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Impact of human resource management on organizational performance within firms in Saudi Arabia

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Chapter 1: Introduction

1.1 Background of the Study:-

Human Resource Management is an indispensable function for the both the private and public sector organizations. The process deals with several operational objectives such as recruitment, providing proper training to the employee, selection of the employee, assessment of the employee, motivating and maintaining a proper relationship with the employee and maintaining welfare and health for the employees in the organization through laws created by the concerned state and country. The human resource management is a process through which the organization utilizes their limited skilled workforce. The main intension is make effective utilization of the existing human resource for the organization.

Apart from this, human resource management works in the diverse area like conducting of jobs, planning the employee's needs and recruitment, determination of wages and salaries, resolving the disputes and creating better working and safety environment for the employees (Bowen & Ostroff, 2004). The organization uses their human resource management for the proper utilization of their resources. Furthermore, the department plays an important role in the overall development of the employees for encouraging personal and career growth. Alternatively, it helps in improving professional skills and knowledge of the employees. Human resource management provides quality work life for the employees. Therefore, the significance of the Human resource management with respect to the organizational performance is evident. Large number of organizations has established their human resource management department and they understand its need in today's world of business (Cooke, 2005).

The role of the higher performance work practices in the realm of the Human resource management is important. Although literature provide evidence that the Human resource management is crucial for organizational enactment, the impact of effective human resource management on organizational performance is relatively less discussed area in the literature. Moreover, little research is available in Saudi Arabian perspective which sheds light on the role of the higher performance practices on the performance of the Saudi Arabian organization.

The higher performance work practices are human resource work practices that aimed at influencing and enhancing the organizational and employee performance. Therefore, the present study has also focused on the investigation of the impact of the higher performance work practices on the organizational performance of the Saudi Arabian firms. For that purpose, the bundle of higher performance work practices was evaluated. These higher performance work practices are feedback, performance appraisal, employee suggestion systems and affective job description and specification (Francis, 2015).

The one of the core objective of the human resource management in the organization is to provide quality work life for the employees. The quality of work life can be defined as the activities through which the employees dignity and growth in the organization is developed. It helps the employees to work together in the organization and the actions, changes, and improvements which are necessary for the achievement of goals and improving the quality of life and improving the effectiveness of the organization.

In the recent times, the organizational are not only focusing on employees for the work related aspects but also focuses on the holistic well-being of an employee. It is the fact that, if the employees life can't be compartmentalized and the disturbance in the life of the employee will disturb the professional life. Hence, the human resource management works for the overall development of the employee by reducing their stress and creating a healthy atmosphere in the workplace(Bowen & Ostroff, 2004).

The impact of these higher performance work practices will be evaluated on organizational performance on important grounds which are creativity and innovation, core employee retention, customer satisfaction and organizational productivity (Kaufman, 2011). These grounds are considered very important for the organizational performance. Saudi Arabian organizations are also focusing on the implantation of the HR departments in their organization and to change with the changing nature of the business environment.

There is need to boost the organizational performance with the implantation of the higher performance work practices in the organization. Present study is quite significant in that regard. The study will enhance the literature on the higher performance HR work practice in local Saudi Arabia perspective. The academicians and the researchers will also be in position to get benefit and understand from the study results. The study will evaluate the whether there is positive and significant relationship between performance appraisals and core employee retention in Saudi Arabian's organizations. Moreover whether there is positive and significant relationship between job descriptions and specifications and organizational productivity in Saudi Arabian's organizations. The study will also evaluate the impact of the performance appraisal on core employee retention in Saudi Arabian's organizations and the impact of affective job descriptions and specifications on organizational productivity in Saudi Arabian's organizations.

1.2 Aim and Objectives

The aim of the present research study is investigate the impact of the higher performance work practices on the organizational performance in Saudi Arabian perspective. The impact will be investigated in the realm of the Saudi Arabian firms.

The specific intentions of the firms will be as follows;

RO1: To examine the impact of the feedback on organizational creativity and innovation in Saudi Arabian's organizations?

RO2: To investigate the impact of the suggestion systems on customer satisfaction in Saudi Arabian's organizations?

RO3: To investigate the impact of the performance appraisal on core employee retention in Saudi Arabian's organizations?

RO4: To investigate the impact of affective job descriptions and specifications on organizational productivity in Saudi Arabian's organizations?

1.3 Research Question and Hypothesis

Research questions:

RQ1:What is the impact of the high performance human resource work practices on organizational performances in Saudi Arabian's organizations?

RQ2:Do high performance human resource work practices exist in Saudi firms?

Research hypothechs:-

H1: There is positive and significant relationship between high performance human resource work practices and its impact on organizational performances in Saudi Arabian's organizations

H2: High performance human resource work practices exist in Saudi firms

1.4 Scope of the Research:-

The scope of the research is restricted to the on the investigation of the impact of the higher performance work practices on the organizational performance of the Saudi Arabian firms. The data can be collected in both form the primary and the secondary data. The present study will collect primary data to acquire the perceptions of the respondent's o high performance human resource work practices. The primary data provides more accurate and authentic up to date information about the topic under investigation. The use of the primary data is thus important and worth considering in order to evaluate the impact of the high performance human resource work practices on the organizational performances.

1.5 Significance of the Research:-

The roles and responsibilities of the human resource management are mainly oriented to the designing, planning, developing and management of the policies for effective utilization of the human resources of the organization. The major objectives of the human resource management are effective utilization; provide a productive environment and individual development. The functional areas of HRM are planning, staffing, and development of workforce and maintenance of the employees. Therefore, the human resource management of an organization has a broader area of functionality.

The human resource planning is the most vital aspect of the management of human resources in an organization. The planning mainly involves designing and formulation of strategies to manage and control the workforce. The planning also determines the number and types of workforce require for the productive output. However, the major part of planning is dominated by the elements which develop the professional aspect of the employees. The professional development is essential for both employees and the organization. The human resources management provides educational programs and training for the workforce, which helps in understanding the task, profession, and career development prospect. Apart from this, the human resources management system provides opportunities for personal and professional growth such as individual higher education, training, and assistance. Apart from this, the HR management department takes initiatives in developing the communication system within the employees. The training programs and interaction in the workspace helps in developing the communication of the employees. In context with the business communication, employees are attains good communication approach which helps in professional development(Robertson and Morrison, 1996).

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1.6 Research Methodology:-

The explanatory research design will be followed in the present research. The explanatory research design assesses the causal relationship between the variables. The impact of the independent variable will be investigated on the dependent variable. The nature of the present research study and its objectives also requires that the explanatory research design is most suitable. The causal relationship between the high performance human resource work practices and its impact will be evaluated on the organizational performance of the Saudi Arabians firms. The quantitative data analysis will be employed in order to assess whether the high performance human resource work practices has significant and positive impact on organization performance. The nature and the objective of the study also require the implantation of the explanatory research design in that regard. Thus, the quantitative research is best suitable that supports the nature and the objective of the study in that instance. The questionnaire will be used in



order to collect the perceptions of the respondents regarding the high performance human resource work practices and the organizational performances. The questionnaire is the cost effective and easy to reach method that is essential for the collections of the right responses from the respondents (Kothari, 2009).

1.7 Summery:-

Human resource management works for maximum utilization of the resources for the organization. Human resource management develops plans and applies policies and program for the utilization of the organization human resources. The major functional area of the human resource management for the organization is planning, staffing, and employee development and maintenance. The functional area which is focused on the human resource department is the quality of life, career planning and the professional development of the employees. Therefore, the human resources management plays a vital role in managing the workforce with personal and professional development which leads to the overall development of the organization and the workforce.

Chapter 2: Literature Review

2.1 Introduction

According to several scholars like Barney (1991) and Wilson (1994) management of human resources is much more difficult than capital management or technology management. The definition of Human resource management (HRM) evolved in the later period of twentieth century. In the current day world, survival of an organization depends on the development of new capabilities; as a result organizations are facing critical challenges in all over the world. New challenges like globalization, investment in human capital, growth, change management etc. are emerging and organizations from all over the world needs to manage and find opportunities through these challenges. Among these challenges the management of human capital has gained added importance, as organizations are realizing the importance of people or human resource as assets of strategic importance. According to Hartel, Fujimoto, Strybosh and Fitzpatrick (2007) Human resource management does not merely deals with the rational administration but looks after the job satisfaction of the employees and also focus on, how to motivate them for better results, as a result it is making the best utilization of each individual human power for achieving the objectives of an organization. Human resource management is also an important fact considered by organizations from all over the world, because human resource is the resource that has the capability of converting the other source like capital, technology, methods, material, machine etc. into product or service. So the need of a sound Human Resource Management system is very much necessary, in today's world.

2.2 Concept of Human Resource Management:-

Before the evolving of the definition of Human Resource Management the management process dealing with the similar kind of subject was known as personnel management. It emerged during the 1920s. It was concerned about a single department and its activities. The department it was concerned about was the human administration department, and its main function was recruitment and selection for the organization. The other functions carried out by this management were related to development, grievance handling, registration, appraisal, reward, retirement etc. But the negative fact about this system was that its formation was in the bureaucratic set up and it gave importance to the organization and its administration. By the late 1970s organizations from all over the world started facing increase in competitive pressures due to the factors like deregulation, fast growing technological change and globalization. So the need for a more efficient management system emerged and in response the Human Resource Management was developed. According to Khatri (1999) Human capital is one of the key factors that provide flexibility and adaptability to the organization. According to Rundle (1997) the people or the human resource are the adaptive mechanism not the organization or firm that determines the response of the organization towards the competitive environment.

On current structural background Human Resource Management can be defined as systematic process by which human capital or human resource are recruited and managed in such a way that it helps the organization to achieve its objectives. Human Resource Management is concerned about not only the organization but also about the well-being of the human capital involved, so it gives consideration not only towards recruitment and selection but also towards the motivation factors, development and maintenance of human resources. Human Resource Management helps to select the right person, for the right job, at the right time and at right position in a changeable surrounding. According to Schuler & Jackson (1987); Schuler & Macmillan (1984); and Wright & Snell (1991); Human Resource Management comprises of the activities of an organization directed towards the management of the human resources and taking care of the facts that the resources are appointed at the right place and time for the right purpose for the fulfilment of the goals of the organization. The performance of an organization depends on the efficiency of the

human resources involved with the organization. Therefore a systematic set up for recruitment, training and development, motivation, manpower planning, performance evaluation, industrial relation and remuneration management should be taken into consideration. Moreover Human Resource Management is also concerned about the development of skills, ability and knowledge in the acquired human resources, so that the tasks and responsibilities given by the organization are performed effectively and efficiently. The main concept of Human resource management comprises of four main functions - Acquisition, Development, Maintenance and Motivation of the human resource. These are the basic factors or key steps that help an organization to achieve its goals.

2.3 Human Resource Management Practices:-

The management of human resources is a process of managing and controlling the workforce of an organization which helps in enhancing the performance and efficiency of an organization. The effective and appropriate resources help in attaining a smoother way of business operation and provide a sustainable way of business development. The main objective or purpose of this report is to provide an overview how effective and successful management of human resources influence the overall process of business development. In this context, the analysis of the management of the human resources in the organization of Saudi Arabia helps in understanding the facts and influential elements in the process of resource management. An organization develops and acquires their resources according to the needs and requirements of the business process. However, there are several limitations in the management of the resources which will describe later in this report.

2.3.1 Recruitment and Selection:-

The job opportunity within an organization includes a large variety of job option for the peoples. In general, an HRM recruits employs according to the merit and skill of the candidates. Apart from operational process, an organization has several activities like marketing, maintenance, and financial activities. Furthermore, an organization involves several different positions such as in security, parking and housekeeping. HRM plays essential role in recruiting technical and nontechnical candidates for the different positions in an organization. The recruitment process is a vital aspect in any organization which mainly drives the output and efficiency of the organization. The recruitment process of any organization mainly controls by the human management department of the organization. In general, the process of recruitment is dependent on the merit and talent of the applicant. In this process, the CVs are sorted according to requirements of the vacant position (Meagher, 2015). Then the selected candidates have to face a face to face interview, where the merit, talent experience and knowledge of the candidate are checked. The face to face interview is controlled and structured by the human resources department. After, the rounds of interview, the selected candidate have to pass a written round. In the written phase of the test, the general ability and knowledge about the specific job are checked. The final round involves on job test which involves mainly the criteria like problem-solving ability, adaptability and flexibility of the candidates in the workplace which is mainly managed by the managers of the specific departments.

The employment contract is an important aspect of Human resource management. The main objective of the employment agreement is to balance and safeguard the position of the organization and their employees. It helps in maintain certain laws and regulation within the organization. The organization and their employees are bound to follow the sets rules or guidelines in the agreement. The structure and the quantities of the employment agreement are designed according to essential needs of the employees (Eng, 2000). The agreement balances the requirements from both the side's employees and organization. The process helps in establishing a productive outline without any obligation and doubts in the workplace. The employment agreement also provides information about the job, responsibilities, and rights of the employees. It is very difficult for any organization to design agreements which are fruitful for everyone. It offers several other information like what to do and what to avoid in a productive approach. Therefore, the employment agreement is very vital in securing the position of the organization and the employees.

2.3.2 Employability skills:-

In order achieve the desired goal and objective there are employability skills oriented with the position in an organization. An organization in Saudi Arabia is much concern about their recruitment process for selecting the right candidate for the right position with effective employability skill to enhance the process performance of the organization. The major employability skills are as follow.

- The supervisor must have effective communication skills to coordinates with the other working staffs of the organization (Green, 2003).
- The position must have the ability to work in a team to motivate other staffs for productive outcome



- The ability to analyze the situation is essential for solving any issue in the organization
- The supervisor must be respectable and have the ability of control the working staffs
- The position must aware about the technical thing and computer in order manage the technical resources in the restaurant.
- The most vital thing is the decision-making capability and the supervisor must be confident enough to manage the vital decisions within the organization

Apart from the employability skill, personal skills are also vital to managing the responsibilities and duties oriented HRM. The candidates must be aware of the different cultures of the working peoples and should respect all cultural values.

- Should be self-managed and well organization to take the job load of the position
- Should have creative and innovative approaches in managing any issues within the restaurant.
- The candidates must develop professionalism in order to repay maximum for the organization or to achieve the goal of profitable business
- Must have the tolerating power to work in the pressure environment.
- Must have leadership quality, disciplined and knows time management.

2.3.3 Compensation:-

The compensation and benefits processes are among the most vital human resource processes that are crucial for the modern Human Resource Management system and organizations. This process is about managing the budget of personnel expenses, introducing attractive competitive benefits for the employees, setting compensation policies that are transparent and setting the standards of performance. Effective compensation and benefit helps an organization to manage the performance of its employees, drive its personnel costs and to reward the excellent and extraordinary performances. In this aspect transparency plays the key role, another factor that can make this process successful is rewarding employees for their achievements and good performance. This department is responsible for the transparency in the compensation practices followed in the organization and in keeping a clear record of the total cash. This department is also responsible for the budget of the personnel expenses of the organization. The Compensation and benefit department monitors the external job market for setting the correct compensation policy. It always develops new compensation components to support the performance of the organization. It also modifies and designs new adjustments to the compensation strategy and policy, so that the organization remains in its competitive advantageous position in the global job market. Some of the best practices related to this system are, determining salary levels and other benefits that meets the local law requirements, and also seeking legal advice regarding this, if required, documenting all system of salary determination and increment, total confidentiality about each individual employees regarding their salaries, documented systems also reduces the legal risks to the firm, consistency in offering compensations and benefits and maintaining confidentiality about health related information.

2.3.4 Appraisal/Performance Management:-

According to Varna et al (2008); performance management is the process that determines the standards, set the goals, evaluate and assign the works and distributes the rewards for achievements. Performance management effectively is used to improve the individual as well as team performance of an organization responsible for achieving the goals and objectives of the organization. It is one of the most important characteristics of effective and successful organizations in today's world. According to Armstrong (2009:9) performance management is a process or system for improving the performance of an organization by developing the performance of individuals as well as teams. As per Grind and Sliwa's (2007) review, performance management or appraisal is effective for various important purposes. It reviews the performance of employees, so that to learn from experience, it assists the employees in analyzing their strengths and understanding the need and area of development.

2.3.5 Creativity and Innovation:-

There are several factors which facilitate or inhibit creativity and innovation at the organizational levels; some of the major factors are size and structure of the organization, culture and climate, resources and reward. According to Burns & Stalker (1961), the three major aspect of organizational structure which influence innovation within the organization are centralization, formalization and complexity. The decision making segments of an organization needs to effective and supportive innovation approaches. Centralization of an organization obstructs the flow of information which resists innovation and creativity. However on other context centralization is essential for promoting innovation. Similarly high formalization can obstruct innovation as it prevents new sources of information or ideas. The complexity or the degree of occupational specialization enhances innovation however

restricts new idea implementation. Therefore, the innovation and creativity is a multi-faceted approach and fluctuates with several variables. The size of the organization can greatly vary the process of promoting innovation (Loewenberger, 2013). As greater size means greater access to resources hence it can amplify innovation process. The organizational climate and culture are the potential factors which can inhibit or promote innovation. According to Amabile (2005), the HRM encouragements plays essential role in developing innovation and creativity. The organizational encouragements in risk taking, fair evaluation of thoughts, recognition and rewarding, flow of collaborative idea and effective decision making of the HRM.

2.3.6 Involvement and Participation:-

The other potential contribution of HRM for innovation such as effective work design, job demand and physical resources need to be effectively synchronized to enhance innovation and creativity. The effective synchronization of work design with innovation and creativity can influence the intrinsic motivating attitude and self-efficiency aspect of an employee. This process directly or indirectly empowers the proactive behavior and flexible orientation of the workforce. According to Parker (2006), the proactive attitude can positively influence the motivation to innovation. The motivating attitude and self-efficiency aspect increases the tendency to be creative while performing a task. The HRM helps in establishing effective internal communication system which improves the overall operational process on innovation. Through creativity and innovation, HRM can help in sustaining a significant equilibrium between preference, intricacy, and cooperation. According to researches an organization should be flexible and malleable to manage the associated challenges to innovation and creativity. Although, the priority for freedom to opt new knowledge, experimentation and search in work design provides necessary thrust for promoting creativity and innovation.

2.4.7 Information Sharing and Knowledge Management:-

The Information Sharing and Knowledge Management are recognized way to success and increases overall productivity or outcome. An HRM requires exploration and exploitation characteristics for enhancing shared vision, enriched jobs, trust, culture, discipline and supportive leaders which are the essential elements requires for promoting innovation and creativity within the organization (Abernathy and Clark, 1985). The effective human management, constructive evaluation, successful leadership approach, effective feedback system and supportive co-workers effectively contribute in promoting creativity and innovation across organizational business operation. According to researches an organization should be flexible and malleable to manage the associated challenges to innovation and creativity. Although, the priority for freedom to opt new knowledge, experimentation and search in work design provides necessary thrust for promoting creativity and innovation.

The increased competition and extensive globalization have effectively changed the existing process of business operation. The organizations in this competitive platform requires more effective and advanced Knowledge Management to earn profitable outcome and for sustainable growth. In this regard, Knowledge Management plays major role and helps in attaining more advanced and effective strategic implementations. The innovation can be defined as the process of implementing novel ideas and creativity is the process of conversion of ideas into useful operational implementations (AMABILE et al., 1996). The Knowledge Management in business process helps in the transformation ideas and thoughts to provide unique combination and strategic implementation. The main intension of this report is to investigate and analyze the scope of creativity and innovation over the organizational platform. Apart from this, the report will provide extensive analysis of promoting Knowledge Management over organizational context and how the approaches will influence the overall organizational development process and sustainable growth.

2.3.8 Organizational Implementation:-

If we consider the approaches undertaken by the HRM, the strategies or structured methodology employed mainly for promoting long term sustainable growth. An organization employs comprehensive programs to improve or enhance the quality of management and implementation for sustainable growth. The organization has considered innovation and creativity at every level of operational process such as individual level, employee level, team level and organizational level. Trained HRM champions at individual level helps in developing skills and generation of innovative ideas. The trained HR managers takes the responsibility at the team level and takes the effective leadership approach to guide the team member for innovative idea generation and helps to be more creative in completion of a task. The supportive management and encouraging management practices of HRM ensures the process of promoting innovation within the organization. The structure and size of the organization perfectly accompanies innovative work.

2. 4 Human Resource Management – Performance Linkage:-

Human resource management is set to control the segment of managing the employees of the organization. Human resource management helps the organization in selecting the employees for the organization according to the demands of the business organization. It monitored the behavior of the employees in the organization and helps them to adopt the working atmosphere of the organization. Human resource management performs functions from selecting the effective employees for the organization to maintain the work ethics in the business organization (Pratoom, 2010). Human resource management of an organization plays an important role in the business activities. The HRM of an organization makes a suitable working environment for the organization. The selection of the employees in the pizza hut is done through the Human resource management. The HRM follows ethical approach on selecting or promoting any employee in the organization. It helps the employees to understand their roles in the organization and clears the organization goals and perspective. Human resource management of an organization enhances the performance of the employee.

The HRM of an organization plays vital role in designing structured methodology in order to eliminate the challenges oriented with the human resource management approaches. The HRM considers both elements exploration and exploitation which enables the organization to support effective human resource management for sustainable growth. The effective HRM practice at organizational level requires effective management, leadership approach of managers, constructive evaluation, effective feedback system and supportive co-workers. The HRM helps in making effective strategic implementations and supportive work culture of an organization enables the organization which helps in gaining enhanced revenue with cost saving and improved performance. Therefore, effective HRM is a potential factors which can inhibit or enhance performance of an organization. Apart from this, HRM encouragement plays essential role in developing innovation and creativity. The advanced feedback system through which employees can directly communicate with the management for their concern and ideas. It will also help in developing trust and definite vision for HRM within the organization.

Chapter 3: Research Methodology

3.1 Introduction:-

This study is aimed at examining the HRM practices of four rural banks and the impact of such practices on the organizational performance of these banks. This chapter discusses the research design, target population, sample, sampling techniques sources of data, and data collection procedures used in obtaining the required data. This section also gives a brief overview of banks under study.

3.2 Research Design:-

Research design embraces the methodology and procedures employed to conduct scientific research. The design defines the study type; data collection methods and statistical analysis plan. This study took an explanatory research design since it seeks to establish the impact of HR practices on organizational performance. This is a case study research work that used a selected number of HRM practices to get empirical data on HRM practices and how they affect organizational performance.

The research strategy used for the research was a survey approach in order to collect quantitative data which was analysed using descriptive statistical tools. The use of a survey enables generalisation to be conducted using findings generated from a sample size which is representative of the whole population.

3.2 Sources of Data:-

The data for this study was drawn from two main sources; primary and secondary data sources.

3.2.1 Primary Data:-

The primary data sources were those original data collected and analysed by the researcher from the field. These were mainly obtained from the responses of respondents to self-completion questionnaires, semi structured interviews and participant observation recordings.

3.2.2 Secondary Data:-

The secondary sources of data refer to data collected by a person or researcher other than the user of the information. This kind of previously collected information is not case-specific but it can be relevant to the studied problem

(Lindstrom et al 2010) This study to a significant extent depended on information about rural banks in the KSA and their HRM practices relevant materials from the and other documented relevant information.

Available handbooks, annual reports, performance reports, employment policies, relevant information from the organizations' website, blogs, journals, newsletters and other documented materials made up the secondary data used by the researcher. The data obtained from these sources were scrutinised for reliability, validity, adequacy and suitability in answering research questions. The use of multiple independent sources of data was to establish the truth and accuracy of any claim; thus it is expected to enhance the reliability and validity of the study.

3.3 Study Population:-

Investigating, for example a problem will almost certainly require a research project in the academic sense. Researchers often have interest in particular groups of people or items this is referred to as study population. Population is the total members of a defined class of people, objects, places or events selected because they are relevant to one's research questions. In this study, the target population which is the entire set of units for which the research data would be used to make inferences or generalisation is the managers and non-managerial employees of rural banks in KSA.

On the average, the staff strength of these rural banks as at the time the researcher was obtaining preliminary data stood at twenty-two (20) at the head offices and eleven (9) at the branches. The figure for the head office is made up of five (5) management staff, four (4) supervisors for different departments, eleven (11) junior staff. At the branch level are one branch manager, one operations officer, two back office staff, one customer service personnel, two tellers, one relationship/credit officer and two microfinance officers. These members of the target population had characteristics and experiences that were capable of producing the responses the researcher needed.

3.4 Sample and Sampling Techniques:-

A sample is a selection of a group of people or events from a population to be able to find out true facts about the sample that will be true of the population. This becomes necessary as the entire population cannot be studied due to the size, inaccessibility, time and financial constraints. This study had an estimated population size of one hundred and eighty eight (188) people and this large size made it impossible for the researcher to test every individual members of the population. As such, a sample size of one hundred and forty (150) respondents, representing 79.78% of the population was chosen as a true reflection of the population for the study. Based on non-probability sampling procedure, purposive or judgemental and convenience sampling techniques were used for selecting respondents for managerial employees and non-managerial employees respectively. The purposive sampling technique is done with a predefined group in mind. The subjects are handpicked from the accessible population and matched against the criteria for being in the sample. This means that people whose opinions are relevant to the study are chosen for the researcher's data collection exercise. Here, sampling for proportionality is not the primary concern; rather the judgment of the researcher in sampling experts relevant to the study is significant.

The purposive sampling technique was chosen in sampling for managerial employees because they had to meet a criterion of belonging to the predefined group of top level managers. Again, the convenience sampling technique was used so that any non-managerial employee could participate as a respondent. The convenience sampling technique suited the non-managerial employees better due to their relative ease of access and the fact that any employee belonging to this group is a potential respondent.

A period of three weeks was allowed for respondents to attend to questionnaires and collection was done after the three week period. Out of the sample size of 150, forty (40) were top management staff of managers and supervisors, and the remainder of 110 respondents were a combination of non-managerial members constituting middle and lower level employees.

3.4 Data Collection Instruments:-

Data collection instruments are the tools used to collect information as part of a research. The validity and reliability of data collection and instruments is of extreme importance to any sample survey. It is therefore essential to properly design data collection instruments so as to reach reliable and valid conclusions.

3.4.1 Questionnaire:-

Questionnaires have the advantage of securing relevant information effectively about phenomena that is not directly observable. It is also an efficient and effective method in reaching a larger group.

For the purpose of this study, two sets of structured questionnaire consisting of 65 close-ended questions and organized into four sections was used to collect primary data from employees. Section one consisted of five questions on the personal details such as age, sex, educational qualification, marital status and years of stay with organization. Section two was designed to test employees' perceptions and experiences about HRM practices (recruitment and selection, training and development, compensation, employment security, performance appraisal, employee participation and career planning) and HRM outcomes such as job satisfaction and motivation, organizational commitment and employee retention. A five point Likert scale ranging from (1 - strongly agree to 5 – strongly disagree) was used in the last three sections to measure the impact of HRM practices on HRM outcomes and employee performance. The other set of 55 questions organized into three sections was designed for managerial employees. Section one sought for background information on the organization, section two asked questions to test HRM practices such recruitment and selection, training and development, compensation and rewards, employment security, performance appraisal and management, employee involvement and career planning. The last section tested the organizational performance of the organizations chosen for the research. All the questions were close-ended statements which were followed by alternative answers from which respondents were expected to tick appropriately.

In addition, a semi-structured interview schedule was prepared to gather data from key informants of the banks on HRM practices and organization's performance.

3.5 Data Analysis Techniques:-

Data collected from the completed questionnaires were inspected first of all, cleaned, transformed and collated into useful information for easy comprehension. After that the data were modelled into coded categories to facilitate analysis.

The researcher, with the aid of Statistical Package for Social Sciences (SPSS) and Microsoft excel presented the final data in charts and diagrams. The SPSS was used to obtain frequencies and percentages of close ended responses; and open ended responses were analyzed in a qualitative manner. The reliability of the scale was measured using the Cronbach's alpha. The following tables show the reliability levels for the category of questions asked managers and employees.

Chapter 4: Data Analysis

4.1 Introduction:-

This chapter presents information on primary data collected from respondents on HRM practices in rural banks in the Ashanti region of KSA. The data were processed and presented in tables, graphs and other statistical representations using SPSS. Interpretations given were on processed data collected from the field that sought to establish the impact of HRM practices on the organization performance of rural banks.

4.2 Execution and Management of HR practices:-

Recruitment	Centralized	40	100.0
Training and development	Centralized	32	80.0
	Executed and Managed by Line Managers	8	20
Compensation	Centralized	40	100
Performance Appraisal/ Management	Centralized	5	12.5
	Executed and managed by line managers	35	87.5
Employee participation	Centralized	9	22.5
	Executed and managed by line managers	31	77.5
Career Planning	Centralized	30	75.0
	Executed and managed by line managers	10	25.0

Table 1: Execution and Management of HR practices

Table 1 shows how some HR practices are executed and managed by these rural banks. All 40 manager-respondents indicated that recruitment and selection is a centralised activity. This means that it is carried out by top management at the head office. The only role line managers have to play is to communicate and justify the need extra hands and the recruitment and selection are done for the branches. Although some of the banks take inputs from line managers as to what type of person to select, they do not play any direct and major role in the recruitment and selection process.

32 respondents representing 80% indicated the training and development is carried out at the head office and by top management. Training program are drawn up by top management and resource persons are arranged for by the top managers. It is rare for a branch to carry out training activities on its own. All training and development needs are consolidated and carried out by the top management at the head office.

All 40 respondents representing 100% indicated that compensation as an HRM activity is carried out executed and managed at the head office by top management made up of the Board, general manager and their deputy. Often, operations managers have oversight responsibility over the payroll management together with the accountant or finance officer.

35 respondents representing 87.5% agree that all performance appraisal activities are decentralised and carried out by line managers who play supervisory role to the appraised. 5 respondents representing 12.5% indicated and upon further enquiries explained that, performance management which is a new concept to almost all the rural banks is a centralised activity which is being experimented and therefore it is yet to be left in the hands of line managers. It is a common practice that underperforming employees are transferred to the head office for coaching or for reassignment.

Out of the 40 respondents, 31 representing 77.5% indicated that employee participation is a practice encouraged by line managers at the various branches. 9 respondents representing 22.5% responded that this practice is centralized in that employees only participate in work related decision making and take initiatives only at the behest of top management. This can only mean that employee involvement is gaining grounds in the rural banks.

4.3 Item Statistics of Recruitment and selection practice in selected rural banks:-

Appointment in this organization is based on merit	3.98	.577	40
Applicants are fully informed about the qualification required to perform the job before being hired	4.05	.597	40
Advertisements are used by the bank to recruit	2.95	.876	40
There is formal induction, orientation and familiarisation process designed to help new recruits understand the organization	4.25	.670	40
In this organization, line managers and HR managers participate in the selection process	3.08	1.095	40
Selection system selects those having the desired knowledge, skills and attitude	3.80	.564	40
Vacancies are filled from qualified employees internally	2.88	.911	40

Table 2: Item Statistics of Recruitment and selection practice in selected rural banks

Table 4.3.3 represents the item statistics of recruitment and selection practices according to managers. A mean of 3.98 shows that managers agree that appointment in their organizations is based on merit. Managers agree that applicants are fully informed about the qualifications required to perform the job before being hired; this is represented by a mean of 4.05. A mean of 2.95 indicates that managers take a neutral stand as to whether advertisements are used by the banks to recruit. This assertion was further concretized by the revelation that rural banks do not often resort to advertisement to recruit because they rely mainly on recommendations mostly from top management and internal means of filling vacancies. Managers also agree that there is a formal induction, orientation and familiarization process designed to help new recruits understand the organization. This is shown by a mean of 4.25. Again, managers remained neutral as to whether line managers and HR managers participate in the recruitment and selection processes and this is represented by a mean of 3.08. It comes as no surprise that managers remained neutral on the issue of involving line managers in the recruitment and selection processes since it is not the practice of these rural banks. Represented by a mean of 3.80, managers agreed that their organization's selection

system selects those having the desired knowledge, skills and attitudes. Asked on whether vacancies are filled from qualified employees internally, remained neutral because as it seems, such a practice is not widespread among rural banks. Managers prefer roping in new recruits rather than pushing up existing employees to fill up vacancies. This could be attributed to the fact that secondment, coaching and mentoring are almost none existent in the rural banks leading to the lack of qualified employees to internally fill vacancies. The responses to this question are represented by a mean of 2.88.

4.3 Item Statistics of compensation and rewards of selected rural bank:-

Pay for performance improves performance	4.22	.698	40
Employees are rewarded based on performance	3.45	.876	40
Compensation packages encourage employees to achieve organization's objectives	3.75	.588	40
Employees are recognised and rewarded appropriately in this organization	3.42	.594	40
Profit sharing/bonuses are used as a mechanism to reward higher performance	3.82	.747	40
Job performance is an important factor in determining the incentive compensation of employees	3.92	.829	40

Table 3: Item Statistics of compensation and rewards of selected rural bank

Table 3 displays item statistics of compensation and reward practices carried out by the rural banks and the perceived outcome of these practices from the viewpoint of managers. A mean of 4.22 indicates managers' agreement to the assertion that pay for performance improves performance. Managers of rural banks agree that the practice of pay for performance is motivating and brings out the best in employees. It stands to reason that when pay does not commensurate performance there is the tendency for decreasing performance. However, managers have a neutral stance on whether employees are rewarded based on performance. This is shown by a mean of 3.45. Though managers agree from all indications that pay for performance improves performance, there is no strong agreement to the practice in reality. A mean 3.75 indicates that managers agree that the kind of compensation packages offered by their organizations encourage employees to achieve organization's objectives. According to the managers, their compensation packages stand among the best in the rural banking sector and therefore should be able to motivate employees to achieve organizational objectives. There is no strong agreement on whether employees are recognized and rewarded appropriately in the selected organizations. This is represented by a mean of 3.42 which therefore means that managers neither agree nor disagree to the question that employees are recognized and rewarded appropriately in their organizations. Though employees of rural banks perform similar function as the traditional banks, their kind of compensation packages cannot be compared to that of the traditional banks. The above table also shows a mean of 3.82 indicating that managers agree profit sharing or bonuses are used as a mechanism to reward higher performance. Informal interactions the researcher had with some managers reveal that rural banks have adopted the practice of paying bonuses and other incentives based on employees' performances. Though this practice is not received well by some employees, with education and fairness in the execution of the practices, employees will grow to understand the benefits of differentiated profit sharing or bonus packages. The last item in this category sought to establish whether job performance is an important factor in determining the incentive compensation of employees and the managers agreed that it does. This is represented by a mean of 3.92.

4.4 Item Statistics of Training and Development practices:-

Training needs are discussed with employees	2.78	.832	40
There is a training strategy and coherent training program	3.25	.742	40
Training incorporates the interests of the organization as well as the individual	3.65	.533	40
Training needs identified are realistic, useful and based on the business strategy of the organization	3.55	.504	40
Every employee goes through various training programmes every year	3.68	.888	40
There is a budget dedicated to training and development every year	4.45	.504	40

Table 4: Item Statistics of Training and Development practices

Table 4 covers item statistics of training and development practices carried out by the rural banks. From the above table, the mean of 2.78 establishing whether training needs are discussed with employees shows that managers could not wholly agree that such a practice is the case. It is more often than not, the case that „wholesale“ training programs are organized for employees without any form of discussions with the individual employees concerned. Again, the mean of 3.25 for the item, means that managers could not take a concrete stand as to whether there is a training strategy and a coherent training program. This could only mean that training programs are not strategically mapped out into a coherent whole; when top management deems it necessary to have training sessions organized for employees, it is done. Evidently, the mean of 3.65 shows that managers have a not too strong agreement to incorporating individual and organizational interests into training programs. Obviously, the interest of these organizations will override that of the individual employees but room should be made to incorporate the individual interests of employees so far as training is concerned. It is not surprising that managers do not show a strong agreement point in confirming that training needs identified are realistic, useful and based on the business strategy of the organization. This shows in the mean of 3.55 for that item. This means that the „wholesale“ nature of these training programs do not permit the proper identification of realistic and useful training needs that are matched to the organization's business strategy. However, managers agree that employees go through various training programs every year. This is represented by the mean of 3.68. Managers agree that a budget is dedicated to training and development every year. This is shown by the mean of 4.45.

Chapter 5: Conclusion and Recommendation:-

This chapter provides the summary of the findings of the study, conclusions drawn from findings and recommendations based on the findings. Conclusions drawn will be deduced from analysis and objectives set for the research. The area for further research was also suggested in this chapter. The study examined the HRM practices of rural banks and its impact on organizational performance of these banks in the Ashanti region. Responses from both managerial and non-managerial staff indicate similar and in some cases divergent views on HRM practices of rural banks. Though research has established concretely that HRM practices have positive impact on employee productivity leading to improved organizational performance, rural banks, from evidence gathered are yet to benefit from the proper management of their human resources and even when they do, it is just minimally.

It is evident from the research findings that rural banks recruit from two sources; internal and external sources. Recruitment from external sources though very often is given little advertisement or none at all. External recruitment is done through personal recommendations from top management who usually choose candidates for their friendship and blood relationships. On the other hand, internal recruitment which requires filling vacancies through promotions, transfers and upgrading is used by these banks as a means of selecting employees to fill vacancies. These activities are centralized and line managers have little or no role to play in the recruitment and selection process of these rural banks. The rural banks however, make it point to have formal induction, orientation and familiarization process for new recruits which are very important and rewarding practices. It is worth noting that most appointments are based on merit in these organizations. Managers claimed that as a practice, employees are rewarded based on performance, but the research proved otherwise. Pay for performance as a driver for improved performance, is gradually seeping into the compensation and rewards practices of rural banks. Research findings prove that this has been incorporated into profit sharing and bonus payment structure of some of these rural banks. This aspect of HR is a centralized activity carried out at the head office.

Training and development programs are meant to add value to employees and improve employee performance. However, this research revealed that training practices of rural banks minimizes the benefits and rather creates adverse effects on employee performance leading to reduced organizational performance. Most rural banks do not have training strategies and coherent training programs and therefore give „wholesale“ training programs to their employees and this means that training and development programs do not incorporate the interest of individual employees. Training needs are neither identified through formal performance appraisal nor discussed with employees and thus training needs identified is mostly unrealistic and not based on business strategy.

Another important HR function is performance appraisal and management. The practice of appraising employees is common with rural banks; at least it is a yearly affair with all the rural banks selected for the study. There is formal and written performance appraisal system which though appreciated does not provide employees with feedback and counselling. Appraisal has become just a formality and appraisal data is not usually used for promotion, job rotation, training, compensation, transfer and discharge in rural banks. Performance management which has also yet to gain

roots in the HRM field is fictional in rural banks and as such underperformance is not given the needed attention for corrective measures.

It is interesting that in this day and age, career development is made the responsibility of employees alone. Avenues are not created for employees to discuss career aspirations within the organization with immediate supervisors. It is not the practice of these rural banks to neither, plan for the career and development of employees nor match individual and organizational growth needs. It is up to the employees to become aware of personal skills, interest, knowledge, and acquire information about opportunities and choices in order to achieve career-related goals. Most employees of these rural banks are not aware of career path in these organizations. To enhance communication and employee involvement, regular staff meetings are held. This practice is further boosted with the encouragement of employees to suggest improvements in the way tasks and jobs are done. However, negating all these is the fact that employees are not allowed to make many decisions and in most cases adherence to instructions with little room for empowerment in the less critical issues. This practice kills initiatives and innovation.

One disturbing finding was that training needs are not discussed with employees of rural banks and there seem not to be training strategies and coherent training program as indicated by the responses of both employees and managers. The researcher can confidently say that „wholesale“ training is more prevalent in rural banks rather than need-specific training programs. This is backed by employees' non-agreement to whether extensive training programs are provided for employees in all aspects and that employees are selected for training programs that suit their job needs. Employees created the impression that training does not incorporate the interests of the organization as well as the individual, training needs identified are not realistic, and useful, and are not based on business strategies. The researcher, as an observer-participant can say that employees have average views of the training and development practices of their employers. It is a top-drawer practice to dedicate budgets to training and development every year, but as to whether the monies allocated to these HRM programs are fully used for its intended purposes, the researcher could not say.

Studies have extensively shown that the proper management of human resources through sound and effective HR practices, policies and programmes can positively improve organizational performance. This research found nothing to the contrary. Should rural banks resort to the proper management of their human resources and not leave that function to directors and non-HRM experts, a great impact would be made on organizational performance.

Recruitment and selection which is the first process any well-meaning organization resorts to in acquiring human resources is fundamental to organizational performance. It was found from the research that when people with the desired skills, knowledge and attitudes are performance improves as a result of maintaining a committed, motivated and high performing workforce. This activity should be backed by a succession plan which is able to accurately predict future abilities of existing human resource and future human resource requirements.

Recommendations:-

It was found that out of the four banks only one had a department dedicated to HR functions and activities. As such it is recommended for rural banks to dedicate a department to the proper management of their human resources and employ the services of an HR expert to plan, implement and manage these HR functions.

From all indications, the implementation and the management of human resources by non-HR experts has damaging implications. It was found out that HR functions like recruitment and selection were left in the hands of directors and general managers and this opens the recruitment and selection processes up to nepotism, cronyism and favouritism. Starting with recruitment and selection, it is recommended that people HR expertise with the help of line managers are made to carry out these activities so that people with the appropriate skills, attitudes and knowledge are hired. This will ensure professionalism and institutionalism in the activities of rural banks.

This research revealed that the „wholesale“ nature of training and development programs of rural banks do not permit the full realization of the benefits of the practice. It is therefore recommended that there should be coherent and strategic training and development that is planned to match both individual and organizational interests. To ensure that training needs identified is realistic and useful, the needs should be discussed with employees. „Wholesale“ training programs do not yield the desired results. Also, budgets for training and development should be solely dedicated to such purposes. To reap the full benefits of training and development programs, adequate monitoring and management of performances of employees should be instituted by management. Furthermore, the

research revealed that there is an overwhelming support for pay for performance from both employees and managers. It is recommended that management should endeavor to link pay to performance. This type of compensation structure is known to ensure fairness, eliminate conflicts and tension and propel employees to higher performance.

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Appendix 1: Questionnaires:-

1. How does your Bank execute and manage the following HR practices;

a. Centralised (C) OR b. executed and managed by line managers (LM)

- i. Recruitment and selection (.....)
- ii. Training and development (.....)
- iii. Compensation (.....)
- iv. Performance Appraisal/Management (.....)
- v. Employee Participation (.....)
- vi. Career planning (.....)

2. Recruitment and Selection:-

1	2	3	4	5
Strongly Disagree (SA)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)

Using the scale above (1 – 5) please tick (✓) the levels of agreement in each of the items below with regards to the HRM practices of your bank	SA	A	N	DA	SD
	1	2	3	4	5
Recruitment and Selection					
Appointments in this organisation is based on merit					
Applicants are fully informed about the qualifications required to perform the job before being hired					
Advertisements are used by the bank to recruit					
There is formal induction, orientation and familiarisation process designed to help new recruits understand the organisation					
In this organisation, line managers and HR managers participate in the selection process					
Selection system selects those having the desired knowledge, skills and attitude					
Vacancies are filled from qualified employees internally					

3. Compensation and Rewards:-

Compensation (Pay) and Rewards					
Pay for performance improves performance					
Employees are rewarded based on performance					
Compensation packages encourage employees to achieve organisation's objectives					
Employees are recognised and rewarded appropriately in this organisation					
Profit sharing/bonuses are used as a mechanism to reward higher performance.					
Job performance is an important factor in determining the incentive compensation of employees					

4. Training and Development:-

8. Training and Development					
Training needs are discussed with employees					
There is a training strategy and coherent training programme					
Training incorporates the interests of the organisation as well as the individual					
Training needs identified are realistic, useful and based on the business strategy of the organisation					
Every employee goes through various training programmes every year					
There is a budget dedicated to training and development every year					