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Abstract

This study aimed to evaluate and analyze the HRM practices of the selected tertiary institutions in the Philippines and determine their relationship to organizational performance. The respondent’s profile such as age, length of service and educational attainment were also considered in the study as moderator variables. The study used the descriptive-correlational research design. Data from 331 respondents were analyzed using descriptive and inferential statistics. The HRM practices of the respondent schools were perceived to be very good and the level of their schools’ performance was perceived to be high. A strong positive relationship was found between HRM practices and organizational performance. There was no significant difference in the level of the schools’ performance when the respondent’s profile was considered. However, considering the individual dimensions of organizational performance and those of respondent’s profile, there was a significant difference in the level employee productivity considering length of service and in consumer satisfaction considering educational attainment. The sub-dimensions of HRM practices that significantly predict organizational performance were employee relations, compensation, selection, and performance management. Employee relations best predict organizational performance, customer satisfaction, employee productivity, and employee satisfaction. Performance management best predicts profitability.

Keywords: human resource practices, organizational performance
strand: business and governance
I. INTRODUCTION

While it is true that the most valuable assets that an organization could ever have are human resources and progressive human resource practices that result in higher organizational performance, it is still evident that many of the human resource management practitioners fail to prove their worth that they are making contributions to the economic value of their company (Burke, 2006). This failure is not only true to the business sector but even to the higher educational institutions as well. As a result of this failure, many higher educational institutions today all over the world, both in the private and public sectors, experience financial problem (Johnstone, 2008; Scott, 2015; Francis, 2015). The studies of Huselid (1995) and Calleja (2006) seem to prove that Human resource management practices are related to organizational performance.

This study aimed to evaluate and analyze the HRM practices of the selected tertiary institutions in the Philippines and determine their relationship to organizational performance. The respondent’s profile such as age, length of service and educational attainment were also considered in the study as moderator variables.

II. METHODS

The study utilized descriptive-correlational design. There were 331 respondents from the selected tertiary institutions. Most of them came from the age group of 30 and above (84.6%) and many of them had been serving the institutions for 11 years and above (61.10%). The study used a self-constructed questionnaire that was validated by experts with reliability alpha coefficients of 0.9176 for the HR Practices and 0.8198 for the organizational performance. The questionnaire was divided into three parts: questions for personal data, HR practices, and organizational performance. All respondents were asked to describe their perceptions about the HR practices and the organizational performance of their institutions using a five-point Likert scale. Mean, standard deviation, Pearson’s product-moment correlational coefficient, analysis of variance and regression analysis were used to analyze and interpret the data gathered.

III. RESULTS

Majority (31.9%) of the respondents came from the age bracket of 31-40. Most of them had earned master’s units and had been serving their institutions for five years and below.

Results in Table 1 show that the respondents perceived the HRM practices of their institutions as follows: The employees responded “oftentimes”, interpreted as “very good”, to the employee relations, compensation, and selection practices of the respondent schools, whereas performance management, training and development, and recruitment practices were perceived to be “sometimes” practiced and interpreted as “good”. The overall rating of HRM practices is “oftentimes”, interpreted as “very good”. 

...
The results of the correlation analysis in Table 3 reveal that there is a positive relationship between the individual dimensions of HRM practices and individual dimensions of organizational performance; HRM practices and individual dimensions of organization...
There is no significant difference in the level of schools’ performance when the respondent’s profile was considered. However, when the test of significant difference was done in employee productivity considering length of service, respondents who rendered 11-15 years of service perceive the level of organizational performance in employee productivity higher than those respondents who rendered 21-25 years of service. Also, when the test of significant difference was done in customer satisfaction considering educational attainment, respondents who were college graduates perceive the level of organizational performance in customer satisfaction higher than those respondents who have masteral and doctoral units and who are doctorate degree holders.

There is a strong positive relationship between HRM practices and organizational performance when respondent’s profile is considered.

Regression analysis in Table 4 reveals the following: the predictors of organizational performance are: employee relations, compensation, and selection. Of the three (3) predictors, employee relations emerge to be the best predictor.

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

<table>
<thead>
<tr>
<th>HRM Practices</th>
<th>Profitability</th>
<th>Custom Satisfy</th>
<th>Employ Prod</th>
<th>Employ Satisf</th>
<th>Organiz Perfor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment</td>
<td>0.261**</td>
<td>0.359*</td>
<td>0.318**</td>
<td>0.470**</td>
<td>0.465**</td>
</tr>
<tr>
<td>Selection</td>
<td>0.283**</td>
<td>0.472**</td>
<td>0.424**</td>
<td>0.527**</td>
<td>0.564**</td>
</tr>
<tr>
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<td>0.334**</td>
<td>0.487**</td>
<td>0.412**</td>
<td>0.546**</td>
<td>0.587**</td>
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<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>0.354**</td>
<td>0.466**</td>
<td>0.426**</td>
<td>0.548**</td>
<td>0.590**</td>
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<tr>
<td>Compensation</td>
<td>0.328***</td>
<td>0.517**</td>
<td>0.452**</td>
<td>0.681**</td>
<td>0.654**</td>
</tr>
<tr>
<td>Employee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relation</td>
<td>0.316**</td>
<td>0.646**</td>
<td>0.635**</td>
<td>0.712**</td>
<td>0.734**</td>
</tr>
<tr>
<td>HRM Practices</td>
<td>0.368**</td>
<td>0.578**</td>
<td>0.503**</td>
<td>0.681**</td>
<td>0.704**</td>
</tr>
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</table>
The predictors of the individual dimensions of organizational performance using regression analysis are shown in Tables 5, 6, 7 and 8.

The predictors of profitability are: performance management and compensation. Performance management is the best predictor.

The only predictor of customer satisfaction is employee relations.
Another way of interpreting the data in Table 3 is by computing the correlation of determination ($r^2$). Correlation of determination is determined by squaring the value of $r$ (correlation coefficient). For example, the correlation of determination of recruitment and profitability is $0.0681$ ($0.261 \times 0.261$). When translated into percentage, it can be in-

### IV. DISCUSSION

The HR practices of the selected higher educational institutions as whole were perceived to be very good, as indicated in Table 1. Their selection, compensation, and employee relations were very good and their systems for performance management and training and development were good. When these HR practices were correlated with organizational performance, the results of correlation coefficients (R values) in table 3 showed strong and positive correlations.

The predictors of employee productivity are: employee relations and selection. Employee relations surface as the best predictor.

### Table 7

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>R Square Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.535a</td>
<td>0.287</td>
<td>0.287</td>
</tr>
<tr>
<td>2</td>
<td>0.547b</td>
<td>0.299</td>
<td>0.012</td>
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</tbody>
</table>

### Table 8

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>R Square Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.712a</td>
<td>0.508</td>
<td>0.508</td>
</tr>
<tr>
<td>2</td>
<td>0.742b</td>
<td>0.550</td>
<td>0.042</td>
</tr>
</tbody>
</table>

The predictors of employee satisfaction are: employee relations and compensation. Employee relations is the best predictor.
interpreted to mean that 6.81% of variance in profit made by the HEIs is explained, or accounted for, by recruitment. Using the same formula to determine the correlation of determination for the other dimensions of HR practices in Table 3 and translate them into percentage, the values can be interpreted to mean as follows:

1. Recruitment accounts: (a) 6.8% of the variance in profitability; (b) 12.9% of the variance in customer satisfaction; (c) 10.1% of the variance in employee productivity; (d) 22.10% of the variance in employee satisfaction; and (e) 21.6% of the variance in the overall organizational performance.

2. Selection accounts: (a) 8% of the variance in profitability; (b) 22.3% of the variance in customer satisfaction; (c) 18% of the variance in employee productivity; (d) 27.80% of the variance in employee satisfaction; and (e) 31.8% of the variance in the overall organizational performance.

3. Training and development accounted for: (a) 11.20% of the variance in profitability; (b) 23.7% of the variance in customer satisfaction; (c) 17% of the variance in employee productivity; (d) 29.80% of the variance in employee satisfaction; and (e) 34.5% of the variance in the overall organizational performance.

4. Performance management accounted for: (a) 12.5% of the variance in profitability; (b) 21.7% of the variance in customer satisfaction; (c) 18.1% of the variance in employee productivity; (d) 30% of the variance in employee satisfaction; and (e) 34.8% of the variance in the overall organizational performance.

5. Compensation accounted: (a) 10.80% of the variance in profitability; (b) 26.7% of the variance in customer satisfaction; (c) 20.4% of the variance in employee productivity; (d) 46.4% of the variance in employee satisfaction; and (e) 42.8% of the variance in the overall organizational performance.

6. Employee relations accounted for: (a) 10% of the variance in profitability; (b) 41.7% of the variance in customer satisfaction; (c) 40.3% of the variance in employee productivity; (d) 50.70% of the variance in employee satisfaction; and (e) 53.9% of the variance in the overall organizational performance.

The overall correlation of determination ($r^2$) of HR practices and organizational performance is 0.496. When translated into percentage, it can be interpreted to mean that 49.6% of the variance in organizational performance is explained, or accounted for, by HR practices.

The results indicate that consistent implementation of good recruitment, selection, training and productivity, performance management, compensation, and employee relations practices increase profitability, customer satisfaction, employee productivity, and employee satisfaction. Overall, the study could be concluded that good HR practices increases performance of the organization.

Thus, the null hypothesis that “there is no significant relationship between HR practices and organizational performance” is rejected. The results of regression analysis in Table 4 revealed that organizational performance has three predictors. Among the six dimensions of HR practices, employee relations, compensation, and selection appeared to be the predictors of organizational performance with a combine $R^2$ value of 0.567. This value indicates that employee relations, compensation, and selection can
predict 56.7% of the variance in organizational performance. Among the three predictors, employee relations emerged to be the best predictor with an R2 value of 0.539. Employee relations, when treated as a separate predictor, it can predict 53.9% of the variation in organizational performance.

Other way of looking into the influence of employee relations, compensation, and selection on organizational performance as predictors is by analyzing the regression coefficients of the regression analysis. The regression coefficients (B) of the three predictors are 0.336 for employee relations, 0.108 for compensation, and 0.077 for selection. These values indicate that for each unit increase in the measure of employee relations, compensation, and selection, the score of organizational performance would increase by 0.336, 0.108, and 0.77 points respectively. Suppose employee relations is written as ER, compensation as COMP, selection as SEL, and organizational performance as OP, by using their coefficients, a very good regression equation could be written as follows:

$$\text{OP} = 1.780 + 0.336*\text{ER} + 0.108*\text{COMP} + 0.077*\text{SEL}$$

This equation can be used to predict the value of Organizational Performance.

When regression analysis is separately done in all the individual components of organizational performance, as shown in tables 5, 6, 7 and 8, the best predictor, in terms of R square change, in all the individual components of organizational performance, except profitability, is employee relations. The study then could be concluded that the best predictor of organizational performance is employee relations.

REFERENCES


Francis, V. The financial problems of the Philadelphia School District. Retrieve on June 30, 2015 from