

# Impact of Performance Appraisal, Work Design and Compensation on Employee Performance: A Study of Telecom Sector

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## Abstract

The purpose of this study is to find out the impact of human resources management practices on employee performance in the telecom sector of Pakistan. A total of 100 employees from a telecom sector consist of both managerial and non-managerial staff responded to the survey. The survey questionnaire had 22 items covering selected human resources management practices and employee performance. The study has found that human resources practices: performance appraisal, compensation and work design have an important positive relationship with employee performance. The results come from a cross sectional study which done at the convenience of the researcher. The results may not be generalized across the country. The application of the results to other cities of telecom sector must be done with maximum care. If the telecom sector organization is to increase employee performance to higher level, it should more focus on improvement in human resources management practices: performance appraisal, compensation and work design. Earlier studies were carried out to study the impact of human resources management practices on an individual training and reward system; they are not collectively work as human resources practices impact on employee performance related to organizational culture. These studies were carried out on limited dimensions of human resources practices which include performance management, career management, reward management and training. This study has attempted to enhance the information on the impact of human resources management practices: performance appraisal, compensation, work design on employee's performance.

**Keywords:** Human resources management practices; Performance appraisal; Compensation; Work design; Employee performance

## Introduction

### Background of study

Human resources practices provide all aspects of personal growth and satisfaction. This in the long run can assist the organization to attract more skillful, efficient and trained personnel and help retain those in the organization. From the last two decades, a relationship has been determined between the various human resource management firms and the success of respective operations and profit in the organizations through human resources management research [1]. This practice is termed as the strategic human resources management and concentrates on a dependable employee orientation. Human resources techniques are considered to sustain future results and profits more successfully than individual based techniques [2]. These actions include selection, recruitment, performance appraisal, reward, compensation, career planning, management and training employees' effective human resources systems [3]. Being useful for organizational success it is imperative to study what effects it has on employees for their positive relationship is necessary to know [4].

By paying better to employees and supporting their positive behavior and attitude towards work; results in the better organizational efficiency of human resources systems. What practices are to be employed remains a point of controversy [5]. However, the categories of human resources systems are agreed upon by all; employees should be promoted, their talent, interest as well and they should be given a chance to perform [4].

The dimensions of human resources practices widely used for enhancing productivity and performance of the employees include; reward, performance, training, career management, secondary work environment, sovereignty and development perspectives [6]. Human resources systems are complex and unique patterns of factors that "represent nonlinear synergistic effects and higher-order interactions". Human resources practices needs to be consistent with environmental

and organizational conditions [7]. Human resources practices have to be effective in achieving specific organizational goals, it is equally important to know the impact of human resources practices have on any organizational goal [5].

Employees are supposed to be aware with various procedures which should be clear and reasonable and that information is passed on correctly with complete clarification [8,9]. Employees must be familiar with the measures and procedures used for valuation, reward or confirmation. Profession progress criteria and procedures should be balanced and practical to keep the employees motivated to perform and work productively [10]. Therefore comprehensive human resources practices have to contain a distinct and reasonable performance, incentive and career management scheme. To some extent improving the surroundings can also help motivate and inspire employees. Strong career plans that consider personal goals and objectives offering different career progression may also be included as a developmental strategy for comprehensive human resources practices [5].

### Problem statement

To analyze and examine the impact of the human resources practices (performance appraisal, compensation, and work design) on employees performance in telecom sector of Pakistan in Islamabad/Rawalpindi. Earlier researches were carried out to study the impact

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Received April 16, 2018; Accepted August 03, 2018; Published August 20, 2018

Citation: Ehsan H (2018) Impact of Performance Appraisal, Work Design and Compensation on Employee Performance: A Study of Telecom Sector. J Glob Econ 6: 301. doi: 10.4172/2375-4389.1000301

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of human resources practices individually on Training and Reward system they are not collectively work as human resources practices impact on employee's performance related to organization cultural. These researches were carried out on limited dimensions of human resources practices which included (performance management, career management, reward management and training). Earlier researcher suggested that in future performance appraisal, compensation, work design should be studied as an independent variable, to check their impact on dependent variable that is employee's performance. In the most of organizations or in the universities they mostly focus on the training and rewards related to the employee's performance.

### Purpose of the study

The study focused an assessment of the impact of human resources management practices (performance appraisal, compensation and work design) on employees' job performance with particular reference to telecom sector of Pakistan in Islamabad/Rawalpindi.

### Objectives of the study

The objective of this study is to examine the influence of human resources management practices on the employee job performance in telecom sector of Islamabad/Rawalpindi. Other specific objectives of the study are:

- 1) To assess the impact of human resources management practices on the employees' job performance.
- 2) To assess the status of human resources management practices in telecom sector.
- 3) To assess the association between human resources management practices and employees performance.

### Significance of the study

The focal point is giving important data about human resources management practices and worker's execution and its outcomes. Learning of employment human resources management studies gives motivations to work in new and diverse environment. The study highlights those components because of which organization need to enhance its execution. This study helps employees performances are increases by collectively applying the human resources practices as compare to individually. By understanding the impact of human resources management practices on employees' performance can take more appropriate actions to reduce risks. This research will help organizations to know which practices promote creativity in organization. Organizations following this research will be able to gain, retain and sustain competitive work force as a precious asset of organization.

### Research question

- Q1 How human resource management practices influences employee job performance?
- Q2 What is human resource management practices status in the telecom sector?
- Q3 What is the link between human resource management practices and employees performance?

## Literature Review

### Performance appraisal

Being a close part of career development, performance appraisals,

consist of periodic as well as regular reviews of the performance of all the under command employees in any organization. It is mainly a very systematic and advanced valuation of the performance of workers in an organization with a view to rate understands the capacities of representatives for their further development and improvement [11].

Performance appraisal includes supervisors measuring the compensation of employee and distinct it with targets and plans, dividing the variables behind work exhibitions of employee and judging whether the organizations are in position to coordinate the representative for a prevailing execution. It can be named as a formal course of action of measuring and surveying a specialist's occupation related results to find why and how the worker is at present playing out his occupation and by what means may he play out a comparable occupation more effectively in future so that he delegate his affiliation and the overall population all things considered favorable position [12]. Performance appraisal has properly been considered as a standout amongst the most fundamental instrument for an institute. It gives the sort of data that is profoundly valuable in settling on choices in regards to different worker related angles including but not limited to their promotions and or pay raises etc.

The human resource practices have highly important role and can increase sustainable competitive advantage in an organization. Moreover, a significant and strong relationship between human resources management practices and specific performance indicators also exists [13,14].

The importance of performance appraisals and management system declared them as the need of the hour for almost all kinds of organizations. Furthermore an organization that does not have any formal performance appraisal or management system in place does not have a vision for its future [15].

Whether the employees should be aware of performance appraisal system in an organization or not, is a question that has varying answers. Employees must be aware of familiar with the performance appraisal system if exists in an organization and they need to be properly briefed about performance scale that measures by senior management in order to carry out their performance appraisals [16].

Performance appraisal is considers as an administration apparatus accommodating in assessing, inspiring and successfully using human resources. Motivation can only come in to play if the employees being observed are aware of such an appraisal system and have been briefed on it in detail. Performance appraisal or performance evaluation is the human resources management movement which is utilized to set up the degree on which the representatives are playing out the employment effectively. On the contrary, there are researchers who appear to be strong advocates of performance appraisals and flatly claim that these appraisals are undoubtedly the most critical of all human resource management tools an organization can possibly have. They lecture that these performance appraisals can be used to calibrate, motivate, refine and reward the best performances. It helps to analyse their achievements and also evaluate their contributions towards the achievement of overall organizational objectives [17].

Performance appraisal is the assessment of employee's individual performance in a very methodical way. It is a developmental instrument used for all round change of the agent and the affiliation. Performance appraisals need a subjective evaluation as well as pointed out by earlier researchers that performance evaluation aims only at the objective measurement part, whereas performance appraisal incorporates both goal and in addition subjective appraisal of how well a representative performed within the period under survey [17].

Kumar suggest that mostly people misperceive the performance management to the performance appraisal. He further explained that performance appraisal is basically judging the employee's past performance whereas on the other hand, performance management system is an on-going/current process to measure the fulfilment of objectives [12]. Therefore, a clear distinction needs to be made once using these terms.

### Dimensions of performance appraisals

Three dimensions that must be catered while analysing performance appraisal include Measures of Performance, Who Evaluates Performance and Frequency of Appraisals [18].

### Measures of performance

Performance can be measured utilizing different criteria. From one viewpoint, performance may be resolved by measures, for example, the quantity of pieces created, the estimation of offers or the nature of yield. These measures are specifically watched both by the individual who performs the assessment and the individual being assessed. As a result, the utilization of target measures may streamline evaluation through an institutionalization of procedures. On the other hand, it is not generally conceivable to rate employee performance as indicated by a specific objective measure. Employments jobs regularly comprise of the performance of five mixed bags of undertakings and it might be troublesome for a manager to assess performance utilizing a private target measure.

### The evaluator (who evaluates performance)

At the point when outlining an arrangement of evaluation, the issue of who will perform the assessment is a key concern. This individual is every now and again an employee's immediate senior, yet a manager at a higher level may complete this task too. In companies with a formal human resources management framework, assessment could be completed by an individual from the human resources department. In a few other situations, subordinates, associates or even clients give valuable data on specific parts of specialist performance [19]. All things considered the quality and capability of an arrangement of evaluation depends generally on the aptitude of the individual performing the appraisal, so the decision of a proper boss must be a major sympathy toward associations actualizing a formal arrangement of assessment [12].

### Compensation

Management of employees is an integral as well as an essential part of managerial process. It is therefore important to compensate all those under command workers with requisite benefits if they deserve it.

Cascio prescribed that because of the significance that pay has for people's way of life and for self-regard; individuals are stressed over what they are being paid as far as focused wages. On the other hand, organizations are also different for what they are paying to its employees [20]. As the result it has a strong impact on employee's decision to stay (retention performance), quality of work produced or leave the organization.

Bernadin propose that theoretically, pay submits to a wide range of monetary benefits and genuine returns that a representative gets as a major aspect of business relationship [21,22]. Pay is extensively classified in two noteworthy classifications; one, money remuneration is fundamentally the immediate pay accommodated the business for work performed by the worker and two, fringe pay which refers to the

representative banquet programs. The past has principal two segments which include the base pay (hourly or step by step pay apart additional time pay, move break and uniform stipend) and pay prohibitive (execution rewards, for instance, legitimize extends, inspiration pay rewards and increment sharing) and the last implies delegate favourable circumstances programs. Extreme compensation also has two parts to it which are legally necessary benefit programs and discretionary benefits programs. The previous incorporate government managed savings, specialists remuneration even the last incorporate wellbeing benefit, stipend arranges, paid time off, educational cost reimbursement, affirmation grant, Foreign Service Premium Allowance, duty allowance, child care, on site accommodation, promotion, annual pay raise and a host of others [20].

As indicated by Cascio, remuneration has two classifications; direct form of compensation and indirect form of compensation [20]. The direct compensation is concerned with the wages salary and indirect compensation is concerned with the fringe benefits which an employee enjoys in response to working in an organization. Compensation is basically to make into a whole by bringing all parts together in a single package that will encourage the achievement of overall organizational goals.

Income is one of the most important elements of compensation management system. More precisely, it consists of three broad categories mainly, bonus, salary and the allowance. Bonus is generally seen as cash payment given to the employees based on their ground performance in an organization like monetary incentives as a result of achieving intended goals [23].

The second classification, compensation is regularly considered as a construct pay given to representatives in light of a yearly, month to month or week by week premise in light of their separate occupation structures e.g., fundamental pay, yet excluding motivating forces [23].

Compensations are for the most part related worried with extra monetary prizes given to workers in view of the business contract or association related administration e.g., amusement stipend etc. [24].

A slightly simple definition proposed by Pearce carries considerable weight. Pearce suggested that compensation indirectly means having a system structure in which the employees who are better performers or are working very hard (contributing massively towards achievement of organizational goals) are rewarded better than the ones who are hardly working (average performing employees) [25,26].

Compensation management is an important part of human resources management to improve employee's productivity in any organization. Compensation deals with the design as well as the implementation maintenance of compensation system geared to the improvement of performance of individual, team as well as the organization as a whole [27].

Pay is an efficient approach in giving money related esteem to labourers in light of better work (that contributed towards fulfilment of hierarchical objectives) they performed. Pay can accomplish many purposes like helping with enrolment, enhanced employment execution and expanded occupation fulfilment. A perfect pay framework can help altogether support representative execution and make a more smooth drive that is cheerfully eager to cover an additional mile for the association. At the same time, the framework should be exceptionally very much characterized and uniform appropriate to all levels of association [28,29].

The task in managing an effective compensation system in an organization is to develop policies procedures that are uniform, attract, satisfy, able to retain even motivate the workers/employees and implementable across the board without any discrimination [30,31].

### Dimensions of compensation

Different measurements of remuneration incorporate yet are not restricted to payment for work and performance, payment for non-working days, loss of job income continuation benefit, disability income continuation benefit, deferred income, spouse, family income continuation benefit, health, accident and liability protection and income equivalent payments [32].

Besides, another measurement of pay is the examples of basic choices in which structure and procedure choices both are incorporated. It incorporates the business sector position (level of pay with respect to different rivals in the market), inward versus outside introduction, chain of command, the steepness of the pay structure and the premise -work versus aptitudes -for the pay structure prize blend and premise of prizes (performance versus rank, larger groups versus single individuals, criteria utilized, and so on). Another measurement incorporates the essential course of action choices which taken together edge a case of decisions. The basic labourer gatherings to which these cases of decisions apply is the other estimation [33].

### Work design

Most favourable and desirable results can easily be obtained with a workforce that is flexible by introducing new and latest work design practices. This new understanding and its relative importance amongst others coupled with the kind of work in organizations has led to reevaluate and develop new different work design practices which can contribute to job satisfaction, work performance as well as to the organizational competitiveness as a whole.

Not much work has been carried out on work design. The field is relatively new and can be seen as a part of employment practices that subsequently has a strong influence on employees' productivity and work outcomes. It indicates a relatively new approach towards productivity and promotes flexibility as well as teamwork and can positively respond to variability of work assignments given [34].

The basic goal of any organization is to make money which cannot be achieved if the employees are not intrinsically motivated. In order to achieve this, organizations are constantly under tremendous pressures to find innovative ways and means to improve overall productivity. They are trying their best to enhance the age-old working practices and bring them at par with latest business requirements. For this to achieve, successful companies have reorganized the work processes and introduced flexible working arrangements.

Many reasons can be attributed to the importance of work design. One, life and society revolve around work. Individuals typically spend most part of their lives carrying out some form of work or the other. Work and Australia stated that individuals will be associated to work and would always love and hate it and it is the responsibility of society to assist them to love it instead of hating it, by making some changes in the design of the work [35].

Three, work design has significantly relation to organizations, managers as well as the workers. Though, managers do not have control over certain organizational aspects including its culture as well as its structure, they do have great significant control and influence over work design choices. More often than not, managers are even

charged with the responsibility of creating new work design for the organization or in certain cases, indeed, even redo the current work outlines to meet the specific skills of individual representatives. At the employee level, employees also take active part in redesigning the work design or at least crafting the existing work design to meet their particular capabilities or interests [35].

Despite the plain significance of work design, the decade of 90's and early 2000 witnessed little or even diminished scholarly interest in the topic. In any case, from 2005 onwards, writing has hinted at saved life through the work. This future research has attempted to reboot investigate into work setup by developing our point of view of work plan from a thin course of action of motivational task components to one that joins more comprehensive social and clear parts [36].

Having discussed above, work setup can be shown as the review, creation, and change of the piece, structure, substance, and environment inside which occupations and parts are organized. Usually, it takes a gander at the representative who is taking every necessary step, what is being done at work, the exact relationship of different components of tasks and also the interchange of employment and approval [37,38].

### Employee performance

The main segment of an organization is its human resources or people at work. Human assets have been characterized from the national perspective as, the learning, abilities, imaginative skills, abilities and aptitudes developed in the masses: however from the point of view reason for the individual venture, they address the total of the normal limits, gained learning and mastery abilities as exemplified in the capacities and aptitudes of its specialists. The importance of execution excludes the eventual outcomes of a specialist's lead, however simply the practices themselves. Execution is about lead or what workers do, not about what they deliver or the aftereffects of their work. Expected worker execution addresses the general belief of the representative about his direct and duties in the accomplishment of association [39].

Specialists execution might be taken in the perspective of three components which improves it plausible to perform than the others, determinants of execution might be, for instance, "revelatory learning", "procedural information" and "motivation or inspiration" [40].

Human resources have beneficial outcome on execution of individuals. The suitability will trade on the lead of representatives as a result of human resource organization, which moreover shows a positive connection. Employee performance examination has been practiced by various associations since hundreds of years. Despite the fact that performance evaluation framework has been discussed by many, by and large, it is seen that performance evaluation is an indistinguishable piece of organizational life [4].

There are the reasons that formal performance evaluations are to stay in the organizations. Formal examinations are needed to authorize an extensive variety of human resource decisions, for example, increases in salary, advancements, downgrades, terminations, and so forth. It is additionally needed to focus workers' training preparation need. The authors referred to a recent study on better performing organizations that the act of performance evaluation was referred to as one of the basic 10 vehicles for making an organization flourish. On the other hand, sufficient caution must be exercised in implementing performance appraisal systems. Appraisal systems that are ineffective can bring numerous issues including low resolve, diminished employee benefit, a decreasing of a worker's energy and backing for the association [41].

Proposed five human resource management practices that

influence performance of an employee which are setting very good pay level, their training along with necessary development, performance evaluation, enlistment package, and looking after spirit morale [42].

Likewise directed research on eight human resources works on including enrolment, choice and situation works on, preparing, compensation, labourer execution evaluations, headway, grievance procedure and benefits or some sort of post retirement security regarding the evident execution of the representatives [43].

### Performance appraisals and employee performance

After the employees are selected, one of the most commanding tool senior management has to determine an employee's performance is performance appraisal system. Appraisal system can only be successful if it is directly connected with the expectations of the employees and wherever employees expectations align with the enterprise's appraisal mechanism, there is a strong chance that the employee performance will increase and vice versa. An important thing that must be keep in mind that while marking objectives and goals for organization and employees that they are in match with organization and employees competence [44].

There is a strong positive correlation between performance appraisal and employee performance where it was clear that employee performance can be predicted by the performance appraisal. Employees are valuable assets for any organization after having a detailed look on organizational performance appraisal mechanism stated that performance appraisal systems have the ability to make the employees motivated or otherwise [12].

### Compensation and employee performance

Research has proved that compensation has a definite and positive impact on employees' performance as a whole. Research has also proved that high employee performance linked directly to better quality or increased efficiency in completing tasks assigned that will finally have a direct consequence on whole organization performance [45].

Compensation given to employees increases their productivity and limits their preference to seek jobs in other organizations. If employees realize that their dedication, hard work and performance is not only recognized but also well rewarded by the employers, they are bound to display better performance with a view to get higher compensation. Impact of compensation on employees performance could be extremely solid in some organization as it is expressed that better compensation for workers will have the capacity to invigorate the development of crisp thoughts, brilliant and fresh ideas and employees innovation [47].

Such a variety of thoughts from workers would be exceptionally valuable for the organization. In a comparative study, it was discovered

that the presence of better compensation for workers will make their health equally great. With better health, the employee will give his greatest performance. It is also noticed that low compensation will trigger the employee to start their own business or attain side employment. With the side businesses, it will disturb the nature of employee's commitment to present work and focus. This will have an adverse effect on quality and quality of production of products as well [47]. In summary, it can easily be analysed from the available literature that there is a number of theoretical and empirical research that demonstrates a strong relationship between human resources management practices (compensation, work design and performance appraisals) and employee performance.

### Work design and employee performance

Figure 1 is evident from research that there exists a relationship between work design and employees' performance. The nature of work job itself was found to be positively correlated with employee performance [48].

There exists a strong and positive correlation between different human resources management strategies including work design and employees' performance. The organizations must adopt a better and systematic design of work with a view to have an improved employee performance [49].

### Hypotheses

H1: Performance appraisal has a positive influence on employee's performance.

H2: Compensation has a positive influence on employee's performance.

H3: Work design has a positive influence on employee's performance (Figure 1).

### Research Methodology

Research is a careful critical analysis of fact finding pertaining to a specific subject or area. For that critical analysis a methodology is formed to help us to go about research and solve the identified problem through various steps. It helps us understanding not only the outcomes of the research design but also the process which helped us gets there. The method that we followed for our research was firstly to observe the problem area and carry out a preliminary research and literature survey. Then we defined our problem statement, purpose of study, objectives of study and formed the theoretical framework. Following that we formed our hypothesis and research design and collected the data required through questionnaires. Lastly we carried out the data analysis.

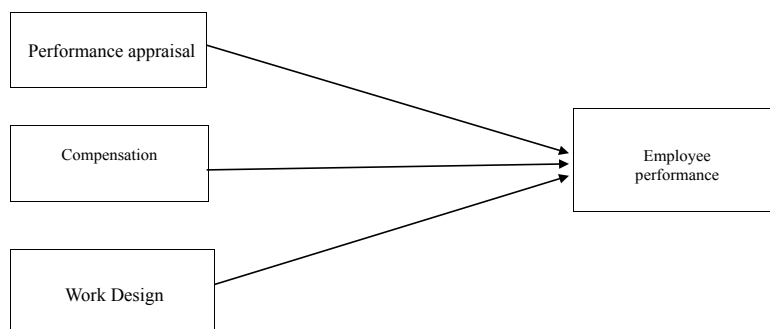


Figure 1: Work Design and Employee Performance.

### Study design

The study is explanatory in nature depending upon three independent variables (performance appraisal, compensation, work design) and dependent variable is employee performance. Questionnaire is distributed among employees of telecom.

### Target population

Study is based on telecom sector and questionnaires were distributed among employees of telecom sector and target population is employees of telecom sector of Islamabad/Rawalpindi.

### Sampling

Sample size of research is 100 and study is conducted on telecom sector of Islamabad/Rawalpindi. Random sampling technique was conducted while distributing questionnaire among employees of telecom sector. Data was collected from Mobilink, Zong, Telenor and Ufone.

### Instrumentation

Study was driven through two means primary and secondary approaches. Primary sources were internet, research articles, and books. Questionnaire is adopted and 5 Liker scale is used (strongly disagree, disagree, neutral, agree, and strongly agree).

### Data analysis

Data Analysis is conducted by using SPSS software, Results are driven through Correlation, Regression and Cronbach alpha.

## Results and Discussion

### Reliability analysis

Cronbach's alpha will generally increase as the intercorrelations among test items increase, and is thus known as an internal consistency estimate of reliability of test scores. Because intercorrelations among test items are maximized when all items measure the same construct, Cronbach's alpha is widely believed to indirectly indicate the degree to which a set of items measures a single unidimensional latent construct. Cronbach value beyond (alpha=0.7) signifies acceptable reliability.

The Cronbach's alpha reliability coefficient of one dependent variable and three independent variables were obtained and got different alpha result. Coefficient closer to alpha=1.0 indicated that reliability's are better and less than alpha=0.6 are considered to be poor.

From Table 1 Performance Appraisal measured by 6 items scale and its Cronbach's alpha is 84.4% which is greater than 70% so this shows that a measure is good and reliable.

From Table 2 Compensation measured by 6 items scale and its Cronbach's alpha is 80.3% which is greater than 70% so this shows that a measure is good and reliable.

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| 0.844                  | 0.514  | 6          |

Table 1: Performance appraisal.

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| 0.803                  | 0.576  | 6          |

Table 2: Compensation.

From Table 3 Work Design measured by 5 items scale and its Cronbach's alpha is 71.8% which is above than 70% so this shows that a measure is good and reliable.

From Table 4 Correlation basically shows association. How much variables independent and dependent are associated with each other and we have used Pearson Correlation to find out our results.

The Table 5 show that independent variable performance appraisal is 44.8% associated with dependent variable employee performance and it is 95% significant, which is highly significant. It is positively correlated with employee performance.

The Table 6 show that independent variable compensation is 50% associated with dependent variable employee performance and it is 95% significant, which is highly significant. It is positively correlated with employee performance.

The Table 7 show that independent variable work design is 35.9% associated with dependent variable employee performance and 95% significant. It is positively correlated with employee performance.

From Tables 8 and 9 show that correlated with the employee performance.

**R:** R is the square root of R-Squared and is the correlation between the dependent variable and the error term.

**R - Square:** It measures the proportion of the variance in the

| Reliability Statistics |  |            |
|------------------------|--|------------|
| Cronbach's Alpha       | Cronbach's Alpha Based on Standardized Items | N of Items |
| 0.718                  | 0.718  | 5          |

Table 3: Work design.

| Independent Variables |                       |
|-----------------------|-----------------------|
| PA                    | Performance Appraisal |
| CO                    | Compensation          |
| WD                    | Work design           |
| Dependent Variable    |                       |
| EP                    | Employee Performance  |

Table 4: Variables included in analysis.

| Correlations |                     |          |          |
|--------------|---------------------|----------|----------|
|              |                     | EP_index | PA_index |
| EP_index     | Pearson Correlation | 1        | 0.448**  |
|              | Sig. (2-tailed)     |          | 0.000    |
|              | N                   | 100      | 100      |
| PA_index     | Pearson Correlation | 0.448**  | 1        |
|              | Sig. (2-tailed)     | 0.000    |          |
|              | N                   | 100      | 100      |

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

Table 5: Performance appraisal.

| Correlations |                     |          |          |
|--------------|---------------------|----------|----------|
|              |                     | EP_index | CO_index |
| EP_index     | Pearson Correlation | 1        | 0.500**  |
|              | Sig. (2-tailed)     |          | 0.000    |
|              | N                   | 100      | 100      |
| CO_index     | Pearson Correlation | 0.500**  | 1        |
|              | Sig. (2-tailed)     | 0.000    |          |
|              | N                   | 100      | 100      |

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

Table 6: Compensation.

| Correlations |                     |          |          |
|--------------|---------------------|----------|----------|
|              |                     | EP_index | CO_index |
| EP_index     | Pearson Correlation | 1        | 0.359**  |
|              | Sig. (2-tailed)     |          | 0.000    |
|              | N                   | 100      | 100      |
| CO_index     | Pearson Correlation | 0.359**  | 1        |
|              | Sig. (2-tailed)     | 0.000    |          |
|              | N                   | 100      | 100      |

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

Table 7: Work design.

| Correlations                     |                     |           |                            |                       |                                  |          |          |          |         |
|----------------------------------|---------------------|-----------|----------------------------|-----------------------|----------------------------------|----------|----------|----------|---------|
|                                  |                     | Education | Total corporate experience | Age of the respondent | Marital Status of the Respondent | PA_index | CO_index | WD_index | EP_indx |
| Education                        | Pearson Correlation | 1         | 0.108                      | 0.065                 | -0.1                             | 0.083    | 0.028    | 0.151    | 0.158   |
|                                  | Sig. (2-tailed)     |           | 0.284                      | 0.518                 | 0.321                            | 0.413    | 0.779    | 0.134    | 0.118   |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| Total corporate experience       | Pearson Correlation | 0.108     | 1                          | 0.632**               | -0.344**                         | -0.024   | 0.036    | 0.132    | 0.058   |
|                                  | Sig. (2-tailed)     | 0.284     |                            | 0                     | 0                                | 0.811    | 0.721    | 0.189    | 0.569   |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| Age of the respondent            | Pearson Correlation | 0.065     | 0.632**                    | 1                     | -0.505**                         | 0.002    | -0.004   | 0.075    | -0.074  |
|                                  | Sig. (2-tailed)     | 0.518     | 0                          |                       | 0                                | 0.987    | 0.97     | 0.458    | 0.462   |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| Marital Status of the Respondent | Pearson Correlation | -0.1      | -0.344**                   | -0.505**              | 1                                | -0.039   | -0.014   | -0.153   | 0.107   |
|                                  | Sig. (2-tailed)     | 0.321     | 0                          | 0                     |                                  | 0.703    | 0.893    | 0.128    | 0.289   |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| PA_index                         | Pearson Correlation | 0.083     | -0.024                     | 0.002                 | -0.039                           | 1        | 0.499**  | 0.290**  | 0.448** |
|                                  | Sig. (2-tailed)     | 0.413     | 0.811                      | 0.987                 | 0.703                            |          | 0        | 0.003    | 0       |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| CO_index                         | Pearson Correlation | 0.028     | 0.036                      | -0.004                | -0.014                           | 0.499**  | 1        | 0.379**  | 0.500** |
|                                  | Sig. (2-tailed)     | 0.779     | 0.721                      | 0.97                  | 0.893                            | 0        |          | 0        | 0       |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| WD_index                         | Pearson Correlation | 0.151     | 0.132                      | 0.075                 | -0.153                           | 0.290**  | 0.379**  | 1        | 0.359** |
|                                  | Sig. (2-tailed)     | 0.134     | 0.189                      | 0.458                 | 0.128                            | 0.003    | 0        |          | 0       |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |
| EP_indx                          | Pearson Correlation | 0.158     | 0.058                      | -0.074                | 0.107                            | 0.448**  | 0.500**  | 0.359**  | 1       |
|                                  | Sig. (2-tailed)     | 0.118     | 0.569                      | 0.462                 | 0.289                            | 0        | 0        | 0        |         |
|                                  | N                   | 100       | 100                        | 100                   | 100                              | 100      | 100      | 100      | 100     |

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

Table 8: Correlated with employee performance.

| Model Summary |                    |          |                   |                            |
|---------------|--------------------|----------|-------------------|----------------------------|
| Model         | R                  | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | 0.571 <sup>a</sup> | 0.326    | 0.305             | 1.26784                    |

<sup>a</sup>Predictors: (Constant), WD\_index, PA\_index, CO\_index.

Table 9: Regression analysis.

| Anova <sup>a</sup> |            |                |    |             |        |                    |
|--------------------|------------|----------------|----|-------------|--------|--------------------|
| Model              |            | Sum of Squares | df | Mean Square | F      | Sig.               |
| 1                  | Regression | 74.790         | 3  | 24.930      | 15.509 | 0.000 <sup>b</sup> |
|                    | Residual   | 154.312        | 96 | 1.607       |        |                    |
|                    | Total      | 229.102        | 99 |             |        |                    |

<sup>a</sup>Dependent Variable: EP\_index.

<sup>b</sup>Predictors: (Constant), WD\_index, PA\_index, CO\_index.

Table 10: Anova.

dependent variable (employee performance) that was explained by the variations in the independent variables (performance appraisal, compensation and work design); from the above the “R- Square” shows that 32.6 % (not the variance) was explained.

**Adjusted R – Square:** It measures the proportion of the variance in the dependent variable (employee performance) that was explained by the variations in the independent variables (performance appraisal, compensation and work design); from the above the “adjusted R-Square” shows that 30.5 % of variance was explained.

**Std. error of estimates**

Table 10 measures the dispersion of the variance in the dependent variable (employee performance) estimates around it means (from the above table STD error of estimate is 1.26784). Compare this to the mean of the “Predicted” values of the dependent variable. If Standard error of estimates is more than 10% of the mean, it is high.

Regression analysis tells us about whether our model fits the study which we are conducting from anova table. Our model fits the study showing significance of .000 the independent variables have showing impact on our dependent variable.

The Table 11 depict to provide information effect of individual variables (the “Estimated Coefficients” or “beta” on the dependent

| Model |            | Coefficients <sup>a</sup>   |            |                           | t     | Sig.  |
|-------|------------|-----------------------------|------------|---------------------------|-------|-------|
|       |            | Unstandardized Coefficients |            | Standardized Coefficients |       |       |
|       |            | B                           | Std. Error | Beta                      |       |       |
| 1     | (Constant) | 3.242                       | 0.839      |                           | 3.865 | 0.000 |
|       | PA_index   | 0.262                       | 0.106      | 0.241                     | 2.474 | 0.015 |
|       | CO_index   | 0.171                       | 0.054      | 0.315                     | 3.130 | 0.002 |
|       | WD_index   | 0.166                       | 0.089      | 0.170                     | 1.858 | 0.066 |

<sup>a</sup>Dependent Variable: EP\_index.

Table 11: Coefficients.

variable. The Table 11 “Coefficients” provides information on the confidence with which we can support the estimate for each such estimate (column “t” and “Sig”). If the value in “Sig” is less than 0.05, then we can assume that the estimate in column “B” can be asserted as true value with a 95% level of confidence. Always interpret the “Sig” value first. If this value is more than 0.1 then the coefficient estimate is not reliable because it has “too” much dispersion.

Compensation has strong relation with dependent variables. Work design does not have strong relations with dependent variables and performance appraisal has strong relation with dependent variable

## Conclusion

Considering the study, previous literature and analysis of results we can draw certain conclusions and recommendations. In order to conclude the discussion first we have to take a look at the propositions and their outcomes. To answer the research questions different hypothesis were created and after that tried to see if any relationship exists between the human resources practices (performance appraisal, compensation and work design) and employee performance. All the three hypotheses have significant value less than 0.05 i.e., 0.000. It shows that the performance appraisal, compensation and work design, have positive impact on employee performance. The result of this research shows that human resources practices have an impact on employee performance so organizations need to improve their human resources practices for improving employee performance.

## Recommendation

The study is conducted on the response of 100 employees for Islamabad and Rawalpindi. Other cities can be selected for future studies. This study is taking only telecom sector in consideration. Other sector can be selected for the same study. Future researcher can take more human resources practices and check their impact on employee performance.

Questionnaire technique is used in this research that is very common technique. Other techniques like group discussion/interviews can be used for conducting for future research. Future researcher can add mediator or other human resources practices and can test the relationship differently through different methods. Managers can use this data to increase their effectiveness in their organization by focusing on human resources practices like performance appraisal, compensation and work design which affect the employee’s performance.

Employee performance is the issue these days in the organization and managers have to come with different ideas and planned to cover them if they focus on basics like human resources practices then they could solve those problems because these are the main things that affect the employee performance.

## Limitations

The results could be more reliable if problem of limited time and resources might not restrain the researcher. The second limitation is that, only targeting at one sector i.e., for telecom sectors of one cities of Pakistan only, so the generalizability of the results is low as the sample size is taken very small. In this study, only three independent variables of human resource practices as taken as predictors of employee performance. There is another limitation to access people and organizations. Herewith, access has been denied many times otherwise, this research would describe situation in perfect way. Many individuals have been contacted to get fulfilled all questionnaire. Cultural bias is important element, which is another big limitation for current research study. Each individuals record his response as per his mental grooming. Hence, this limitation is unavoidable and author needs to take it as constant.

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