

The High Performance Work Practices and Labour Productivity in Romanian Companies

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Abstract

Human resources management practices represent an intensely debated field. One particular issue concerns the influence that some of these practices generate over the performance level of a company. Specialists have identified the concept of high performance work practices and discussed the relation existing with the labour productivity level registered by the companies.

An image of this relation in the case of the Romanian companies is presented based on the data offered by the European Company Survey and other specialized studies concerning the human resources management practiced in local companies.

This paper intends to analyse the specific results of an empirical study on the companies located in Constanta County. The specific issues considered are the impact of recruitment policies, training programs, and reward system on the employees' productivity.

Further research could narrow the field of analysis by considering the data for a specific economic sector in order to obtain results that are more accurate.

Keywords: human resources, work practices, high performance, labour productivity

J.E.L. classification: M12, M54

1. Introduction

Human resources management practices have been intensely debated in the specialized literature. Some researchers have discovered that the specialized practices have a major impact on the organization's level of performance.

One concept was brought into the discussion, the one regarding the HPWP (High Performance Work Practices). Such practices positively affect the turnover rate according to Guthrie (2001) and Huselid (1995). A positive impact on the labour productivity was indicated by Huselid (1995), but also over the company's level of productivity (Guthrie, 2001).

The human resources through their skills, involvement, and level of performance determine overall evolution and performance of a company.

People are considered as a source of competitive advantage for the company even if specialists that issued favourable arguments or contrary ones have argued this idea.

This paper intends to investigate the correlation between the use of such specific practices and the level of labour productivity in the case of Romanian companies. The analysis is based on the results provided by the European Companies Survey, the third edition held in 2013 and other specialized studies concerning human resources management practiced in the Romanian companies.

The labour productivity levels are reflected by the figures provided by the EUROSTAT statistics for our country.

2. The concept of High Performance Work Practices

The definition of High Performance Work Practices (HPWP) concept was not an easy task and generated many debates in the specialized literature.

The different approaches on this issue have converged on the idea that such practices are related to the human resources management practices used by a company.

Such practices were considered as a group of separate but interconnected human resource practices that together enable a company to recruit, select, develop, motivate, and retain employees (Way, 2002).

Organizations using HPWP make significant investments in their human resources so that employees are well trained, skilled, and empowered to conduct their jobs (Becker and Huselid, 1998).

Concerning this concept, some authors pointed out that are few important elements that should be clearly identified such as level of performance, work practices, systemic effect (Boxal and Macky, 2009).

The systemic effect was indicated by many researchers that argued that some groups of human resources practices generate improved performances at the company level.

The level of performance was approached on economic criteria. In this case, the specific practices proved to be successful if benefits generated exceeded the costs involved (Godard, 2004).

Some researchers have approached the HPWP issues in relation to both company's and worker's results (Applebaum et.al, 2000).

Identifying those work practices that led to higher levels of performance proved to be a difficult task. The researchers concerned with this subject have identified some issues. For example, 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).

The specialized literature approached another issue that concerns the so-called best practices. Such practices would not generate a comparative level of performance within different companies. In each specific case, different means and different paths in order to achieve a higher level of performance could be identified (Orlitzky and Frenkel, 2005).

Several human resources management practices are considered to be positively linked to the company's level of performance. Such practices are related to the recruitment process, career management, training, working time arrangements or variable pay schemes.

One indicator of these performances is represented by the labour productivity. Practices related to training programs, pay schemes related to performance, working in autonomous teams proved to have a positive influence on the levels of productivity (Jungblut and Storrie, 2011).

The next section of this paper approaches the relationship between human resources management practices and the labour productivity level in case of Romanian companies.

3. The high performance work practices and the labour productivity in Romanian companies

In order to develop an analysis on this subject, in this section there will be used the data supplied by several studies concerning human resources management practices in case of the Romanian companies. The focus will be set on those practices related to the high performance levels that were previously mentioned.

First, the results of Romanian Human Resources Outlook (2011) pointed out that the recruitment policies of the studied companies have mainly focused on the internal source. Such a situation reveals a trend towards a more stable workforce that could ensure an enhanced level of productivity.

The same study reflected the importance granted to the training activities. The studied organizations reported the use of both on the job (73% of cases) and outside the job (56% of participants) training formulas. The figures indicate the presence of training programs that could lead to the development of employees' skills and superior level of individual performance.

The payment related to the performance achieved by the employees proved to be a practice reported by only 39% of the analysed companies. This indicates a lower influence of such practice on the level of productivity.

Furthermore, the results provided by the Romanian Human Resources Outlook (2013) revealed an increased focus on the performance management activities. The studied companies have reported an increasing budget for such activities (41% of the cases) compared to the previous year. It also could be noticed that the budget allocation for learning and development activities had increased (75% of the companies).

This situation indicates a focus on those practices that could lead to an improved level of productivity and organizational performance.

The results of the 3rd European Company Survey that took place in 2013 pointed out that among those practices that had a positive influence on the organizational performance were recruitment policies, training programs, variable pay schemes (ECS, 2013).

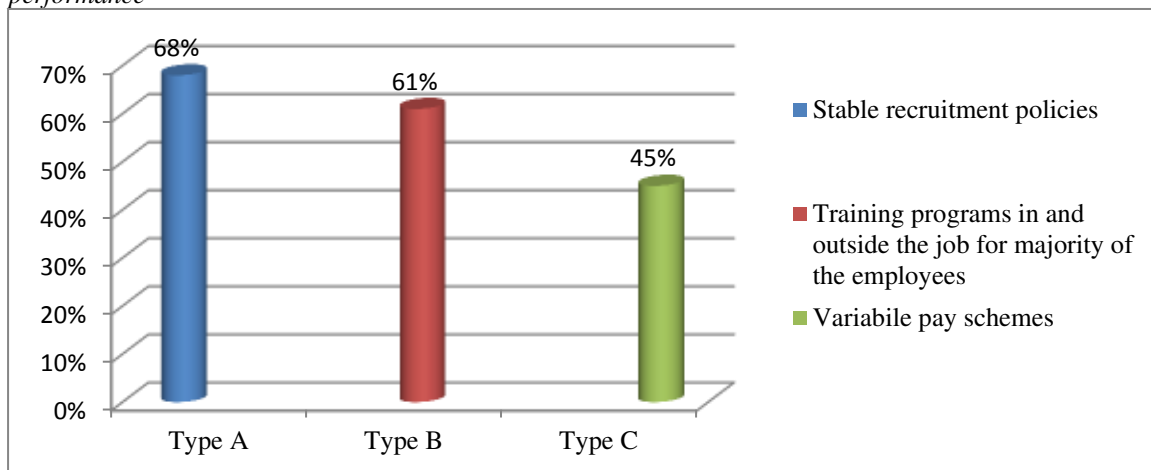
These results are synthesized in the figure below that point out the major category registered by the domestic companies for each of the specific practices mentioned above.

the first category (type A) indicates that the major part of the studied companies (68%) has stable recruitment and selection policies, encountering lower problems of finding and retaining the right skilled employees. It can be assumed that those companies have a stable workforce that could generate a positive impact on the labour productivity levels.

The second category (type B) includes those companies (61% of the studied enterprises) that offer both on the job and outside the job training programs for the majority of their employees. This situation indicates a possible positive impact on the productivity of their employees.

The third category (type C) point out that 45% of the analysed companies uses none or limited variable pay schemes related to the individual performance. This suggests that such practices have a limited impact upon the worker's productivity level.

Figure no. 1 Types of Romanian companies using human resources management practices related to high performance



Source: (ECS, 2013)

Another specialized study (Ensign Management Consulting study, 3rd Edition, 2014) has revealed that some 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.

The study mentioned above (Romanian Human Resources Outlook, 2013) pointed out that the studied companies used various indicators in order to measure the performance level of human resources management activities.

The turnover rate was pointed out by the 75% of the participating companies as the most used indicator. This situation reflects a preoccupation for a stable workforce with possible positive impact on its productivity level.

Another significant result should be mentioned. In the case of 45% of the participants, there was used the indicator that measured productivity per employee. By monitoring such an indicator the companies proved their concern towards the human resources practices related to high performance.

The data presented led to the conclusion that in Romanian companies the use of the human

resources management practices oriented towards high performance represents an evolving process. There is plenty of space for further development, especially in the case of payment related to performance. Such developments will generate a superior level of productivity in the next period of time.

4. The Research Methodology

In this section, there are presented the results of an empirical study aimed at inventorying human resources managers' opinions on several issues regarding the human resources management practices associated with high performance. The relationship between such practices and labour productivity was investigated. This represents a part of a broader research conducted in order to investigate the issues related to human resources management practiced in today's companies.

A questionnaire was used as the research tool and its sections focused on general data on the company, on strategies employed in the field of human resources, and on various specific practices deployed within the company.

The research took place between October and November 2015, in Constanta County. A number of 75 questionnaires have been distributed. From that number 62 were returned filled in and made the object of analysis using SPSS (Statistical Data Analysis, version 21).

The questions from the questionnaire that were concentrated on the correlation between human resources practices and employees' productivity referred to recruitment and selection procedures and their importance on the personnel's performance, the importance of employees' turnover, the impact of training programs on labour productivity, and the connection between rewards and productivity.

Four research hypotheses were formulated:

H₁: There is a statistically significant association between company size and the influence of recruitment practices on personnel's productivity.

H₂: There is a statistically significant association between company size and the importance granted to personnel's turnover.

H₃: The influence of training programs on employees' productivity is significantly associated with company size.

H₄: The link between reward and productivity is significantly associated with company size.

The analysed sample from the size perspective (number of employees) was structured as follows: 37% of the companies had between 10 and 49 employees, half of them (50%) had between 50 and 249 employees, while only 12.9% were large companies with more than 250 employees.

5. The results and hypotheses testing

Regarding the perception of the influence of recruitment and selection practices over employees' productivity, 50% of the respondents agreed that such a situation occurred, while only 3.2% of responses indicated disagreement.

The personnel turnover was perceived as an important issue in 25.8% of the analysed cases and as a matter of medium importance by 32.3% of the respondents.

These results indicate a preoccupation for ensuring a stable workforce, a situation that generates a positive impact on labour productivity levels.

The positive influence of training programs on the employees' productivity was mentioned by 93.5% of the studied companies. These results are consistent with the ones reflected by the studies mentioned above.

The existence of a correlation between the rewards granted by the companies and the productivity levels represents a situation agreed by 53.2% of the responding companies.

In order to test the formulated hypotheses, Chi-square tests were performed. For the first hypothesis (H₁: There is a statistically significant association between company size and the influence of recruitment practices on personnel's productivity), the test results $X^2(6) = 7.5$, $p = 0.277$ indicate that there is no statistically relevant association between the considered variables.

The second hypothesis (H₂: There is a statistically significant association between company size

and the importance granted to personnel's turnover) was tested in the same manner. The results of the Chi-square test $X^2(6) = 27.723$, $p = 0.000$ indicated that two variables are significantly associated.

The test results for the third hypothesis (H3: The influence of training programs on employees' productivity is significantly associated with company size) are $X^2(2) = 3.947$, $p = 0.139$. This situation indicates that the two variables are not statistically associated in a relevant manner.

For the last hypothesis (H4: The link between reward and productivity is significantly associated with company size) the results are $X^2(6) = 6.647$, $p = 0.355$. In this case, there is no statistically significant association between the two considered variables.

6. Conclusions

The high performance working practices issue was debated on a large scale in the specialized literature. Different researchers proved that they exercise a major influence on the organizational level of performance.

The use of such practices provides a company a superior level of performance and enhanced possibilities for development. There was an intense debate regarding these specific practices. Different specialized studies have identified several practices that can positively alter the organizational level of performance.

This paper intended to discuss those practices related to labour productivity. A positive influence on this performance indicator in the case of the Romanian companies was signalled by different specialised studies for several practices such as recruitment policies, training programs, and variable pay schemes.

An analysis regarding the above-mentioned practices was conducted using the results of an empirical study that focused on the local companies situated in Constanta county.

The results of the tested hypotheses revealed that the influence of the recruitment policies on the employees' productivity is not significantly associated with the size of the studied companies. At the same time, the importance granted to the issue of personnel turnover proved to be related in a significant manner to the size of the company.

Even if the studied companies award an increased attention to their recruitment policies in order to ensure a stable workforce with a positive impact on the labour productivity, there is no relevant evidence that such practices differ significantly based on the company size (number of employees).

The study indicates a positive influence of the training programs on personnel's productivity. These results are consistent with the ones of the studies previously mentioned. It should be mentioned that there is no significant correlation between this variable and the size of the studied companies.

Over 50% of the studied companies have agreed that their reward system is correlated to the performance level. At the same time, the results for the tested hypothesis proved that there is no statistically significant association with the size of the responding organizations.

We can conclude that in the case of the studied companies the use of the human resources management practices oriented towards high performance represents an evolving process. The respondents acknowledged the positive influence of such practices on the productivity level.

The results of the empirical study did not prove a significant correlation between these practices related to high productivity levels and company size (number of employees).

A possible theme for further research would be to analyse the relation between such specific practices and labour productivity in different sized companies or in a specific economic sector, over a period of time.

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