

The High Performance Working Practices in Romanian Companies – an Empirical Study

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Abstract

The modern companies are facing an economical background marked by an intense competition. Therefore, the struggle to enhance the performance's level became a major task for the management that brings into discussion the importance of high performance working systems. There are various approaches on this issue in the specialized literature. The practices implied by such systems are tightly connected with the human resources management practices that the companies are using in order to ensure their success and development

This paper aims to investigate the presence of these specific practices such as recruitment and career management, training, variable payment schemes, in companies situated in Constanta county, Romania. The analysis is based on the results of an empirical study and tries to establish the level of development of such practices in the studied companies and the potential correlation between them and the size of the analyzed companies.

Key words: working practices, human resources, organizational performance

J.E.L. classification: M12, M54

1. Introduction

The importance granted by the modern companies to the human resources issues is reflected in the number and diversity of the specific practice they deploy. Such practices could enhance the personnel's skills, degree of involvement and level of performance with a clear and positive influence on the companies' performances.

In this context, one subject has been intensely debated among specialists, namely the high performance working practices (HPWP). There are several human resources management practices that are considered to be positively linked with the company's level of performance. Such practices are related to recruitment process, career management, training, working time arrangements or variable pay schemes.

Therefore, this paper intended to investigate the use of such practice in the local companies from Constanta county. The main objective was to determine if there was a connection between the size of the company and the importance granted to training and career management procedures and variable pay schemes.

The paper has the following structure: first an overview of the specialized literature on the topic of high performance working practices is presented; a section that includes the findings of previous specialized studies on this issue concerning the Romanian companies; the next section presents the research methodology, followed by a section that approached data analysis and hypotheses testing.

2. The theoretical background of high performance working practices

The specialized literature has registered different attempts to clearly define the concept of high performance working practices. The majority of these attempts generated the common idea that such practices are related with the human resources management practices deployed by a company.

There are specialists that consider such practice as group of separate but interconnected human resource practices that together recruit, select, develop, motivate, and retain employees (Way, 2002).

Other opinions refer to the companies using these specific practices as organization that have significant investments in their human resources in order to hold well trained employees, skilled, and empowered to conduct their jobs (Becker and Huselid, 1998).

Some researchers have argued on the topic of the systemic effect of such practices. They considered that some groups of human resource practices conducted to an improved level of performance for the company (Boxall and Macky, 2009).

Defining the exact set of practices proved to be the most difficult task. For example, there are specialists that considered that some practices could be seen as a source of high performance in one institutional context, meanwhile in other contexts may not generate the same level of performance (Boxall and Purcell, 2008).

Other researchers appreciated that it cannot be assumed that so called best practices would generate comparative level of performance within different companies. Each company has different means and follows different paths in order to achieve performance (Orlitzky and Frenkel, 2005).

The high-performance work practices are enhancing the role of the employees that are considered as primary source of competitive advantage. In such context, it will be difficult for others companies to imitate it. The use of such practices will generate a continuous improvement of personnel skills and will generate higher level of performance.

Despite all controversies regarding the high performance work practices the common conclusion is that they referred to a group of human resources practice that will ensure a superior organizational performance.

3. The human resources practices and the performance level in Romanian companies

This section presents the results of specialised studies on human resources management practices deployed by the Romanian companies and their impact upon the performance level.

First, the results of the 3rd European Company Survey (2013), revealed some interesting situations for the Romanian companies. The analyzed data were related with specific practices such as recruitment and career development, training, working time arrangements, variable pay schemes that lead to superior organizational performance.

The results concerning recruitment practices revealed that are different types of companies that had less or more difficulties in order could provide themselves the needed personnel: First, the companies with stable recruitment policies, that indicates a stable workforce, had less difficulties in finding the right peoples and very small problems regarding personnel retention. A second type includes the companies with problems related to matching skills that generated problems with the acquiring and retaining right skilled employees. The third type was represented by the companies with greater problems regarding the finding and retaining the proper personnel.

The major part of the investigated companies was placed in the first category (60%), the second type included 20% and the last category gathered only 12% of the companies. Therefore, it can be assumed that the majority of those companies had a proper recruitment practices that led to a stable workforce with a positive impact over the performance level.

The analysis of the data concerning the training practices revealed that the companies used different training formulas such as outside the job training, on the job training or both of them. The results indicated that a large percentage of the companies (61%) enabled the participation to both forms of training for their employees. This situation leads to conclusion that the studied companies developed appropriate training practices that could improve the performance level of their staff.

Working time flexibility practices referred to the possibility that the staff establishes a flexible working program, accumulation of overtime and use part-time working formulas. The companies were divided in three categories. First category was represented by the companies that have a limited allowance of working time flexibility practices. The second category included companies that enable such practices in a selective manner. The third category included companies that allow working time flexibility practices on a larger scale for their employees.

The major part of the companies (58%) was the ones that had limited usage of such practices,

followed by the ones with selective appliance of those practices (27%). This situation indicates that the studied companies were using in a limited manner such practices that could not generate a significant impact upon their level of performance.

The results concerning the use of variable pay schemes indicated the existence of three types of companies. First type included the companies that used none or limited variable pay schemes. A second category was represented by the companies that used a medium percentage of such schemes. The third type covered a low percentage of companies that provided different variable pay schemes on a large scale.

The first type represented 45% of the studied companies, followed by the second category with 43%. This indicates that the use of such practices was limited and had a little impact on the performance level of those companies.

The results of the Ensign Management Consulting study, 3rd Edition, 2014, have revealed that such practices oriented toward high performance are still underdeveloped. For example, the use of variable pay schemes is limited, meaning that many companies are not interested in a correlation between rewards granted and the results of the performance appraisal.

4. The Research Methodology

The empirical study presented in this section tried to determine the level of development of such high performance oriented practices in the studied companies by analyzing the opinion of human resources managers or the opinions of those in charge with this field on these specific issues. This was a part of a broader research aimed to investigate various issues related with human resources management that occur in the companies' activities.

A questionnaire was employed as the research tool. The research was conducted between October and November 2015, in Constanta County. From a total of 75 questionnaires distributed, 62 were returned filled in and were processed using SPSS (Statistical Data Analysis, version 21).

This case study is focused the issue of high performance working practices. It aimed at determine the importance granted to specific procedures such as recruitment, training and career management associated with high performance and also to test if the perceived importance varied by the company size. Each human resources practice was evaluated using a five point semantic differential (from 1- the least important, to 5 – the most important). It also tried to determine if the investigated companies were using variable pay schemes related with the individual performance.

The following research hypotheses were formulated:

H₁: There is a statistically significant difference between the median importance of human resources activities (human resources training and career management) in small, medium and large sized companies.

H₂: There is a statistically significant association between company size and the practice of using variable supplementary payment associated with individual performance.

The studied companies are: active in the service field (58.1%), industry based companies (29%), active in constructions (9.7%), and only 3.2% have agriculture as main object of activity. Most of them are private companies (96.8%). The structure of the analyzed sample by the numbers of employees is presented in figure below.

Figure1 The structure of the companies by personnel's number

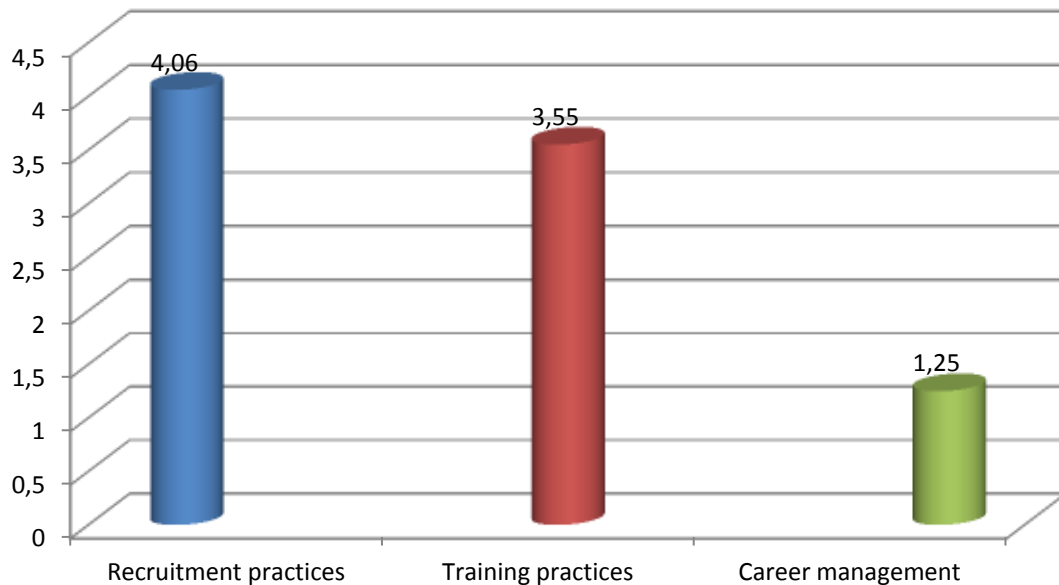


Source: Data from survey

5. Research results and hypotheses testing

Analyzing the perceived importance of the practice related with recruitment, training and career management revealed the following results: the most important were considered recruitment practices with an average score of 4.06, followed by training practices with 3.55 and the least important the career management practices with an average value of 1.25.

Figure2 Recruitment, training and career management practices scores



Source: Data from survey

The results regarding the use of supplementary variable payment showed that 33.9% of the companies use variable supplementary payment correlated to evaluated individual performance, and 45.2% use variable supplementary payment correlated to group/ performance.

In order to test the first of the hypotheses, Kruskal-Wallis H tests were conducted.

The Kruskal-Wallis H tests showed that there was a statistically significant difference regarding the importance of human resources training practices, the scores varying between different size of companies, Chi square (2)=11.30, $p=0.004$, with a mean rank importance score of 26.89 for small companies, 30.47 for medium sized companies, and 48.75 for large companies.

In the case of career management practices, the Kruskal-Wallis H test revealed a statistically significant difference in importance scores between different size companies, Chi square (2)=7.28, $p=0.026$, with a mean rank importance score of 21.25 for small companies, 18.08 for medium sized companies, and 27.00 for large companies.

In order to test the second of the hypothesis a Chi Square test was performed. The test results, $X^2(2) = 0.601$, $p=0.740$, indicated there was no statistically significant association between company size and the practice of using variable supplementary payment associated with individual performance.

6. Conclusions

The human resources management practices have been the subject for numerous researchers. One particular aspect regarding this field was represented by the high performance work practices. They proved to exercise a major influence over the organizational level of performance.

The use of such practices grants a company a superior level of performance and thus enhanced possibilities to develop. The debate regarding this issue generated many controversy, but the general opinion states that such practices concern a particular set human resources practices that

can be used by a company in order to generate and maintain a competitive advantage

Specialized studies have identified several practices that can positively influence the organizational performance. This paper took into consideration the ones regarding recruitment and career development, training, variable pay schemes.

Such practices were analyzed through an empirical research in order to determine the degree of development in the studied companies and their possible influence on their performances.

The results of the study revealed that practices as recruitment or training are perceived as very important for the management in the studied companies. In the same time career management practices are not granted the same importance and the use of supplementary variable payment related with individual performance is still limited.

The result of the tested hypothesis proved that are significant differences between companies considered by their numbers of employees in what concerns the practices such as recruitment, training and career management.

Regarding the use of supplementary variable payment related with individual performance, the test of the second hypothesis proved no significant association with the company size. Therefore we can conclude that the use of such practices remains limited despite the size of the company.

Although this study revealed interesting results in could be continued in order to investigate more detailed aspects regarding the use of high performance work practices and their effective contribution to the performances registered by a company.

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