significant difference between training and development practices implemented by HRM executives of public and private universities.

H0:3 There is no significant difference between practices for team work implemented by HRM executives of public and private universities.

H0:4 There is no significant difference between performance appraisal practices implemented by HRM executives of public and private universities.

H0:5 There is no significant difference between job definition practices implemented by HRM executives of public and private universities.

H0:6 There is no significant difference between compensation practices implemented by HRM executives of public and private universities.

H0:7 There is no significant difference between employee participation practices implemented by HRM executives of public and private universities.

## II. Method and Procedure

The researchers aimed to generalize the result of this study on all HRM executives of public and private universities of Punjab, Pakistan. For data collection, a sample of 66 HRM executives (directors/ heads of departments) was drawn from six universities (3 private and 3 public). The universities were selected from the central and southern Punjab in view of the geographical considerations. Owing to ethical considerations, the

names of the universities have not been mentioned here. Ten heads/executives were selected from each university by using simple random sampling technique.

A questionnaire on HRM Practices was distributed among the subjects. The questionnaire used in this study was adopted from Qureshi, and Ramay (2006) who conducted a similar study on “impact of human resource management (HRM) practices on employees’ performance”. Moreover items on specific HRM practices were also adopted from the instrument developed by “Feng-Hui Lee and Tzai-Zang Lee” (2007) who conducted a study to investigate the relationship between HRM practices and firms’ performance. The instrument on HRM Practices comprised of 30 items, which contains questions on training, team work, performance appraisal, job definition, compensation, and employee participation. The instrument was validated through pilot testing. The internal reliability of the instrument was found to be as 0.85. Subjects were asked to indicate their level of agreement or disagreement with each statement using a number from one to five.

### III. Findings of the Study

Data collected through the survey questionnaire were reviewed and cleaned. The analysis has been given below according to the hypotheses framed of the study.

**Table 1**

**Overall HRM practices implemented in public and private universities (H0 1)**

Universities	N	Mean score (X)	St. Dev	Df=(n1+n2)-2	t-value
Public	30	52.57	19.00	58	2.811
Private	30	43.03	18.14		

Table 1 show that the mean score of public universities is greater than the mean score of private universities on HRM practices. Public universities are better due to the infrastructure, binding of HEC. It also show that standard deviation of public sector universities is greater than that of private universities; which means that the score of public sector universities is more spread out, from mean, than private universities. It also shows that t-value 2.811 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the HRM practices of public and private universities.

**Table 2**

**Training practices implemented by HRM executives of public and private universities (H0 2)**

Universities	N	Mean score (X)	St. Dev	Df=(n1+n2)-2	t-value
Public	30	60.23	16.00	58	2.13
Private	30	49.05	15.24		

Table 2 shows that the mean score of public universities is greater than of private universities on their training practices. Public universities are better due to training programs funded by HEC. It also show that standard deviation of public sector universities is greater than that of private universities; which means that the score of public sector universities is more spread out, from mean, than private universities. It also shows that t-value 2.13 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the training practices implemented by HRM executives of public and private universities.

**Table 3**

**Team work practices implemented by HRM executives of public and private universities Ho: 3**

Universities	N	Mean score (X)	St. Dev	Df=(n1+n2)-2	t-value
Public	30	40.35	14.07	58	2.05
Private	30	32.65	12.18		

Table 3 shows that the mean score of public universities is greater than the mean score of private universities in their team work practices. It also show that standard deviation of public sector universities is greater than that of private universities; which means that the score of public sector universities is more spread out, from mean, than private universities. It also shows that t-value 2.05 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the team work practices of public and private universities HRM executives

**Table 4****Performance appraisal practices implemented by HRM executives of public and private universities (Ho 4)**

Universities	N	Mean score (X)	St. Dev	Df=(n1+n2)-2	t-value
Public	30	47.73	18.52	58	2.91
Private	30	62.1	19.67		

Table 4 shows that the mean score of private universities is greater than the mean score of public universities in implementation on performance appraisal practices. It also show that standard deviation of private sector universities is greater than that of public universities; which means that the score of private sector universities is more spread out, from mean, than public universities. It also shows t-value 2.91 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the performance appraisal practices implemented by HRM executives of public and private universities.

**Table 5****Job definition practices implemented by HRM executives of public and private universities (Ho 5)**

Universities	N	Mean score (X)	St. Dev	Df= (n1+n2)-2	t-value
Public	30	53.37	13.61	58	2.49
Private	30	52.2	19.47		

Table 5 shows that the mean score of public sector universities is greater than the mean score of private universities in their job definition practices. It also show that standard deviation of private sector universities is greater than that of public universities; which means that the score of private sector universities is more spread out, from mean, than public universities. It also shows that t-value 2.49 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the selection practices of public and private universities HRM executives.

**Table 6****Compensation practices implemented by HRM executives of public and private universities (Ho 6)**

Universities	N	Mean score (X)	St. Dev	Df= (n1+n2)-2	t-value
Public	30	63.1	15.57	58	2.14

Private	30	55	13.68
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Table 6 shows that the mean score of public sector universities is greater than the mean score of private universities in their compensation practices. It also show that standard deviation of public sector universities is greater than that of private universities; which means that the score of public sector universities is more spread out, from mean, than private universities. It shows that t-value 2.14 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the compensation practices of public and private universities HRM executives.

### Table 7

#### Employee participation practices implemented by HRM executives of public and private universities (Ho 8)

Universities	N	Mean score (X)	St. Dev	Df= (n1+n2)-2	t-value
Public	30	69.63	15.61	58	2.05
Private	30	61.03	16.93		

Table 8 shows that the mean score of public sector universities is greater than the mean score of private universities in their employee participation practices. It also shows that standard deviation of private sector universities is greater than that of public universities; which means that the score of private sector universities is more spread out, from mean, than public universities. Table shows that t-value 2.05 is greater than critical t-value 1.980 at 5% level of significance. So the null hypothesis is rejected. It means that there is a significant difference between the employee participation practices of public and private universities HRM executives.

## V. Conclusions and Recommendations

The conclusions drawn from the findings are:

- HRM practices of public universities are relatively better as compared to the private universities.
- Public universities are performing better as compared to private universities in training practices due to good HRM.
- Public universities are performing better as compared to private universities in team work practices due to good HRM.
- Private universities are performing better as compared to public universities in their performance appraisal practices due to good HRM.
- Public universities are performing better as compared to private universities in employee participation practices due to good HRM.

- Public universities are performing better as compared to private universities in compensation practices due to good HRM.
- Public universities are performing better as compared to private universities in their job definition practices due to HRM.

### RECOMMENDATIONS

In view of the aforesaid conclusions, following recommendations can be put forwarded for the universities.

1. The private sector should give special emphasis on improving their HRM practices in the areas of team work, job definition, employee participation, compensation, career planning, and training.
2. The public sector should especially focus the area of performance appraisal practices so as to enhance the quality of higher education.

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