

## A study on effects of the best human resource management methods on employee performance based on Guest model: A case study of Charmahal-Bakhtiari Gas distribution firm

Mashallah Valikhani Dehaghani<sup>a\*</sup> and Mohamad Malekmohamadi Faradonbeh<sup>b</sup>

<sup>a</sup>Assistant Professor, Dehaghan Branch, Islamic Azad University, Esfahan, Iran

<sup>b</sup>Department of Public Administration, Azad University of Dehaghan, Esfahan, Iran

### CHRONICLE

#### Article history:

Received October 14, 2012

Received in revised format

5 February 2012

Accepted 7 February 2013

Available online

February 7 2013

#### Keywords:

Human resource management

Guest model

Training system

Share ownership programs

Charmahal-Bakhtiari

### ABSTRACT

Human resource management plays an essential role on the success of any business units such as utility firms. In this paper, we present a study to investigate the effects of different human resource management on employee performance. The proposed study is applied on one of gas distribution units in province of Charmahal-Bakhtiari, which is located west part of Iran. There were 161 people working for this firm where 75 employees were working in center of province and 86 employees were working in other sides of province. Cronbach alpha is calculated as 0.83, which is well above the minimum desirable limit. The study uses Pearson correlation test to investigate the effects of Hiring system, Training system, Job design, Organizational relationship and Share ownership programs on employee performance. The results of our survey indicate that job design is the most important technique for employee management followed by training system, organizational relationship and share ownership programs.

© 2013 Growing Science Ltd. All rights reserved.

## 1. Introduction

Human resource management plays an essential role on the success of any business units such as utility firms (Guest, 1996; Guest, 2006; Guest, 2007). According to Guest (2002), there are two primary techniques to human resource management (HRM): one concentrating on the organizational concern for the relationship between HRM and performance and the other is to carefully mount a critique of HRM. Guest argued that both pay lip service to, but mostly neglect worker reactions to HRM. He recommended that worker attitudes and behavior mediate the HRM-performance relationship and that certain HR practices could be related to higher work and life satisfaction. These practices incorporate job design, direct participation and information provision, which are also associated with higher performance; but work satisfaction could be also related to equal opportunities, family-friendly and anti-harassment practices. Therefore, Guest explained that a more

\*Corresponding author. Tel: +989133216535

E-mail addresses: valikhani\_ma@yahoo.com (M. Valikhani Dehaghani)

worker-friendly HRM could be used in the context of a partnership or mutual gains framework (Guest & Hoque, 2007).

Guest (1994) presented an approach for HRM and explained how his method to HRM could draw heavily on the work of American organizational psychologists. He argued that people should take HRM seriously, but that, in the context of Europe, a rather various focus was necessary. Any change in HRM could impact productivity and efficiency of business units. According to McGregor et al. (2004) “changed employment relationships do not spell death to people development. Rather it makes managing talent different and more challenging”.

Sturges et al. (2005) studied the relationship between various kinds of career management activities, the psychological contract, and outcomes of psychological contract fulfillment. They examined a series of linked hypotheses to study the relationship between individual career management behavior with the experience of organizational career management help and looked to see whether it was associated with fulfillment of the psychological contract. They provided some support for these proposed links and made four contributions to the psychological contract and careers literature. First, it demonstrated that both individual and organizational career management behaviors were linked to psychological contract fulfillment. Second, organizational career management help could be related to affective commitment and job performance. Third, psychological contract fulfillment played an important role in mediating the relationship between career management help. Finally, organizational commitment could mediate between psychological contract fulfillment and individual career management behavior.

Kerfoot and Knights (2007) provided an in-depth case study of a UK mutual life insurance firm with the pseudonym Pensco. They examined changes in management practice, their influences on the nature of management control and the growth of self-discipline throughout the company's hierarchy. Focusing on two management methods associated with the development of team spirit among firm employees, they reported that these changes as coinciding with the emergence of a language, if not directly the practice, of HRM.

In this paper, we study the effect of different HRM techniques on employee performance. The organization of this paper first presents details of the proposed study in section 2 while section 3 presents the results of our survey. Finally, concluding remarks are given in the last to summarize the contribution of the paper.

## **2. The proposed study**

Main hypothesis: There is a relationship between human resource management and employee performance.

There are five sub-hypothesis associated with the proposed study of this paper as follows,

1. There is a meaningful relationship between hiring method and employee performance measurement.
2. There is a meaningful relationship between training employee and performance measurement.
3. There is a meaningful relationship between designing appropriate job and performance measurement.
4. There is a meaningful relationship between organizational relationship and performance measurement.
5. There is a meaningful relationship between share ownership programs and performance measurement.

The proposed study of this paper is performed in one of Iranian gas distribution firms in province of Charmahal-Bakhtiari, which is located west part of Iran. There were 161 people working for this firm

where 75 employees were working in center of province and 86 employees were working in other sides of province. The proposed study decided to use all employees' insight for the proposed study of this paper.

### 3. The results

In this section, we present details of our finding on relationship between performance measurement and other factors.

#### 3.1. The main hypothesis

The main hypothesis of this survey studies the relationship between performance measurement and human resource management. Table 1 shows details of our finding on different questions we used to verify this hypothesis.

**Table 1**

The results of the survey on the components of the main hypothesis

Employee performance perspectives	Pearson Correlation	Sig.
Reliability	0.47	0.000
Attitude	0.40	0.000
Work quality	0.19	0.020
Heuristic approach	0.37	0.000
Judgment	0.28	0.001
Cooperation	0.15	0.060
Quantity of work	0.18	0.02
Security	0.15	0.06
Learning and development	0.35	0.000
Person	0.30	0.000
Leadership	0.51	0.000

As we can observe from the results of Table 1, expect one case, cooperation, all other components of Table 1 are meaningful when the level of significance is five percent. Therefore, we can conclude the main hypothesis of this survey has been confirmed.

#### 3.2. The first sub hypothesis: Hiring system and employee performance

The first sub-hypothesis of this survey studies the relationship between the method of hiring employee and employee performance. Table 2 demonstrates the results of our survey,

**Table 2**

The results of the survey on the components of the first sub hypothesis

Employee performance perspectives	Pearson Correlation	Sig.
Hiring employee and performance measurement	0.57	0.000
Hiring employee and Reliability	0.33	0.000
Hiring employee and Attitude	0.19	0.010
Hiring employee and Work quality	0.29	0.000
Hiring employee and Heuristic approach	0.45	0.000
Hiring employee and Judgment	0.34	0.001
Hiring employee and Cooperation	0.15	0.060
Hiring employee and Quantity of work	0.10	0.2
Hiring employee and Security	0.06	0.40
Hiring employee and Learning and development	0.55	0.000
Hiring employee and Person	0.44	0.000
Hiring employee and Leadership	0.56	0.000

Based on the results of Table 2, except security, quantity of work and cooperation, all other components are statistically meaningful when the level of significance is five percent leading us to conclude that hiring technique positively influence employee performance, significantly. Therefore, we can conclude that firms with strong hiring methods are able to perform better than others are.

### 3.3. The second sub hypothesis: Training system and employee performance

The second sub-hypothesis of this survey studies the relationship between the method of hiring employee and employee performance. Table 3 demonstrates the results of our survey,

**Table 3**

The results of the survey on the components of the second sub hypothesis

Employee performance perspectives	Pearson Correlation	Sig.
Training employee and performance measurement	0.41	0.000
Training employee and Reliability	0.18	0.02
Training employee and Attitude	0.41	0.01
Training employee and Work quality	0.52	0.000
Training employee and Heuristic approach	0.14	0.08
Training employee and Judgment	0.28	0.001
Training employee and Cooperation	0.19	0.020
Training employee and Quantity of work	0.08	0.3
Training employee and Security	0.02	0.70
Training employee and Learning and development	0.20	0.01
Training employee and Person	0.43	0.000
Training employee and Leadership	0.33	0.000

Based on the results of Table 3, except security and quantity of work, all other components are statistically meaningful when the level of significance is five percent leading us to conclude that training technique positively influence employee performance, significantly. Therefore, we can conclude that firms with strong training systems are able to perform better than others are.

### 3.4. The third sub hypothesis: Job design and employee performance

The third sub-hypothesis of this survey investigates the relationship between the method of job design and employee performance. Table 4 shows the results of our survey,

**Table 4**

The results of the survey on the components of the third sub hypothesis

Employee performance perspectives	Pearson Correlation	Sig.
Job design and performance measurement	0.53	0.000
Job design and Reliability	0.55	0.000
Job design and Attitude	0.42	0.000
Job design and Work quality	0.17	0.04
Job design and Heuristic approach	0.44	0.000
Job design and Judgment	0.32	0.000
Job design and Cooperation	0.18	0.020
Job design and Quantity of work	0.21	0.009
Job design and Security	0.02	0.70
Job design and Learning and development	0.34	0.000
Job design and Person	0.12	0.01
Job design and Leadership	0.55	0.000

Based on the results of Table 4, except security, all other components are statistically meaningful when the level of significance is five percent leading us to conclude that job design technique positively influences employee performance, significantly. Therefore, we can conclude that firms with good job systems are able to perform better than others are.

### 3.5. The fourth sub hypothesis: Organizational relationship and employee performance

The fourth sub-hypothesis of this survey investigates the relationship between organizational relationships and employee performance. Table 5 presents the results of our survey,

**Table 5**

The results of the survey on the components of the fourth sub hypothesis

Employee performance perspectives	Pearson Correlation	Sig.
Organizational relationship and performance measurement	0.14	0.09
Organizational relationship and Reliability	0.10	0.2
Organizational relationship and Attitude	-0.10	0.2
Organizational relationship and Work quality	-0.20	0.01
Organizational relationship and Heuristic approach	-0.11	0.1
Organizational relationship and Judgment	-0.34	0.000
Organizational relationship and Cooperation	0.09	0.2
Organizational relationship and Quantity of work	0.11	0.8
Organizational relationship and Security	0.29	0.000
Organizational relationship and Learning and development	0.18	0.02
Organizational relationship and Person	0.32	0.6
Organizational relationship and Leadership	0.17	0.03

Based on the results of Table 5, in most cases the results of Pearson correlation ratios are not statistically significance and we cannot conclude that organizational relationship could influence performance measurement. Therefore, the fourth sub-hypothesis is not confirmed.

### 3.6. The fifth sub hypothesis: Share ownership programs and employee performance

The fifth sub-hypothesis of this survey investigates the relationship between the Share ownership programs and employee performance. Table 6 presents the results of our survey,

**Table 6**

The results of the survey on the components of the fifth sub hypothesis

Employee performance perspectives	Pearson Correlation	Sig.
Share ownership programs and performance measurement	0.04	0.50
Share ownership programs and Reliability	0.11	0.1
Share ownership programs and Attitude	0.23	0.005
Share ownership programs and Work quality	0.32	0.000
Share ownership programs and Heuristic approach	0.06	0.4
Share ownership programs and Judgment	0.13	0.1
Share ownership programs and Cooperation	0.01	0.80
Share ownership programs and Quantity of work	0.18	0.02
Share ownership programs and Security	0.08	0.2
Share ownership programs and Learning and development	0.03	0.60
Share ownership programs and Person	0.22	0.006
Share ownership programs and Leadership	0.22	0.006

Based on the results of Table 5, in most cases, the results of Pearson correlation ratios are not statistically significance and we cannot conclude that organizational relationship could influence performance measurement. Therefore, the fifth sub-hypothesis is not confirmed.

#### 4. Conclusion

In this paper, we have presented an empirical investigation to study the impact of different HRM techniques on employee performance. We have implemented Pearson correlation test to investigate the effects of Hiring system, Training system, Job design, Organizational relationship and Share ownership programs on employee performance. The results of our survey have indicated that job design is the most important technique for employee management followed by training system, organizational relationship and share ownership programs.

#### Acknowledgment

The authors would like to thank management of Gas distribution firm for cordially cooperating for the accomplishment of this paper.

#### References

- Guest, D. E. (1994). Organizational psychology and human resource management: Towards a European approach. *European Journal of Work and Organizational Psychology*, 4(3), 251-270.
- Guest, D. E. (1997). Human resource management and performance: a review and research agenda. *International Journal of Human Resource Management*, 8(3), 263-276.
- Guest, D. (2002). Human resource management, corporate performance and employee wellbeing: Building the worker into HRM. *Journal of Industrial Relations*, 44(3), 335-358.
- Guest, D. E. (2006). Human resource management-the workers' verdict. *Human Resource Management Journal*, 9(3), 5-25.
- Guest, D. E. (2007). Human resource management and industrial relations. *Journal of Management Studies*, 24(5), 503-521.
- Guest, D., & Hoque, K. (2007). The Good, the Bad and the Ugly: Employment relations in new non-union workplaces. *Human Resource Management Journal*, 5(1), 1-14.
- Kerfoot, D., & Knights, D. (2007). Planning for personnel? Human resource management reconsidered. *Journal of Management Studies*, 29(5), 651-668.
- McGregor, J., Tweed, D., & Pech, R. (2004). Human capital in the new economy: devil's bargain?. *Journal of Intellectual Capital*, 5(1), 153-164.
- Sturges, J., Conway, N., Guest, D., & Liefoghe, A. (2005). Managing the career deal: The psychological contract as a framework for understanding career management, organizational commitment and work behavior. *Journal of Organizational Behavior*, 26(7), 821-838.