

## **The impact of Human resource management practice on Organizational performance**

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### ***Abstract***

The present research studies the impact of human resource management on the performance of government institutions. In a rapidly changing economic environment, characterized by trends such as, globalization, rising demands of investors and customers, along with increasing products in the market competition, the Government institutions continuously try to progress their performance by minimizing expenses, renewing products and procedures, and improving quality in order to compete and continue in the environment. A quantitative research method utilized to analyze the current study. The Sample Size selected for this study is 240 respondents. The findings revealed that all hypotheses were rejected except fifth hypothesis which stated that ‘‘Decentralization is positively associated with organizational performance’’. Thus, it was concluded that decentralization have a positive association with the organizational performance.

***Keywords— Training, Incentives, Selective Hiring, Job Security, Decentralization, Organizational Performance.***

### **1.1 INTRODUCTION**

In the recent years, the world has witnessed an upsurge in the globalization where the economies of many countries are interlinking to promote foreign trade through technological advances and connectivity (Carnevale & Hatak, 2020). This upsurge has also fuelled the increased rivalry in the national and foreign markets that has further encouraged the organizations in hiring and retaining highly talented workers. Several companies are dependent on their employees to gain advantage in the competitive market. Therefore, they are strongly related to the efficiency of their human resources and their human resources management (Collins, 2021). Human resource management (HRM) includes tasks like HR

preparation, human resources management, strategic recruiting, employee training, growth compensation management, efficiency, worker relations, health care, employee satisfaction as well as provision of employee services. It includes policies and practices set to improve organizational efficiency, engagement of employees and work quality (Khan & Abdullah, 2019). (Gbolahan, 2012). Having HRM practices in place, would positively improve the firm's performance; such as, revenue returns, benefit, competitiveness and market share (Katou, 2008). According to Anwar, (2017), with regard to Kurdistan region of Iraq, the growth of the SME segment is also of significant position and requires some feasibility, in specific as the nation experiences tasks in the systems of restricted work prospects for people in the private region and a wealth which lasts to trust generally on the hydrocarbon division. In Kurdistan region of Iraq, 40 percent of the employees is engaged in SME sector and this GDP range is between 15 to 20 percent. The triumphs of the SME segment are being guided by government of Kurdistan region of Iraq, in collaboration with the private sector. Government of Kurdistan region of Iraq created schemes and atmosphere for the SME segment in order to grow and serve as a facilitator towards its elevation (Mousa & Othman, 2020). According to Abdullah & Abdul Rahman, (2015), reported that the objective of this research is to examine the relation between HRM practices and performance of an organization in the Kurdistan region of Iraq. It is well-known fact that HRM activities are increasingly interrelated to success of a company and an impartial degree of performance. HRM systems are same in all the enterprise. The government institutions in Kurdistan region of Iraq aim to improve and enrich their organizational efficiency by executing HRM systems despite the single domestic culture and exclusive qualities of the workforce market in the particular region. The federal government of Iraq has concentrated on bettering in particular areas in the Kurdistan because of its belief that better growth is only possible when each and every part of a region benefits equally from the economy, or to try to maximize growth, the region has to be considered when deciding where to allocate funds, or resources (Cooke et al. 2020). Al-Authorize this view as well as they point: These policies must be taken into consideration in places like Kurdistan, where the government has determined that HRM will be a focus, alongside other influential factors like the legal system, fiscal factors, and also when thinking about religion, it should be kept in mind that the weight it will have in the political and financial structures (Anwar, 2016). Government agencies should be available to those who use their services. In

the Kurdistan region of Iraq, organisations have no more freedom to travel around or do things they want to do than they already have. It's part of their campaign to counteract globalization, but the recent financial downturn has weakened their financial strength even further. In the past, a few instances, various governmental institutions in the Kurdistan Region of Iraq have put particular effort into implementing HRM techniques. There is an abundance of HRM strategies which are suitable for the development of the Kurdistan Region to help them attain their organizational effectiveness (Abdullah et al. 2017).

## I. LITERATURE REVIEW

### General overview on HRM

Sustained competitive advantage is possible for a company is the way that takes advantage of an organization's human resources. A research-based approach to human resources focuses on human resources can be applied to various situations, issues, which provide evidence for the capability of resource use. To create sustainable competitive advantage, organizations, use unique resources and inimitable, and non-resettable (Amrutha & Geetha, 2020). as Anwar & Balcioglu, (2016), placed trust in simple imitations in governmental institutions but argues that new competitive models and techniques can be rapidly embraced by business organizations as well, as on the skills of employees, stating that both are necessary for business success. theories where more decisions are on what to concentrate on are being understanding the organizational goals, something akin to an organizing paradigm, a term in strategic management. under this hypothesis, the causes and characteristics of the firm's long-level competitiveness will be considered more important than the external market factors and the competitors' short-behavior. The concept takes in all three aspects: Individual, organizational, and financial in addition to being material. According to Sadikova, (2020), an organization's contribution to the employee's productivity is not necessarily maximized because the workers are not exerting their full capacity (generating their optimal yield) offices, benefits for their employees and enable companies to bring in more hires who have more experience, expertise, skills, and capacities for employees (Yong et al. 2020).

as noted by Hameed & Anwar, (2018), has indicated that HRM's activities influence in the entire compensation and selection process as well as the HRM's capacity within an organization is related to the management functions of strategic HRM. strategically, which

indicates that human resources management practices include policies for dealing with those essential to these basic areas, such as the promotion of workforce engagement, evaluation, the application of knowledge, and capacity preparation, employee training, and retaining staff, along with the management of administration issues (Singh et al. 2020).

Furthermore, the study identified relevant to this unit by Anwar & Ghafoor, (2017), stated that creativity, markets, the ability to adapt technology, access to capital, and the existence of large-enhancing scale as important traits for today's highly competitive market success." HR management and human resources are crucial for a company's overall success, and are among the conditions that allow it to realize various advantages. though, nations around the greatest obstacle to long-long-term one's financial growth and profitability is not yet being able to understand the skills of their skilled workforce, but on the opposite side, development-oriented business in several of these countries is only now still searching for the best HR practices to efficiently (Troth & Guest, 2020). Following on from the research conducted by Abdullah & Othman, (2016), it can be seen that organizational success is highly dependent on how well a company deals with its HR management practices. More to the recruiting practices are linked to results than that, according to Anwar, (2017), selective hiring practices have a positive effect on organizational performance. A study to find ways to improve the efficiency of an organization's workforce would not only benefit the workers but also ensure that all of the organization's stakeholders are provided for. This author assumes that training practices, and overall results are interconnected. This author concludes that training practices, working together, are positively linked, and so people who complete training will result in improved work- life balance and greater investment opportunities for the business. the opposite of this study's main conclusion was that overall compensation and compensation policies are in general are directly proportional to organizational performance; the rewards, on the other hand, are in any instance proportion positive. Because of this, it was assumed that workers would work more efficiently if they were paid and rewarded equally, the company revised its pay and incentive policies. customer and employee satisfaction has been shown to be significantly increased when employees are treated well and involved in HR management processes. Likewise, employee efficiency and growth would likely increase when individuals have a high level of HR management roles within the company, and an HR framework is founded that's practices positively impacts all these functions. Also, firms gain in respect in

the community esteem by implementing an HR practice which combines these aspects. According to Costes & Stavroumba, an important factor in the overall effectiveness of a company is effective human resource management. Employee efficiency is a factor in workplace practices which has been shown to support government departments, as well as a government department. It is also an important for them to look at the many variables associated with employee retention, job security, the current administration, job readiness, and work quality to determine their performance. Mohad, in his research, concluded, had discovered that compensation and training have a large connection with overall success in a company, as a whole. Furthermore, it was found that effective human resource management (as well as management training and compensation of employees), and organization's human resources (Hanić & Jevtić, 2020) had a strong association with the organization's overall performance. In actuality, HRM's position is to discover, foster, grow, and empower new workers, as well as to promote, get, comprehend, and accumulate, to buy in.

Human resources have typically been considered the most vital role in many kinds of business entities. Although the international HRM is responsible for altering the look of the company, it also manages to function as an innovator in terms of organization redesign. The influence of the HR department on the growth of these organizations has been great in relation to efficiency, a company's practice of maintaining and training its employees are some of the benefits that employers give their people to serve as managers and production workers (Othman & Abdullah, 2016). Aside from these, HR is important in helping to determine the firm's and department's policies and practices, it should also have played a major role in developing and promoting the corporate culture. Furthermore, Lombardi et al. (2020), have discussed the influence of human resource management activities on organizational creativity, deciding whether there is a connection between that and information management competency. New models for defining success that is needed to expand HR management include review, organizational competency, performance assessment, and well-expanding job measurement approaches. Some of the organizational factors in-related issues which HR managers must take into consideration include efficiency, the process of continuous training, and promotion, and the number of career opportunities for employees (Anwar & Qadir, 2017). As with HR activities, the workers have seen competition as a catalyst for improvement, these changes have been influential in getting them to build skills and principles that support the

corporate strategy. Sani researched about the strategic human resource management and organizational success in the Nigerian insurance companies, given the significant role they play in organizational culture. delegation of HR procedures to line managers, employee growth, a recruiting method that is job- oriented, a performance evaluation procedure that is job- based, and a career preparation procedure that is results oriented, and an HR system that is integrated into the overall operations of the management techniques are but clearly have become very important to that last-hurdle approaches to consider in many effective organizations In a paper written by an author who recently wrote on this topic, it, it is mentioned that organizational environment does not impact strategic human resources management practices (Stahl, et al. 2020).

### **HRM Practices**

This section will deal with the literature on practices of human resource management and will aim at identifying their impact on the organizational performance, such as incentives, employee training, selective hiring (recruitment), job security and decentralization & self-managed teams.

### **Incentives**

Scholars investigated the connection between management rewards and risk-taking, and found that they were strongly related. Another proposed effect is that this has is believed to have a positive effect on the results (Pham et al. 2020). Researchers from the previous authors have done an amazing job of documenting the influence of rewards on their literature review pages. According to Westerman et al. (2020), there are two varieties of incentives: monetary ones, such as bonuses, allowance, or rewards, or in addition to that, a lot of praise is bestowed on those who give an effort and reward themselves public recognition of their effort by making a special effort and having an extra day off for what they have done. if the goals of the compensation system are aligned with the employees' desires and if the system's goals are still helping employees meet their objectives (Ogbeibu et al. 2020). have been studied by Abazeki, Abdullah and Ahsan, in that case the researchers have considered human resource management activities at private entities in Malaysia, among them, has undergone a metamorphosis (Anwar & Shukur, 2015). Incentives are playing a major role in the organization's success with the exception of incentives, and protections, and protection is

critical for all, have produced an effect. Moreover, the numerous business strategies, performance-oriented rewards, employee planning, and performance assessment, and management security, have increased the company's performance in relation to others. There have been many businesses which have felt the advantages of bonuses or rewards, with the latter proving to be a much more effective force in the workplace (Xiao et al. 2020).

### Employee Training

Some researchers have found that employee training has a positive effect on organizational performance, as well as person well as Prabhu et al. (2019), conclude that a major impact on the execution of an activity," or improvement in performance (Cooke et al. 2020), and (Wood & Bischoff, 2020) likewise maintains that it." Some, or even more, of these impacts may be increases in overall employee efficiency, where employers and workers are able to offer the best of their efforts by means of educating each other and benefiting from each other. A study conducted by Collins & McNulty, (2020), claimed that off-the-the-job training imparts improved efficiency, while on-the-the-the- job training doesn't improve on-the performance. Additionally, successful training not only increases the effectiveness of the skills and knowledge of employees but also helps to increase employee satisfaction, which is an important for reaching organizational objectives (Guest et al. 2020). In contrast to Choudhary, a research team research paper on HRM has investigated the relationship between HR activities and organizational engagement has founds has found work motivation by researchers, and done by Lamba and her or him (Abdullah & Othman, 2019). Some Government agencies have made a strong effort to ensure the workforce is here for the long term, while others have adopted more casual approaches, putting short-term efforts ahead of training and having the goal of keeping workers around for a long time. additional training has given the employee both a greater understanding of the job and proficiency in doing the task. The training provided has been intended to link the needs and skills of the marketplace with the expectations of the market. I think these things might be much more helpful: re-Orientation, workforce preparation, re-to improve worker wellbeing, formal training, making the workplace a safer place, and refresher training has all had a substantial effect on the results of the company (Alserhan & Shbail, 2020).

## **Selective Hiring (Recruitment)**

Vlachos claims that a highly selective recruiting is advantageous for finding the correct candidate who is able to deal with a diverse set of job requirements, with necessary abilities and experience, which fit well into the context, while ensuring they have the needed abilities and necessary qualities have been selected to face dynamic culture and surroundings. It's a simple fact that a company should hire the right people to employees, who would then have the least desire to leave for other employment. As well, Anwar & Abd Zebari, (2015) pointed out, a key profit- generating strategy used by HRMs are simply can be described as on a time-consuming, expensive process of recruitment. Other research from Zhao & Zhou, (2020) found showed that bringing in the right employees allows the business to use the most of its resources and has a positive effect on overall efficiency and minimizes training and development costs. university researchers have been discovered by Arachiganetic researchers to be double, because both the level of stress that the implementation of high-performance policies imposes on employees and the way such measures reduce stress have been examined (Prabhu et al. 2020). It is said to be one of the best practices in human resources management to only use a small group of staff members for new positions. also, these, and other features of equal significance, is the wide range of choices when it comes to choosing workers include selection criteria such as salary It has been said that the selective recruiting process has kept a focus on results, effectiveness, as well as profitability, support of management, and a desire for greater efficiency has been given precedence (Anwar & Surarchith, 2015).

## **Job Security**

According to Libert et al. (2020), the confidence environment among the employees is related to job security; the more the job security, the higher the confidence environment, which further develops the employees' commitment towards the organization's workforce. According to Prabhu et al. (2020), job security includes a certain degree of reciprocity. It is claimed that firstly, the organization has to indicate to the employees that their job is 'safe', followed by the workers expressing their confidence regarding the security of the job. This eventually leads to an increased employee's commitment towards a better performance, which in turn have benefits for the organization. When the organization provides job security, then

the experimental evidence proposes that job security has a strong positive impact on the organizational performance. Yusoff et al. (2020) examined the banking sector in the United States and concluded that there are some evidences for having a positive association between job security and organizational performance. Job security and performance with respect to Albanian public administration has studied by (Vincent et al. 2020). The benefits balance and the costs are relatively unknown according to the topic of job security. Many workers of an organization have taken competitive advantage of their job security. Security of job is considered to be more costly to the firm since the employees' dismissal have required more time, effort and compensation. It also acts as the protection against the job loss. Job security has the tendency to allow the true and professional staff committed to the job and this acts as the big advantage for the HRM practices to the organizations (Magrizos & Roumpi, 2020).

### **Self-managed teams & Decentralization**

As a team, the team members must coordinate their activities and focus, and efforts; it is important that each employee be focused on the same mission and objectives. Then, they must engage in collaborative decision-making and actively participate in all initiatives. The first, according to Acosta-Prado et al. (2020), is that self-managed teams can have a huge impact on organizational success in the context of making that they can do both above and below the ground level work as well as go beyond roles and assignments First, an increase in the number of junior managers in a government organization can contribute to the company's growth dynamics. as a result of the rapid expansion of industry, additional management levels would be required. The firm has more enterprises and customers, which means that its decision-making becomes more distributed and managers in the middle-management teams start to assume greater responsibility for setting the direction. Furthermore, according to these writers, employee involvement strategies such as delegation and decentralization lead to both to growing engagement and efficiency, with employees' accountability in decisions (Carnevale & Hatak, 2020). These researchers have looked into the functions and impacts of human resource management policy in Kenya, and examined how well those functions work to advance the goals (Collins, 2021). Decentralization of decision making and increased levels of autonomy for self-managed teams are actions of critical importance in designing an efficient organization. The public sector has used the support and strengthened its capacity through

HRM projects, creating stronger HR support policies for their operations. Higher percentage of employees from the HRM have also did better than those in the federal government institutions, but this may be because of different job descriptions. Although HR management deregulation was in this country has had already been underway for quite some time, recent practice developments have had no appreciable effect on enhancing the organization efficiency of companies (Khan & Abdullah, 2019).

### Organizational Performance

Organizational performance can be a challenging because of their various standards including sustainability, profitability, pleasing the group, and willingness to deal with environmental changes. Somehow, however, organizational performance can be calculated using financial metrics have generally been thought of as conceptualized on paper rather than in practice. on the results obtained is seen as in many other-phrasing it is the mix, product variety of stakeholders and non-output measures (Anwar, 2017).

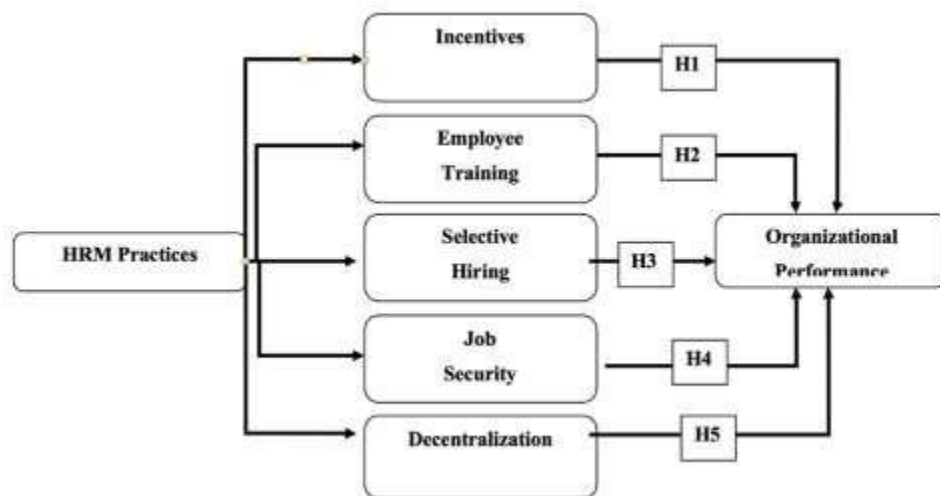
As the primary determinants of organizational success, profitability, other researchers have also agreed that (Mousa & Othman, 2020) have proven (reached the same conclusion) and named efficiency and the other signals for benefit and turnover as important financial performance measurements. other research agrees on this, Gerhart; Noe; further, market experts and experts including Abdullah & Abdul Rahman, (2015) concur, that HRM is considered to be the most crucial of these in the organization, as it influences the efficiency and actions of employees. In other words, making sure the processes and procedures of human resource management are critically relevant to business success. as pointed out Cooke et al. (2020) claimed that a rise in organizational turnover, lack of efficiency, poor service quality, and a greater workload on management with looser employee engagement (Anwar, 2016) to their workplaces will occur when employees are not committed to their employment. several correlations were established by the findings of the (Abdullah et al. 2017) reported that the results, where workers in HRM firms were more attached to their jobs, had higher turnover, and another discovered that it was correlated with worker commitment, these studies suggest that these results were observed in employees who were examined by Amrutha & Geetha, (2020), also indicates that HRM employees remain longer than others and have greater commitment to their company. Source Results showed that Anwar & Balcioglu, (2016) HRM:

workers had a lower turnover and greater attachment to the Sadikova, (2020) said they also reported HRM workers had a higher turnover which, according to studies, were found in According to t Yong et al. (2020), the activities increased productivity and activity of the workforce. Researchers Ichnowski and Husel, (both, 1997; both, 1995) have identified a correlation between HRM practices and greater productivity; Fox and Delery (1999) confirmed this finding by associating them with excellent customer service; Andrews and both Dalrymation, as well as Delery (both, 1996) and Dalry both confirmed this result, finding ties between HRM practices and elevated profitability and, in service as well as providing enhanced organizational support. Hameed & Anwar, (2018) found [the same, and earlier, before as well as earlier, than the previous researcher, added before the others though she was omitted here] that the firm's overall sustainability, profitability, and better customer service were in association. This was discovered by Andrews, who was investigating the topic with (Singh et al. 2020). the current circumstances of increased pressures arising from the world economy growth are pushing the organizations to place a greater emphasis on productivity and customer satisfaction; Anwar & Ghafoor, (2017) believed all institutions must maintain high levels of both of productivity and customer satisfaction in this kind of setting (Troth & Guest, 2020). Abdullah & Othman, (2016), told us the company's managers that the importance of good service can be appreciated in a competitive environment. managers, are able to increase their productivity, foster their well-being, enhance their welfare, and safeguard their financial management and stability (Hanić & Jevtić, 2020). Using an HRM expansion and improvement framework, Anwar, (2017) has shown that all HRM activities have a positive effect on an organization-wide impact, revenue, and development. estimation of business expansion, incentives, preparation, and the limited selection of applicants all proved correct when it was predicted that they all acted together to provide a perception of future growth in the market. The research showed that both revenue and growth of the company were positively influenced by financial incentives, while financial incentives had minimal impact on net income and sales were only weakly related to overall growth. It has been shown that, however, that decentralized development has no major impact on market share growth. This is the opposite to the generally accepted view, where employee preparation is correlated with firm growth, but better overall output is seen to be caused by an increase in firm growth. The concept of decentralization was found to be predictive of firm growth. Another surprising

finding is that job security was also was not considered to be a significant in that research. To simplify it, this definition, the above statement can be inferred that quality, operation, efficiency, and profitability are generally taken as indicators of overall success (Othman & Abdullah, 2016).

## II. CONCEPTUAL FRAMEWORK

### Research Model



### Research Hypothesis

Fig.1: Theoretical research model

H1: Incentive is positively associated with organizational performance.

H2: Employee Training is positively associated with organizational performance.

H3: Selective hiring is positively associated with organizational performance.

H4: Job security is positively associated with organizational performance.

H5: Decentralization is positively associated with organizational performance.

## III. METHODOLOGY

The current research utilizes quantitative research method as the research approach as it would be best to evaluate the impact of HRM on government institutions' performance and also identify the variables and its association in the current research. The study makes use of primary data collection methods. The primary data collection method involved in this research is survey by utilizing Likert scale as a data collection device. Sampling techniques are used to

collect the primary data from the defined target population by using various sample methods. The Target Population that is selected in this study is the employees working in Ministry of Regional Municipalities and Water Resources in Kurdistan region of Iraq, by using the employees of the Ministry of Municipalities as the study population. A detailed structured questionnaire was prepared and distributed among all the members of this population. As this research is an attempt to identify the impact of human resource management practices on the government institutions' performance, it is essential to understand the strategies implemented by the HRM and how that affects the performance. The employees working in this industry can provide an insight on this matter and answer the research questions of the current study. The Sample Size selected for this study is 240 respondents. The total responses rate was 80 %. This study adopts the Non- Probability Sampling Technique as the target population will be the specific respondents from a population. Random Sampling is adopted as the sampling method. The collected data and the methodologies adopted in the research will be ensured to follow the research ethics. and distributed 300 questionnaires among the employees of the company.

### Data analysis

The topic of The Impact of Human Resource Management on private institutions performances highly significant as it addresses the challenges and difficulties that impede the process of scientific research. Firstly, the section presents the general information about the participants. The results of this study are based on the survey outcomes from responses of employees.

*Table 1- Reliability analysis*

| Items                                 | Cronbach's alpha (study<br>N=130) | Number of items |
|---------------------------------------|-----------------------------------|-----------------|
| Employee incentives                   | 0.71                              | 5               |
| Employee Training                     | 0.803                             | 5               |
| Selective Hiring (Recruitment)        | 0.78                              | 5               |
| Job Security                          | 0.74                              | 5               |
| Decentralization & Self-managed teams | 0.812                             | 6               |

|                            |       |   |
|----------------------------|-------|---|
| Organizational Performance | 0.764 | 7 |
|----------------------------|-------|---|

As seen in table (1), the reliability analysis of the current study. The researcher used five different human resource management practices as independent variables to measure the influence on organizational performance in government institution. In terms of employee incentives, it was found that the Crohnbach's alpha for five items =  $0.71 > 0.6$  this means that the five items used to measure employee incentives were reliable for the current study. In terms of employee training, it was found that the Crohnbach's alpha for five items =  $0.803 > 0.6$  this means that the five items used to measure employee training were reliable for the current study. In terms of selective hiring (recruitment), it was found that the Crohnbach's alpha for five items =  $0.78 > 0.6$  this means that the five items used to measure selective hiring were reliable for the current study. In terms of job security, it was found that the Crohnbach's alpha for five items =  $0.74 > 0.6$  this means that the five items used to measure job security were reliable for the current study. In terms of decentralization and self-managed terms, it was found that the Crohnbach's alpha for six items =  $0.812 > 0.6$  this means that the six items used to measure decentralization and self-managed terms were reliable for the current study, and lastly in terms of organizational performance, it was found that the Crohnbach's alpha for seen items =  $0.764 > 0.6$  this means that the seven items used to measure organizational performance were reliable for the current study.

Table 2- Correlation analysis

| HRM practices                     |                     | Organizational Performance |
|-----------------------------------|---------------------|----------------------------|
| Employee incentives               | Pearson Correlation | .363**                     |
|                                   | Sig. (2-tailed)     | .000                       |
| Employee Training                 | Pearson Correlation | .406**                     |
|                                   | Sig. (2-tailed)     | .000                       |
| Selective Hiring<br>(Recruitment) | Pearson Correlation | .462**                     |
|                                   | Sig. (2-tailed)     | .000                       |
| Job Security                      | Pearson Correlation | .381**                     |
|                                   | Sig. (2-tailed)     | .000                       |
| decentralization & Self-          | Pearson Correlation | .573**                     |

|                                                          |                 |      |
|----------------------------------------------------------|-----------------|------|
| managed teams                                            | Sig. (2-tailed) | .000 |
| Correlation is significant at the 0.01 level (2-tailed). |                 |      |

Correlation is a technique for investigating the relationship between two quantitative, continuous variables and Pearson's correlation coefficient ( $r$ ) is a measure of the strength of the association between the two variables.

Table (2) shows the result of Pearson's Correlation Coefficient between variables. It was found that incentives has significant correlation ( $r=0.363$  \*\*,  $p<.01$ ) with organizational performance. It was found that training has significant correlation ( $r=0.406$  \*\*,  $p<.01$ ) with organizational performance. It was found that selective hiring has significant association with organizational performance ( $r=0.462$  \*\*,  $p<.01$ ). it was found that job security has significant correlation ( $r=0.381$  \*\*,  $p<.01$ ) with and organizational performance and finally, it was found that decentralization and self-managed teams has significant relationship with organizational performance ( $r=0.573$  \*\*,  $p<.01$ ).

Table 3- Multiple Regression

| Coefficients                                      |                             |            |                           |       |       |
|---------------------------------------------------|-----------------------------|------------|---------------------------|-------|-------|
| Model                                             | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig.  |
|                                                   | B                           | Std. Error | Beta                      |       |       |
| (Constant)                                        | 0.587                       | 0.231      |                           | 2.544 | 0.012 |
| Employee incentives                               | - 0.085                     | - 0.056    | 0.099                     | 1.516 | 0.131 |
| Employee Training                                 | - 0.025                     | - 0.062    | 0.028                     | 0.403 | 0.688 |
| Selective Hiring<br>(Recruitment)                 | - 0.29                      | 0.064      | - 0.264                   | 4.564 | 0     |
| Job Security                                      | - 0.061                     | - 0.049    | 0.073                     | 1.251 | 0.212 |
| decentralization & Self-<br>managed teams         | 0.324                       | 0.048      | 0.401                     | 6.781 | 0     |
| a. Dependent Variable: Organizational Performance |                             |            |                           |       |       |

Source; Research results (2015), by the researcher

Multiple regressions also allow determining the overall fit of the model and the relative contribution of each of the predictors to the total variance explained. It was entered the five HRM practices into the regression equations as an independent variables and organizational performance as a dependent variable. It was found that incentives has not significantly predicted with organizational performance. It was found that training has not significantly predicted organizational performance. It was found that selective hiring has not significantly predicted organizational performance. It was found that job security has not significantly predicted organizational performance. It was found that decentralization has significantly predicted organizational performance and it has direct positive association with organizational performance.

#### IV. DISCUSSION

The present research aimed at examining the association between HRM practices and organizational performance. The literature reviewed, such as Stavrou, et al, (2007); Vlachos, (2009); Çalişkan, (2010); Arumugam, et al, (2011); Mohamad, (2009) and Gbolahan, (2012), have indicated that there is a positive link between HRM practices and organizational performance. Based on an intensive study of literature review, the study hypothesized that the following HRM practices; such as, incentives, employee training, selective hiring, job security and decentralization, are positively associated to organizational performance.

In contrast, studies such as Katou, (2008) and Katou & Budhwar, (2009), although have shown that employee training, selective hiring and decentralization have a significant relationship with organizational performance; they have also indicated that there is a weak association between job security and organizational performance. On testing the first hypothesis considered for the present study.

#### **H1: Incentive is positively associated with organizational performance was rejected**

Incentives were found to be not associated with the organizational performance. This finding is in line with literature reviewed such as Gbolahan (2012), Lee and Lee (2007), and Arumugam, et al. (2011), who found that incentive practices are positively related to organizational performance. Al-Aydi (2000) examines the impact of incentives on performance level in textile Government institutions in Kurdistan region of Iraq. He predicted that there is a poor relation between performance level and incentive system and between the

performance level and wages system. Also there is a strong correlation between incentives and promotion system and organizational performance level. Abang et al (2009) predicted that organizational performance has essential implications for Government institutions and employees by investigating HR practices and the effect of incentives on manufacturing organizations in Malaysia. The outcomes showed that the two tools of HR practices namely IT and training has direct influence on performance of organization. It was predicted that incentive is related positively to performance of organization but did not moderate the relationship between organizational performance and human resource practices. Moreover, Mohamad (2009) also concluded that compensation has a considerable association with organizational performance.

Moreover, **Hypothesis 2: Employee training is positively associated with organizational performance**, was rejected. According to Ul Afaq and Khan (2005) the most essential employee performance factor is training. Training is essential to develop the employee's capabilities. The employees who have much on experience of job have better performance because there is an increase in both the competencies and skills because of much on experience in job. The organizational performance depends on performance of employee because HR capital of firm plays an essential part in the development and performance of organization. So as to develop the performance of organization and employee, training is given to organizational employees. Thang and Buyens (2008) discussed that the success of firm is decided by HR definitely not the physical resources and is endorsed highly to develop the investments of firm in training to provide superior knowledge, features and expertise pertaining to employees rather than their rivalry relation between training and organizational performance. Tsaur and Lin (2004) have stated that the design of training plays an essential role in organizational performance as well as employees. Olaniyanand and Ojo (2008) believe that training develops the capacity of employees to contribute the optimal organizational performance. Thus training of employees has positive impact on performance of organization. This finding is in line with the study conducted by Gbolahan, (2012) wherein it was concluded that employee training are positively associated with organizational performance.

On the other hand, **Hypothesis 3: Selective hiring is positively associated with organizational performance** was rejected, and it was found out that selective hiring was not positive associated with organizational performance. Schuster (2004) discussed that selective

hiring is a major practice that enhances profits. Huselid (2010) investigated the human resource practices of high performance Government institutions and predicted that selecting and attracting proper employees enhances the productivity of employees, boost the performance of organization and contribute in reducing turnover. He also suggested that a possible indirect link between organizational performance and selective hiring can be internal bonds forging between employees and managers that enhance right culture for growth in productivity. The study of Vlachos (2008) investigated the human resource practices namely self managed teams, selective hiring, decision making decentralization, extensive training, compensation policy and information sharing. They surveyed Greece food managers and collected their views of human resource practices and their association to performance of organization. The outcomes offer overall assistance for all human resource practices except job security. Selective hiring was predicted to be a major practice that enhances the performance of organization. Information sharing, compensation policy, extensive training and decision make decentralization were essential predictors for entire variables of performance. On the other hand, studies such as Gbolahan, (2012) have shown that selective hiring practices are positively related to the organization's performance.

On testing **Hypothesis 4: Job security is positively associated with organizational performance was rejected**, the p value was recorded to be less than 0.05, and it was concluded that job security is not significantly associated with the organizational performance. This finding is in line with the study findings of Vlachos (2009) who stated that job security was not regarded as a critical predictor for improving organizational performance. According to James (2012) job security has an essential influence on overall performance of organization as well as team. He mentioned that organizational staffs' wit reduced security of job cause people to lose faith in their future which consequently impact performance. He ensured that more the employee enjoys a greater job security the more he is probable to perform their task effectively which is reflected in overall organization performance. The individual performance of employees through their job is linked directly to organizational performance. Therefore performance is related to performance in organization and their contribution will be ineffective and less if they feel reduced job security in the firm. An employee working in a government institutions other than his race may definitely reduce security in job and this will influence her or his performance which is reflected in overall

organizational performance. Based on this it can be argued that Government institutions must predict a way of balancing between job security of employees and performance of organization as job security of employees is a major determinant of performance of organization in multiethnic surroundings.

For **Hypothesis 5: Decentralization is positively associated with organizational performance was accepted, the p value was recorded to be more than 0.05, therefore the null hypothesis was accepted and the alternate was accepted.** In decentralized decision process employees try to give their effectiveness and efficiency of their work increase, the decentralized rights of decision have a strong influence on organizational performance. The organizations alter their structure of decision making from centralized to decentralize so that the effect of productivity can be viewed. The performance and production of organization can be increased. Usually decentralized decision making is a method in which involvement of employee is more and this can be happened in large or small medium level of the firm. Decentralized decision making also provide opportunity to reduce employees' level to contribute their recommendations and suggestions which is avoided. Sometimes due to decentralized decision making lower employee level makes huge profits which are not anticipated from them but this appears just because of delegating authorities and providing power to employees for making decisions. If the decision making power is given to employees working in an organization then the organizational performance and employee will be high in quality, sales and productivity. Thus, it was concluded that decentralization have a positive association with the organizational performance. This is in contrast to the study findings of Vlachos (2009) in his study concluded that decentralization has a significant relationship with firm growth.

## V. CONCLUSION

The present study aimed at investigating into the impact of Human Resource Management (HRM) practices on the government institutions 'performance in Kurdistan region of Iraq. It further targeted at identifying the major variables involved in human resource management that have this impact. Finally, the research aimed at proving recommendations or strategies pertaining to the HRM practices under review that can enhance or improve the performance of the government institutions, particularly in Kurdistan region of Iraq.

The relationship between the Human Resource Management Practices and the organizational performance has been judged differently by varying researchers and researches. Several previous researches, such as Becker & Gerhart, (1996); Stavrou, et al., (2007); Katou, (2008);

Mohamad, (2009); Vlachos (2009); Katou&Budhwar, (2009); Çalışkan, (2010); Arumugam, et al, (2011); Gbolahan, (2012) and Waiganjo, et al., (2012), have explained that there is an association between human resource management practices and the organizational performance. Human resource management is regarded to influence skills, abilities, attitudes, behavior and knowledge of employees and therefore may influence the organizational performance. The alignment of human resource management with the strategy of organization and the alignment of different practices of human resource management such as training, appraisal and career opportunities within the firm are regarded to be essential factors in determining the relation between organizational performance and human resource management. When human resource management within firm is aligned properly the employees know what is expected of them and may therefore perform similarly and have same expectations about behavior and work. In organizational context performance is not only a wide concept which has been used synonymously with efficiency, productivity, competitiveness and effectiveness. The widely accepted theoretical basis for the relation between organizational performance and HRM is the greater performance framework of work system offered by Appelbaum et al (2000). At the core of greater performance system of work according to Appelbaum et al (2000) is a firm that enhances non managerial employees to involve in substantive decisions. The greater performance work system needs supportive HR practices that develop the skills of workers and that offers bonuses for workers to use their skills and involve in decisions. Appelbaum et al (2000) revealed how the high performance work systems elements namely opportunity to involve, incentives and skills contributed to productivity in several industries. Gerhart (2005) recommends that organizational performance and/or productivity of labor are related positively to different characteristics of human resource management systems such as selection and recruitment, performance evaluation, training programs, innovative practices, benefits and compensation. Some research has revealed that organizations explained by the use of above practices outperform those shows inflexible strategies of human resource within similar economic sector (Barton,

2004; Black and Lynch, 2001). The configurationally and contingency approaches argue that the organizational performance is relied on efficient integration of human resource management practices and how these practices are combined together in Government institutions that have varied features. When practices of human resource management are integrated in varied forms the impacts on performance of organization are much larger than when practices are described individually. The strategic link between varied human resource management practices to performance does not include individual activities as much as internally consistent and interrelated practices known as bundles. A bundle makes numerous reinforcing conditions that assist motivation of employees. The human resource bundles capture higher and broader level impacts than those captured by focusing on individual policies and are appropriate for examining firm level impacts. The improvements in performance are related to use of several individual practices within these bundles such as those associated to cognitive and skill recruitment, incentive pay or training. High commitment human resource practices recognized as performance drivers involves training and selection activities that emphasize human and value relations, behavior based rewarding and promotion, wages set above their market level and contingent pay systems among others. Horgan (2003) learnt human resource management systems and their impact on employees' performance and predicted that performance was influence by different measures of human resource management. Greater performance human resource management leads to much productive employees and a better performance in organization. However, several others have showed the human resource management outcomes as mediating mechanism, through which the human resource management practiced, indirectly affects the organizational performance. The researched set five different hypotheses as mentioned earlier, the findings revealed that all hypotheses were rejected except fifth hypothesis which stated that "Decentralization is positively associated with organizational performance", the p value was recorded to be more than 0.05, therefore the null hypothesis was accepted and the alternate was accepted. Thus, it was concluded that decentralization have a positive association with the organizational performance. This is in contrast to the study findings of Vlachos (2009) in his study concluded that decentralization has a significant relationship with firm growth. In decentralized decision process employees try to give their effectiveness and efficiency of their work increase, the decentralized rights of decision have a strong influence on organizational performance. The

organizations alter their structure of decision making from centralized to decentralize so that the effect of productivity can be viewed. The performance and production of organization can be increased. Usually decentralized decision making is a method in which involvement of employee is more and this can be happened in large or small medium level of the firm. Decentralized decision making also provide opportunity to reduce employees' level to contribute their recommendations and suggestions which is avoided. Sometimes due to decentralized decision making lower employee level makes huge profits which are not anticipated from them but this appears just because of delegating authorities and providing power to employees for making decisions.

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