
Impact of Human Resource Practices on the Organizational Performance in Nestle Pakistan

ASMA TAYYABA*, MOHAMMAD FIAZ**, AND MUHAMMAD SHOAB***

RECEIVED ON 30.08.2014 ACCEPTED ON 17.10.2014

ABSTRACT

This study analyses the contribution effect of HRM (Human Resource Management) practices such as T&D (Training and Development), R&S (Recruitment and Selection), PA (Performance Appraisal System), CPD (Career Planning and Development), CMP (Compensation) and EP (Employee Participation) on the employee performance in Nestle Pakistan. It also elaborates the impact of employee performance on the OP (Organizational Performance). The results conclude the significantly positive relationship of the HRM Practices with the OP with a considerable influence on employee performance as a mediator. 300 respondents are selected for the analysis from target population of all the professionals, working on 1st and 2nd level management through random sampling. We proposed that the conceptual results of the study are highly significant for the practitioners and researchers for future research.

Key Words: Human Resource Management, Employee Performance, Organizational Performance, Nestle Pakistan.

1. INTRODUCTION

People are facing a lot of challenges in the rapidly changing era. HRM practices have become an integral part of the organizations to deal with these challenges. Currently HRM has gained more importance because of the fact that it is the people through whom an organization can effectively and efficiently meets its organizational goals not the building and technology. That's why it is the first and foremost priority of every organization to hire, manage and develop the appropriate mix of knowledge, skills and abilities in their employees in order to motivate them to work more efficiently to meet the organizational goal. Although the need for a separate and strong HRM department is felt enormously, however in Pakistan only a few organizations have

established a separate HRM department because of the issue like lack of funds and acceptance of its importance and involvement in achievement of the organizational goals.

The main purpose of HRM is to hire, manage and develop the people of the organization to create a skilled and provoked workforce to achieve the organizational goal. According to Schuler, and MacMillan [1], when we move from independent economic system to mutually dependent global economic system, the integrated effect of HRM practices on employee performance and organizational performance is found to be much countable to achieve the strategic goals.

* Post-Graduate Student, ** Professor, and *** Assistant Professor,
Institute of Business & Management, University of Engineering & Technology Lahore, Pakistan.

There is a continuous debate between the researchers about the main purpose and definition of HRM. Some are defining it as personnel management and other have their own concepts. It is noted that the term personnel and human resources management is used interchangeably.

HRM is the basic department of any organization whose responsibilities ranges from hiring, managing and developing employees to motivate them by planning their compensation, career, and evaluate their performance through a specific performance appraisal system.

The primary goal and objective of every organization is to sustain its market position and competitive edge and it would be impossible to achieve the organizational goal and to maintain the organization's position in the market without efficient implementation of human resource practices and procedures [1].

Previous researches showed that although the smart implementation of HR practices played a main role but many other practices should also be execute to attain organizational goals. In 1995, Huselid [2] reported that in order to sustain the market position an organization has to implement the group of practices altogether, e.g. performance appraisal system and training and development are the more effective practices if they are implemented together.

According to the contingency model of HRM presented by Formburn, et. al. [3], the effectiveness of any organization mainly depends on the alignment of HR system with its mission and strategic objectives. He first defined the major HR function i.e. recruitment and selection (selecting the best person for a job), training and development (enhancing employee's skill and Abilities by providing them appropriate training), performance appraisal (evaluations of employee on the base of their performance), compensation and benefit (giving employee reward to enhance their performance or loyalty).

In most of developing counties especially in South Asia the major problem towards the achievement of organizational goal and profitability is the ignorance of the worth and implementation of HR practices in the organization. But now in era of competition, organizations have started to pay attention towards the formation of effective and strong separate HR department. Pakistan is one of the developing countries where implementation of HR practices is given importance from the last few decades. As a result, the

organizations from different industries are performing a momentous role in the economic development of the country. Multinational organizations such as Nestle, Honda, P&G, Unilever, Toyota, Standard Chartered Bank, ICI etc. are some multinational companies in Pakistan that have a proper and separate HRM department with proper implementation of the HR practices. That's why Nestle Pakistan is selected as a targeted population in this study as HRM department of Nestle is very strong and working very efficiently to increase the organizational performance through human capital. This research is conducted to find out the most important HRM practice in Nestle that is causing the satisfaction and development of employee and employee performance.

2. LITERATURE REVIEW

Since last two decades, most literature is focused on HRM practices and organizational business performance. Recently Eriksson, et. al. [4] examined the relationship of HRM practices employee turnover and innovation with the Chinese firms performance. Research concluded that the firms who had employed efficient HRM practices are enjoying low employee turnover, high intensity of innovation and high gain in result. Further, Katou and Hertog [5] introduced strategic HRM structure and policies to investigate the employee and organizational performance. Both were agreed that the impact of HRM policies on performance is fully arbitrated by employee skills, behavior and attitudes [5-6]. Along with skilled people, proper and effective utilization of human resource forces is the key to revive up the organizational performance (Rurcell, et. al. [7]). Among one thousand firms from all over the world, it is proved that HRM practice, whether they are aligned with organizational strategy or not, not only effect on the employee performance but also has a profound impact on organizational financial performance [2].

Ford and Randolph [8] introduced a new management style, termed as "Participatory Management" in which the subordinates extensively contribute with their leaders in the decision making process. While Strauss [9] defined the employee participation, as the process that enables employees to have some control over deciding their targets and control their conditions of work.

Holzer [10] explained that refined selection process identifies the best suitable candidate for the job to achieve the desired organizational performance. The wrong person for the job can slow or decrease the

performance levels whereas the refined process of selection can guarantee the suitable fit between the abilities of the person and the requirements of the organization, (Lado, and Wilson [11], and Fernandez [12]).

Among HRD practices, employees training and development is one of the most important activities in the organizations, Nordhaug [13]. According to Baldwin and Padgett [14], employees have to go through a vigorous process of training and development to perform and behave effectively at the managerial position. The training and development of the employees is vital to have a competitive edge over the competitors (Barney, [15]). Wan, et. al. [16] and Sels [17] had reported significantly positive relationship between performance of the organization and the performance appraisal of an employee.

Linkage between HR practices and overall performance of organization has been explained by different authors. Like, Katou [18] and Singh [19] reported the direct relation of HRM systems to several dimensions of organizational market performance which directly affects the behavior of employees. So for comprehensive study of organizational performance dimensions, many variables are measured jointly under professed/perceived organizational performance.

3. METHODOLOGY

The target population for this research work is multinational companies in Pakistan but due to time and financial constraints a research in all these organizations is not possible. And for this purpose, professionals working in Nestle Pakistan are selected as the target population on the basis of the availability of primary data. To analyze the impact of six independent variables (R&S, T&D, PAP, CPD, EPT, CMP) on one dependent variable (OP) in the presence of mediating variable (EP), from all the professionals (1st and 2nd level management personals) working in Nestle a sample size 300 professionals is selected as shown in Fig. 1. This is done because HR practices impacts on all the sectors of organization. SRS (Simple Random Sampling), a form of probability sampling technique is used in this research. Questionnaire was used as the data collection instrument for the primary data collection in the study. Seven point Likert scale was used to gather the responses of the respondents starting from strongly disagree to strongly agree (7-Strongly Agree, 6-Agree, 5-Somewhat Agree, 4-Indifferent, 3-Somewhat Disagree, 2-Disagree and 1-Strongly Disagree).

Questionnaire used for the study was previously used by the following research works: Singh [19], Snell and Youndt [20], Boselie, et. al. [21] and Qureshi, et. al. [22]. The instrument was first distributed to 30 individuals firstly to test the reliability of the data on the selected sample. After having positive results of reliability analysis further data is collected. Codes were assigned to the items of the questionnaire for the purpose of analysis. SPSS 16 was then used to get the results of the data collected. The averaging of the items in the questionnaire was done to fill the leftover questionnaires in the returned questionnaires. As the study is qualitative in nature, hence following tests were used for this purpose.

- Cronbach's alpha for analyzing reliability of the instrument
- Correlation analysis was done to check out the one-to-one relationships
- Harman's Single factor test was applied to check the biasness in the data
- Multiple regression analysis was done to test the model of the study

4. FINDINGS

4.1 Reliability Analysis with Mean & Standard Deviations of the Constructs

The reliability is an important issue for the researchers when using a set of items to check certain variables. As the instrument consists of number of items it is important to check whether they collectively produce the same results if administered repeatedly over the same respondents, Santos [23]. It is also considered important to guarantee the methodology applied for the

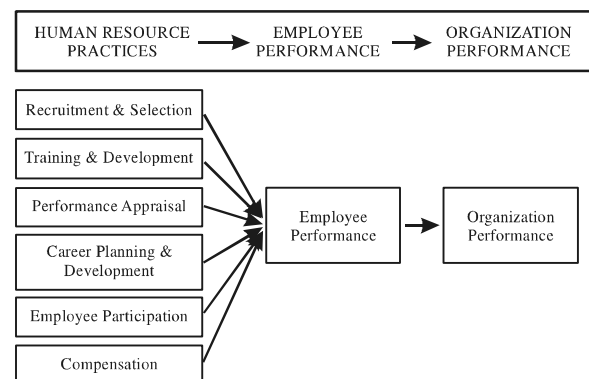


FIG. 1. SCHEMATIC DIAGRAM OF THEORETICAL MODEL

data collection procedure and to ensure same results by different researchers (Yin, [24]).

The reliability of the instrument in the current study is check by the Cronbach's Coefficient alpha value of the constructs individually. Different opinions prevail among the scholars regarding the acceptable value of the Cronbach's Coefficient. This value is 0.70 and greater according to Murphy and Balzer, [25], and Nunnaly [26] reported 0.50 and above and it is 0.35 and above according to Van de Ven[27].

The Table 1 shows the values of the Cronbach's Coefficient Alpha. The values for R&S (0.872), T&D (0.411), CPD (0.733), EPT (0.424) and OPF (0.902), PAP (0.782), CMP (0.653) and EP (0.952) are well in the acceptable ranges for the targeted population. this shows that the instrument and the model is fot for the study.

4.2 Herman's Single Factor Test

To test whether some external factors are influencing the respondents or not the common method bias test is used. For the current study the Herman's single factor test using SPSS 16 is performed. Table 2 shows the results of the Herman's single factor test. According to the standard this percentage of the single factor must be below 50% to ensure the bias free data. The percentage

for the data is 28.299%, which is well in the acceptable range. Hence the data is free of external biases and can be used for the analysis purposes.

4.3 Correlation Analysis

Correlation analysis is performed to determine the strength of the interrelationships of the independent and dependent variables with each other. Data presented in Table 3 shows the Pearson Correlation values (R) and Significance Level (α). Eight constructs are being evaluated with each other in the correlation analysis. The significance values were also evaluated during the analysis and the results show that the relationship of independent and dependent variables is quite significant at the 5% significance level except the significance values of the relationships of the EP with the T&D and CMP Baldwin and Padgett [14] and Baron and Kenny [28].

The values of the Pearson correlation shows that the dependent variable OPF has the strong positive relationship with R&S (0.860), CPD (0.859), T&D (0.744) and EPT (0.619), while the relationship with CMP (0.160) and EP (0.134) is positive but weak in nature. The relationship of OPF with PAP is negative and weak (i.e. -0.170). Thus the hypotheses established are accepted except for the relationship of PAP and OPF, according to the correlation analysis.

TABLE 1. CRONBACH'S COEFFICIENT ALPHA TEST

Construct	ABBREVIATIO N	No. of Items	Cronbach's Alpha	Mean	Standard Deviation
Recruitment and Selection	R&S	10	0.872	4.4580	0.88788
Training and Development	T&D	9	0.411	5.0141	0.71332
Performance Appraisal	PAP	10	0.782	5.0717	0.30954
Career Planning and Development	CPD	10	0.733	4.7117	0.94474
Employee Participation	EPT	9	0.424	4.7919	0.56871
Compensation	CMP	9	0.653	5.1396	0.33409
Organization performance	OPF	10	0.902	4.7700	0.93467
Employee Performance	EP	10	0.952	3.6030	1.22928

TABLE 2. HERMAN'S SINGLE FACTOR TEST

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	Variance (%)	Cumulative (%)	Total	Variance (%)	Cumulative (%)
1	18.961	28.299	28.299	18.961	28.299	28.299
2	3.214	4.798	33.097	-	-	-
3	2.968	4.430	37.527	-	-	-
4	2.761	4.121	41.648	-	-	-
5	2.502	3.734	45.382	-	-	-

4.4 Regression Analysis

For the current study, the regression analysis was carried out to test the relationships of the independent and dependent variables, in the presence of the mediating variable of employee performance. The regression analysis was applied after the attestation of the regression assumptions (i.e. normality of residuals, multi-collinearity, auto-correlation, outliers, leverage and influential points). All regression assumptions are proved positive by the given data. To test the regression analysis four steps of Baron and Kenny are followed to test the mediating relationship in the model. Four steps are as follows:

4.4.1 Step-1: Relationship of Independent and Dependent Variables

At the first step to test the dependence of the dependent variable on the independent variables, regression analysis is applied. Linear regression analysis has been used for this purpose.

(a) OPF and R&S: The analysis of the dependent variable with the recruitment and selection shows that the relationship is highly significant at the significance level of 1% as shown in Table 5. The adjusted R square value of 0.738 shows that, 73% of the variance of organization performance is explained by the recruitment and selection as shown in Table 4.

(b) OPF and T&D: The analysis of OPF with training and development has shown the significance level of 0.000. This shows the relationship is highly significant at the 1% significance level as shown in Table 5. The value of Adjusted R square also shows an acceptable value and 52% variance is explained by training and development for the organization performance as shown in Table 4.

(c) OPF and PAP: The influence of performance appraisal on the organizational performance is also found positively significant (i.e. 0.003) at the significance level of 1% as shown in Table 5. This shows that the relationship is acceptable to be studied further with the induction of the employee performance as the mediator.

(d) OPF and CPD: The adjusted R Square value of the relationship between organization performance and the career planning and development is 0.738 as shown in Table 4. This shows that 73% variance of organization performance is explained by the career planning and development. Similar result is also discussed in literature by Dawwas and Zahare [29] Also the relationship is significant with the significance level of 0.000 at the significance level of 1% as shown in Table 5.

(e) OPF and EPT: The relationship of organization performance and employee participation is highly significant with the significance value of 0.000 at the significance level of 1% as shown in Table 5. Also 33% of the variance of organization performance is explained by the employee participation as shown in Table 4.

(f) OPF and CMP: The relationship of organization performance and compensation has been found significant at the significance level of 1% i.e. 0.001 as shown in Table 5. This shows the relationship to be highly significant to be studied in the study.

4.4.2 Step 2: Relationship of Independent and Mediating Variables

At the second step the relationship of independent variables has been analyzed with the mediating variable of Employee Performance separately by the regression analysis. The results are shown in Tables 6-7:

TABLE 3. CORRELATION ANALYSIS

Construct		R&S	PAP	CPD	T&D	EPT	CMP	OPF	EP
R&S	R	1.000	-	-	-	-	-	-	-
PAP	R	0.077	1.000	-	-	-	-	-	-
CPD	R	0.776	-0.177	1.000	-	-	-	-	-
T&D	R	0.649	-0.160	0.903	1.000	-	-	-	-
EPT	R	0.736	0.281	0.603	0.542	1.000	-	-	-
CMP	R	0.081	0.259	0.274	0.281	0.087	1.000	-	-
OPF	R	0.860	-0.170	0.859	0.744	0.619	0.160	1.000	-
EP	R	0.001	0.132	0.118	0.093	0.202	0.010	0.134	1.000

(a) EP and R&S: The relationship of employee performance has been analyzed with the independent variable of recruitment and selection. It is found that the two variables have the highly significant relationship at the 1% significance level with the significance value of 0.001 as shown in Table 7. Hence the mediating relationship can be studied further as shown in Tables 8-9.

(b) EP and T&D: According to the analysis done on the relationship of the employee performance and the training and development, the relationship is insignificant and it is not possible to study it further in the study. As the mediating relationship is not possible if this relationship goes insignificant.

(c) EP and PAP: The results of the regression analysis in the SPSS have shown that the relationship of performance appraisal as the independent variable with the employee performance is significant at the 5% significance level with the significance value of 0.02 as shown in Table 7. This shown that the relationship is

possible to be studied further for the mediation relationship.

(d) EP and CPD: The relationship of employee performance and the career planning and development has been found to be significant at the 5% significance level with the 0.041 value of significance level as shown in Table 7. This shows the relationship to be highly significant for the current targeted population.

(e) EP and EPT: The regression analysis of the relationship of employee performance and the independent variable of employee participation has been done on SPSS. The results have shown that the relationship is highly significant at the significance level of 1% as shown in Table 7. The significance value of the relationship is 0.000.

(f) EP and CMP: The analysis of the relationship of the employee performance and the compensation of the employees has found to be insignificant in the targeted population. Hence this relationship cannot be further studied in the mediating relationships.

TABLE 4. MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
OPF-R&S	0.860	0.739	0.738	0.47809
OPF-T&D	0.724	0.525	0.523	0.64542
OPF-PAP	0.170	0.029	0.026	0.92261
OPF-CPD	0.859	0.738	0.738	0.47881
OPF-EPT	0.581	0.337	0.335	0.76210
OPF-CMP	0.184	0.034	0.031	0.92025
Predictors: (Constant) R&S, T&D, PAP, CPD, EPT, CMP				

TABLE 5. COEFFICIENTS^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Significance
	B	Standard Error	Beta		
(Constant)	0.735	0.142	0.860	5.193	0.000
R&S	0.905	0.031		29.065	0.000
(Constant)	0-.558	0.296	0.724	-1.886	0.060
T&D	1.068	0.059		18.140	0.000
(Constant)	7.373	0.876	-0.170	8.419	0.000
PAP	-0.513	0.172		-2.978	0.003
(Constant)	0.764	0.141	0.859	5.427	0.000
CPD	0.850	0.029		29.007	0.000
(Constant)	-0.580	0.437	0.581	-1.329	0.185
EPT	1.113	0.090		12.319	0.000
(Constant)	1.872	0.898	0.184	2.083	0.038
CMP	0.565	0.175		3.232	0.001
a. Dependent Variable: OPF					

4.4.3 Step 3: Relationship of Mediating Variables with the Dependent Variable

In the third step the relationship of the mediator “Employee Performance” and the dependent variable of “Organization Performance” have been analyzed using SPSS. The results show that the relationship is highly significant at the 5% significance level with the significance value of 0.020.

4.4.4 Step 4: Relationship of Independent with Dependent Variable in the presence of Mediator

At the fourth step the relationship of independent variables with the dependent variable has been analyzed in the presence of the mediating variable of “Employee Performance”. This relationship is tested for those relations who are found significant in the

previous relations. Therefore the mediations for the independent variable of training and development and the compensation are not tested in this step.

(a) OPF-EP-RAS: In the fourth step of Baron and Kenny model, the relationship of organization performance is analyzed with the recruitment and selection in the presence of the employee performance as the mediator. The results are shown in Tables 10-11. According to the results, the relationship is significant at the 5% significance level. Also the mediating relationship determines about 73% of the dependent variable.

(b) OPF-EP-CPD: The relationship of organization performance with the career planning and development is found significant at 5% significance level in the presence of employee performance as the mediator as shown in Table 11. 73.8% of the dependent variable is predicted by this relationship according to the value of adjusted R Square as shown in Table 10.

TABLE 6. MODEL SUMMARY

Model	R	R Square	Adjusted R Square	StandardError of the Estimate
EP-R&S	0.195	0.038	0.035	1.21207
EP-PAP	0.133	0.018	0.014	1.22480
EP-CPD	0.118	0.014	0.011	1.22708
EP-EPT	0.200	0.040	0.037	1.21067
Predictors: (Constant) R&S, PAP, CPD, EPT,				

TABLE 7. COEFFICIENTS^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Significances
	B	Standard Error	Beta		
(Constant)	2.398	0.359	0.195	6.684	0.000
R&S	0.270	0.079		3.426	0.001
(Constant)	0.925	1.163	0.133	.795	0.427
PAP	0.528	0.229		2.309	0.022
(Constant)	2.879	0.361	0.118	7.975	0.000
CPD	0.154	0.075		2.050	0.041
(Constant)	1.169	0.693	0.200	1.686	0.093
EPT	0.506	0.144		3.529	0.000
a. Dependent Variable: EP					

TABLE 8. MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	0.134 ^a	0.018	0.015	0.92780
a. Predictors: (Constant), EP				

TABLE 9. COEFFICIENTS^A

Model	Unstandardized Coefficients		Standardized Coefficients	t	Significance
	B	Standard Error	Beta		
(Constant)	4.404	0.166	0.134	26.586	0.000
EP	0.102	0.043		2.334	0.020
a. Dependent Variable: OPF					

(c) **OPF-EP-PAP:** The analysis of the relationship of organization performance with the performance appraisal in the presence of employee performance at the fourth step is found to be highly significant at the 1% significance level as shown in Tables10-11.

(d) **OPF-EP-EPT:** The study of the relationship of employee participation with the organization performance is done at the fourth stage in the presence of employee performance as the mediator. The results in Tables10-1 show that the relationship is significant at the 5% significance level. Hence, the mediation exists in the relationship.

5.6 Summary

To test the model of the study, the regression analysis is performed using the SPSS 16. The four step model of Baron and Kenny [28] has been used to test the mediation among the variables. At the first step the relationships of all the independent variables are found to be significant with the dependent variable of "Organization Performance". The relationships are positively significant at 5% significance level and this

TABLE 10. MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
OPF-EP-R&S	0.860	0.740	0.739	0.47779
OPF-EP-PAP	0.860	0.740	0.738	0.47862
OPF-EP-CPD	0.232	0.054	0.047	0.91227
OPF-EP-EPT	0.581	0.338	0.333	0.76322
Predictors: (Constant) EP: R&S, CPD , PAP, EPT				

TABLE 11. COEFFICIENTS^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Significance
	B	Standard Error	Beta		
(Constant)	0.800	0.152	0.134	5.269	0.000
EP	0.102	0.044		2.329	0.021
R&S	0.912	0.032		28.754	0.000
(Constant)	0.692	0.155	0.867	4.456	0.000
EP	0.025	0.023		1.112	0.026
CPD	0.846	0.030		28.686	0.000
(Constant)	7.260	0.867	0.159	8.374	0.000
EP	0.121	0.043		2.792	0.006
PAP	-0.577	0.172		-3.354	0.001
(Constant)	-0.595	0.439	-0.191	-1.355	0.177
EP	0.013	0.037		0.355	0.043
EPT	1.106	0.092		11.976	0.000

a. Dependent Variable: OPF

shows that these relationships can be further studied for the mediation after the induction of the employee performance as the mediator except for the relationship of PAP with the OPF, which is found to be negatively significant at the 5% significance level. This shows as the PAP increase the performance of the organization is decreasing. At the second step the relationship of the independent variables with the mediator has been analyzed. It is found that except for T&D and CMP all the HR practices have the significant relationship with the employee performance. At the third step, the relationship of mediator i.e., "Employee Performance" has been evaluated with the dependent variable of "Organization Performance", and is found to be highly significant at the 5% significance level. At the last step the relationships of HR practices and the organizational performance has been analyzed in the presence of the "Employee Performance" as the mediator. The mediations are tested for the relationships which are found significant in the previous steps. The mediations are found to be significant for the relationships of R&S-EP-OPF, CPD-EP-OPF, PAP-EP-OPF, and EPT-EP-OPF. The mediations for the relationships are positive except for that of the PAP which is negative. Therefore, the results show that the model is significant for the study and the parting of the data from the refined model is not significant at the 5% significance level.

6. RESULTS AND DISCUSSION

The results of both correlation and the regression analysis are same and hence support each other for the selected targeted population. Firstly, the negative association of the relationship of OPF and the PAP has number of reasons to get justified in the selected target population as already reported by Qureshi, et. al. [22]. It might be because the culture of the Pakistani market is much more biased and people are highly influenced by the things around and easily got demotivated by them. Possibly, the lack of transparency of the system of performance appraisal and lack of its proper awareness among the employees may cause them to have negative feelings towards the organization or the supervisors.

The improper management of the performance appraisal could also be the major reason [16-17, 19,]. It is possible that the managers are unable to satisfy the employees for the feedback they are providing or the employees are not satisfied by the performance appraisal procedure. The lack of communication among the employees and their managers could also be

a very important factor influencing this relationship in negative ways.

Secondly, the relationship of the employee performance with the T&D is found to be insignificant. This shows that at the Nestle, Pakistan the impact of training and development is not found to be having an impact on the performance of the employee. There are number of reasons that add to such finding, which is against the normal conditions worldwide. It might be because of the lack of awareness among the employees about the importance of T&D. More importantly, it might be due to the improper implementation of the training and development sessions [14,16]. It is possible that employees attend these sessions only to fulfill the said requirement of the organization and their lack of interest do not let them to learn from the sessions. It is also possible that the sessions organized are not actually according to the requirements or demands of the employees [22]. They might not catch the needs of the employees with respect to their particular job or profession. They might be general in nature. It is also possible that the sessions are just the information giving exercises not the ways of learning how to implement and use that information in daily routine or in their particular job or field. . Also the culture of Nestle encourages new employees much more than the old ones. This could also demotivate them to develop themselves instead they prefer to change the organization.

The relationship of the performance of the employees with the compensation system in the organization is also found insignificant [16,22]. This is quite unusual but this needs much importance, as compensation is one of the most important factor for motivating employees to perform according to the desires of the management and in the organizations interests. The lack of transparency in the system of compensation is one of the most important reasons that might be the cause of this insignificance of the relationship. It is also possible that orally the system is communicated as the highly performance based compensation system but in reality employees perceives to have the involvement of favoritism and such other things. This might lead to the leg pulling among the employees, feeling of cynicism towards the organization and the colleagues and also the lack of loyalty and commitment of employees for and towards the organization.

The relationships of R&S, PAP, CPD, and EPT are found to have the significant relationships with the organizational performance in the presence of the EP as the mediating variable [10-11,15,29]. These results

are in line with the literature provided in the previous study [29]. Hence the current targeted population and the previous literature validate each other after a thorough analysis of the literature and the data collected. The reasons for the insignificance of the few relations in this study might be the lack of communication between the managers and employees, lack of transparency in the systems of the organization, long hierarchy, and many others [19]. These might also be the reason for the financial decline shown in the financial reports of the organization in the last few years.

7. CONCLUSION

The study infers that the HR practices impact the organizational performance in the presence of the employee performance as the mediating variable. The more employees get satisfied by the efficient implementation of the HR practices of the organization, the more will he perform better. The enhanced employee performance will ultimately enhance the performance of the organization. The HR practices of R&S, CPD, PAP and EPT show significantly positive relationship with the performance of the organization, having EP as the mediating variable. The mediating relationships of the T&D and CMP with the organization performance having EP as the mediator are insignificant due to the number of reasons like lack of transparency, lack of communication and so on. Also the organization needs to give special attention to the implementation of the HR practices in the organization to keep them in the right direction. As the financial reports of the company are also showing decrease in the past few years.

ACKNOWLEDGMENTS

Authors would like to acknowledge to MS Sadia Mansoor, COMSATS Institute of Information Technology, Lahore Campus, and Mr. Ateequr Rehman, University of Engineering & Technology Lahore, Pakistan, who assist me to write this paper. At last but not the least, thanks and appreciation for all the selected employees of the Nestle Pakistan for being so cooperative in the collection of the data and providing their few moments.

REFERENCES

- [1] Schuler, R.S., and MacMillan, I.C., "Gaining Competitive Advantage through Human Resource Management Practices", Human Resource Management, pp. 241-255, 1984.
- [2] Huselid, M.A., "The Impact of Human Resource Management XE, Human Resource Management",

- Practices on Turnover, Productivity, and Corporate Financial Performance, *Academy of Management Journal*, Volume 38, pp. 635-72, 1995.
- [3] Fombrun, C.J., Tichy, N.M., and Devanna, M.A., "Strategic Human Resource Management", (Editors), Wiley, pp. 19-32, New York, 1984.
- [4] Eriksson, T., Qin, Z., and Wang, W., "Firm-Level Innovation Activity, Employee Turnover and HRM Practices - Evidence from Chinese Firms", *China Economic Review*, Volume 30, pp. 583-597, 2014.
- [5] Katou, A.A., and Budhwar, P.S., "Causal Relationship between HRM Policies and Organizational Performance: Evidence from the Greek Manufacturing Sector", *European Management Journal*, Volume 28, pp. 25- 39, 2010.
- [6] Hertog, F.D., Iterson, A.V., and Mari, C., "Does HRM Really Matter in Bringing about Strategic Change? Comparative Action Research in Ten European Steel Firms", *European Management Journal* Volume 28, pp.14-24, 2010.
- [7] Russell, J.S., Terberg, J.R., and Powers, M.L., "Organizational Performance and Organizational Level Training and Suort", *Personnel Psychology*, Volume 38, pp. 849-863, 1985.
- [8] Ford, R.C., and Randolph, W.A., "Cross-Functional Structures: A Review and Integration of Matrix Organization and Project Management", *Journal of Management*, Volume 18, No. 2, pp. 267-94, 1992.
- [9] Strauss, G., "An Overview", Heller, F., Pusic, E., Strauss, G., and Wilpert, B., (Editors), "Organizational Participation: Myth and Reality", Oxford University Press, pp. 8-39, Oxford, 1998.
- [10] Holzer, H.J., "Hiring Procedures in the Firm: Their Economic Determinants and Outcomes", *Human Resources and Firm Performance*, Kleiner, M.M., Block, R.N., Roomkin, M., and Salsburg, S.W., (Editors), BNA Press, Washington DC, 1987.
- [11] Lado, A.A., and Wilson, C.M., "Human Resource Systems and Sustained Competitive Advantage: A Competency Based Perspective", *Academy of Management Review*, Volume 19, pp. 699-727, 1994.
- [12] Fernandez, C.J., "Soldier Quality and Job Performance in Team Tasks", *Social Science Quarterly*, Volume 73, pp. 253-265, 1992.
- [13] Nordhaug, O., "Reward Functions of Personnel Training", *Human Relations*, Volume 42, No. 5, pp. 373-388, 1989.
- [14] Baldwin, T.T., and Padgett, M.Y., "Management Development: A Review and Commentary", *Key Reviews in Managerial Psychology*, Cooper, C.L., and Robertson, I.T., (Editors), Wiley, pp. 270-320, New York, 1994.
- [15] Barney, J.B., "Looking Inside for Competitive Advantage", *The Academy of Management Executive*, Volume 9, No. 4, pp. 49-61, 1995.
- [16] Wan, D., Kok, V.C., and Huat, "Strategic Human Resource Management XE" *Human Resource Management and Organizational Performance XE* *Organizational Performance* "Compensation and Benefits Review Saranac, Volume 34, No. 4, pp. 33, Singapore, 2002
<http://proquest.umi.com/pqdweb?RQT=318&pmid=23686&TS=1140590988&clientId=35895&VType=PQD&VName=PQD&VInst=PROD>
- [17] Sels, L., "How HRM Affects Corporate Financial Performance: Evidence from Belgian SMEs", *Working Paper Steunpunt OOI*, 2003.
- [18] Katou, A.A., "Measuring the Impact of HRM on Organizational Performance", *Journal of Industrial Engineering and Management*, Volume 1, No. 2, pp. 119-142, 2008.
- [19] Singh, K., 'Impact of HR Practices on Perceived Firm Performance in India', *Asia Pacific Journal of Human Resources*, Volume 42, No. 3, pp. 301-317, 2004.
- [20] Snell, S.A., and Youndt, M.A., "Human Resource Management and Firm Performance: Testing a Contingency Model of Executive Controls", *Journal of Management*, Volume 21, No. 4, pp. 711-737, 1995.
- [21] Boselie, P., Paauwe, J., and Richardson, R., "Human Resource Management, Institutionalization and Organizational Performance XE", *Organizational Performance: A Comparison of Hospitals, Hotels and Local Government*, *Erim Report Series Research in Management*, 2004.
- [22] Qureshi, M.T., Mohammad, R.I., and Syed, H.T., "Impact of Human Resource Management Practices on Organizational Performance in Pakistan", *Journal of Business & Policy Research*, Volume 3, No. 2, pp. 128-138, 2007.
- [23] Santos, J.R., "Cronbach's Alpha: A Tool for Assessing the Reliability of Scales", *The Journal of Extensions*, Volume 37, No. 2, April, 1999.
- [24] Yin, R.K., "Case Study Research", Thousand Oaks. CA, Sage Publications, 2003.
- [25] Murphy, K.R., and Balzer, W.K., "Rater Errors and Rating Accuracy", *Journal of Applied Psychology*, Volume 74, No. 4, pp. 619-624, 1989.
- [26] Nunnally, J., "Psychometric Theory", McGraw-Hill, New York, 1978.
- [27] Van de Ven, A.H., and Ferry, D. L., "Organizational Effectiveness", Wiley, New York, 1980.
- [28] Baron, R.M., and Kenny, D.A., "The Moderator-Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations", *Journal of Personality and Social Psychology*, Volume 51, No. 1173-1182, 1986.
- [29] Dawwas, M., and Zahare, I., "Testing the Direct and Indirect Relationship between Human Resource Management and Turnover Intention in a Non-Western Context of the Palestine", *Journal of Islamic and Human advanced Research*, Volume 4, No. 2, pp. 55-73, 2014.