

IMPACT OF HUMAN RESOURCE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE: A FOCUS ON PAKISTAN INTERNATIONAL AIRLINE

Aiza Hussain Rana,¹Ayesha Malik,²Summaira Arif,³Ghulam Sakina,⁴Saba Javed

Department of Business Administration, Lahore Garrison University, Lahore,

¹Lahore Garrison University, Lahore. E-mail: ayeshapghs@gmail.com

^{2,3,4}Lahore Garrison University, Lahore

ABSTRACT: This study explores that, Organizations have many factors contributing to its success but the most important factor that affects its operational performance is Human Resource Management. Human Resource Management is a crucial part of an organization, is mainly concerned with management of workers of an organization. The study explores that how Human Resource functions can be improved to improve overall performance of the organization. The research was conducted on Human Resource Department of Pakistan International Airlines by conducting in-depth interview with Manager of Human Resource Department & used a structured questionnaire as research tool. This research papers elaborates that if workers of an organization are well compensated by the organization then they will be become motivated, loyal and satisfied with the organization and can play an important role in the success of that organization.

Keywords: Human Resource Management, Human Resource Department, Pakistan International Airline

1. INTRODUCTION

In today's competitive environment it is very important for a company to focus on the workforce management and for this purpose human resource management plays a vital role to hire, train, develop and motivate workforce. Hiring talented, efficient and motivated workforce is vital for success because this do not require additional effort. Organization's workforce is just like pillars on which whole company stands and if pillars are strong then that company would be successful. This study was conducted on Pakistan International Airline (PIA), PIA is national flag carrier established in 1955 [4]; provide services to more than 200 million Pakistanis on Domestic and International level. Human Resource management (HRM) is undoubtedly been emphasized in all world literature. Motivating, empowering, satisfying, training and developing the personnel, providing their behavior to fit the strategy and adapting them to the competitive environment are the main tasks of HRM in companies [1]. Attracting talented employees to the business, maintaining them, their loyalty to the business, availability of education and career development, opportunities and service of coaching by managers to their employees are considered as important points [2]. Today there are three main resources for the business e.g. human technology & capital [2]. These three are very important for PIA and if PIA focuses on improvement on these three things e.g. human resource, capital and technology then it will be successful [2].

2. HUMAN RESOURCE DEPARTMENT OF PIA

Every organization has to perform several personnel functions in its own capacity. Every organization hire, train, pay, motivate, maintain and ultimately retire employees. Human Resource Department (HRD) of PIA makes policies and procedures for the employees of PIA from induction level to retirement. PIA is facing continuous losses from past few years. From HRM perspective there could be several reasons of failure e.g. inefficient workforce or unmotivated workforce which was the main aim of this study. Now the question arises that why the workforce is inefficient? There could be several reasons e.g. lack of guidance, poor training and development, lack of skills, lack of motivation, lack of

monitoring, lack of honesty, lack of education. Hiring Talented, educated, skilled and motivated workers [2] lessens the chances of risk. Workforce, capital & technology [2] are basic weapon by which PIA can compete in a competitive environment. Some major challenges which globalized organizations face are workforce diversity, technology & E commerce [3].

3 FUNCTIONS OF HUMAN RESOURCE DEPARTMENT OF PIA

This research paper aims to describe how HR Managers should define & implement human resource functions through which they can include motivated workforce into the organization. There are several functions which HRD of PIA performs. HRD of PIA must not only concentrate on hiring workers in fact employee retention through better compensation and supervisor support should also be provided to employees [5].

Human Resource Planning

Human Resource Planning (HRP) begins with the need analysis [6]. HRP planners must consider first the knowledge and skills of current staff are identified by developing a skill inventory for each employee. The second step is to forecast HR needs for future based on strategic goals of organization. Third step is to determine the gap between where your organization wants to be in the future and where you are now. *Developing HR strategies to support organizational strategies* includes strategies which are required for meeting your organization's needs in the future e.g. Restructuring, Training and Development, Recruitment, Outsourcing and collaboration Strategies. Companies are now using Human Resource Information system (HRIS) for effectively plan HR strategies [7].

Job Analysis

Job Analysis (JA) refers (Armstrong, 2002) to the process of collecting, analyzing and setting out information about the contents of job in order to provide the basis for a job description and data for recruitment, training, job evaluation and performance management [8]. In PIA JA is conducted by first collecting information from departments regarding vacancies and determines key requirements to perform those jobs. In second stage of JA the analyst should critically conduct job identification e.g. job status, duties and

responsibilities, working conditions and what performance standards must be set by HRD of PIA for its workers. The last step is designing job descriptions (Job Title, Job Grade, Job Location, Status, job Summary, working Conditions and duties), job specifications (Education, Experience, Languages, Physical and Mental requirements & working conditions) and job standards (Targets/criteria). In my perspective HRD of PIA should use experienced analysts and planners to conduct job analysis and planning (B.Werther, 2011).

Job Design

Buchanan Job design (JD) is defined as specifying the contents and methods of any job in such a way that the various requirement of job holder can be effectively satisfied [9]. Some approaches to construct an effective JD are job rotation, job enlargement and job enrichment (B.Werther, 2011). PIA must concentrate on above mentioned approaches for effective JD. Effectively designed jobs lead to high productivity and satisfied employees. PIA HR managers design jobs in a way that there will be smooth and continuous arranged tasks that will be easy to understand. Any job in which worker has to interact with the machinery will not be conducted until proper training is being given to operational workers e.g. Engineers. A job must be designed in such a way that it will require variety of techniques to fulfill tasks so that workers can openly express their skills.

Recruitment & Selection

Recruitment is the process of attracting prospective employees and stimulating them for applying job in an organization [10]. PIA Recruitment process involves both the internal (Job posting, employee referrals) & external sources (Internet, newspaper) to attract talented, knowledgeable and motivated workers. Mostly recruitment is done externally because there will be a huge labor pool and it will become easy for PIA to select potential and required candidates. It is very important for recruitment process to be unbiased, free of discrimination and to maintain equity and justice [8]. In PIA selection should be made on merit basis e.g. person should meet job description and final test and interview of candidate should be conducted with the panel of judges so that appropriate decisions could be for the selection of candidates. Decisions should not be biased and partial in fact decisions should be based on real results and merit [8]. If these criteria will be followed no doubt PIA workforce will contain efficient workers. PIA selection process involves short list candidates, job test, selection board, medical test, offer letter and appointment letter (HR final report, 2011).

Orientation & Placement

Once the selection process has been completed new employees should be given an orientation in order to become productive contributors. Orientation not only improves the rate at which the employees will perform but also helps employees satisfy their personal desire to feel they are part of organization's social network (HR final report, 2011). Placement means fixing or assigning an employee to a job. Placement decisions should be taken by line managers. Workers who perform best should get promotion in PIA. PIA gives merit based promotions. Promotion could be of different type e.g. transferring abroad, increase in salary and promotions to upper positions. The decision of worker

placement and promotion is taken on the basis of worker performance, capabilities, knowledge about job and skills.

Training & Development

Training is very important for all the workers but necessary for those who have to work on machinery and equipment e.g. engineers usually training & development (T&D) determines how committed is organization towards its workers [5]. PIA should conduct proper training programs for the new entrants. PIA should provide proper training to newly hired pilots cabin crew and Engineers and other personnel of organization. If PIA wants to retain potential workers e.g. engineers etc. then it should focus on proper T&D of workers [5]. Employee development is a joint effort which should be undertaken by workers and PIA to upgrade the worker's knowledge, skills, abilities and capabilities. Employee development programs make positive contribution to organizational performance because a more highly skilled workforce can accomplish more organizational goals. Workforce with higher morale, career satisfaction, creativity and motivation increase overall productivity of PIA.

Compensation & Benefits for workers

Compensation as a concept according to (Bernadin, 2007) refers to all forms of financial returns and tangible benefits that employee receives as part of employment relationship [11]. Compensation is also a determinant which determines employee retention & commitment towards organization [5]. Effective compensation and Benefit programs lead to employee satisfaction. PIA HRD compensates its employees and provides them benefits. PIA HRD should decide what type of compensation, incentives & benefits should be provided to workers to satisfy and motivate them. Several benefits are provided by PIA to its workers. Monetary rewards (pay for performance, incentives, bonuses), non-monetary rewards (appreciation, certificates, status, recognition) and benefits (Medical, Tickets, Pension) (HR final report, 2011).

Performance Appraisal

The effort of employees can determine the success and survival of an organization (Drucker, 1994; Barney1995), and appraisal is potentially one way in which those efforts can be aligned with the aims of organization, employees can be motivated and their performance managed (Cook & Crossman, 2004) [8]. Performance appraisal is a source to evaluate the performance of the employees. Appraising workers on their performance leads to motivated workforce. PIA should use 360 feedbacks to appraise the performance of its workers. Performance appraisal is essential because it could be motivating tool for workers in future. Performance appraisal is used to make placement decisions so on the basis of evaluation of performance the organization makes promotion or demotion decisions. Performance feedback guides career decisions about specific career paths one should investigate.

5. RESEARCH METHODOLOGY

Data for this study is gathered from primary research which was conducted on HRD of PIA and through secondary research. This study is a qualitative study. The Research was conducted by arranging in-depth interview with HRD manager of PIA. During interview a structured questionnaire

containing open ended questions was used as research tool. The data gathered from this research is accurate, factual and qualitative.

6. FINDINGS

The findings of this research explore how PIA HRM performs human resource functions.

Q1: About job analysis and job design.

In PIA *Job analysis* is conducted by collecting information from departments regarding vacancies and determines key requirements to perform those jobs. In second stage the analysts critically conduct job identification e.g. job status, duties and responsibilities, working conditions and performance standards. The last step is designing of job descriptions, job specifications and job standards (Targets/criteria). PIA HR managers design jobs in a way that there will be smooth and continuous arranged tasks that will be easy to understand. Any job in which worker has to interact with the machinery will not be conducted until proper training is being given to operational workers e.g. Engineers. A job must be designed in such a way that it will require variety of techniques to fulfill tasks so that workers can openly express their skills.

Q 2, 3, 4: About Recruitment and Selection:

PIA Recruitment process involves internal and external sources to attract talented workers. Mostly recruitment is done externally because there will be a huge labor pool and it will become easy for PIA to select potential and required candidates [8]. In PIA selection is made on merit basis the person who fulfils selection criteria and final test would be selected. Interview of selected candidate is conducted with the panel of judges so that appropriate decisions could be made for the selection of candidates [8].

Q 5: About Orientation:

In PIA an orientation is given to selected workers in order to make them productive contributors. Orientation not only improves the rate at which the employees will perform but also helps employees satisfy their personal desire to feel they are part of organization's social network

Q6: About Training and Development

PIA provides proper training to newly hired pilots cabin crew and Engineers and other personnel of organization. If PIA wants to retain potential workers e.g. engineers etc. then it should focus on proper T&D of workers [5]. PIA also emphasizes on employees development because employee development programs make positive contribution to organizational performance, a more highly skilled workforce can accomplish more organizational goals.

Q7: About Career development & succession planning.

PIA is providing chances of career development and succession planning to workers through more networking, job performance, exposure, mentors and sponsors, key subordinates, growth opportunities and international experience.

Q8: Incentives and benefits

PIA pays fixed salary plus increment and incentives to its workers. Several benefits are provided by PIA to its workers. Monetary rewards (pay for performance, incentives, bonuses), non-monetary rewards (appreciation, certificates, status, recognition) and benefits (Medical, Tickets, Pension).

Q9, 10, 11, 12: About performance appraisal

According to human resource manager Performance appraisal is a source to evaluate the performance of the employees. Appraising workers on their performance leads to motivated workforce.

Q 13, 14: About 360 feedback

PIA uses 360 feedbacks to evaluate workers' performance and make them more motivated for the future.

7. CONCLUSION

PIA has a huge workforce and workforce is just like an asset for the organization. Human resource important functions are job analysis, recruitment and selection, training and development, compensation and benefits and performance appraisal. Intense focus on Training and development, compensation and benefits, career development and succession planning leads to lower employee turnover, employee retention, satisfied workers and ultimately organization success. If PIA focuses on career and succession planning of its workers then the employees will work efficiently and effectively. Fair compensation and benefits programs can also increase employee's wellbeing and loyalty towards organization. Hiring and workforce retention both are important for the success of PIA. PIA HRM has a focus on effectively managing talent and knowledge management of employees. Due to lack of Human resource budget HRM of PIA is unable to take initiatives which it intends to take regarding workforce management.

RECOMMENDATIONS

Top management should make effective strategies to expand PIA's operations, improve technology and should concentrate on workforce management. Career planning and succession planning should be performed by HRD for employees. HRD should focus on the technical training programs of its technical workers. HRD should conduct proper monitoring of its technical and engineering staff performance to reduce the chances of technical faults in its core fleets. HRD of PIA must make strategies to overcome the problems of late flights caused by technical problems and cargo problems caused by poor performance of operational workers.

LIMITATIONS & FUTURE RESEARCH

The study is limited to one city e.g. Lahore due financial & Time Constraints. In future we intend to explore this study over the HRD of PIA, operating in different cities of Pakistan. The study can also be explored by conducting comparative studies with other international airlines.

REFERENCES

- [1] Demirkaya, H., Özcüre, G., Eryiğit, N., An application on the impacts of human resource management in technology management of the companies. *Procedia-Social and Behavioral Sciences*, **24**, 474-486, (2011).
- [2] Gümüş, S., Apak, S., Gümüş, H. G., Kurban, Z. , An Application in Human Resources Management for Meeting Differentiation and Innovativeness Requirements of Business: Talent Management. *Procedia-Social and Behavioral Sciences*, **99**, 794-808, (2013).

- [3] Hashim, M., & Hameed, F., Human resource management in 21st century: issues & challenges & possible solutions to attain competitiveness. *International Journal of Academic Research in Business and Social Sciences*, 2(9), 44-52, (2012).
- [4] Nawaz, N., Manzoor, S. F., Jahanian, A., Mumtaz, R. Factors Underlying the Failure of Organizations: A Focus on Pakistan International Airlines. *Journal of Law, Policy and Globalization*, 6, 1-6, (2012).
- [5] Naqvi, S. M. M. R., Bashir, S., IT-expert retention through organizational commitment: A study of public sector information technology professionals in Pakistan. *Applied Computing and Informatics*, (2011).
- [6] Purwadi, D., The Role of Japanese Human Resource Planning Practices for Increasing Industrial Competitiveness. *Procedia-Social and Behavioral Sciences*, 65, 253-259, (2012).
- [7] Nagendra, A., Deshpande, M., Human Resource Information Systems (HRIS) in HR Planning and Development in Mid to Large Sized Organizations. *Procedia-Social and Behavioral Sciences*, 133, 61-67, (2014).
- [8] Haque Talukder, A. K. M. Mominul. Perceived Importance of Job Analysis Influencing Motivation and Competencies among blue-collar and white-collar employees. *IBA Business Review*; Jan-Jun2014, 9 (1),79, (2014).
- [9] Zareen, M., Razzaq, K., Job design and employee performance: The moderating role of employee psychological perception. *European Journal of Business and Management*, 5(3), 216-225, (2013).
- [10] Kumari, N., A Study of the Recruitment and Selection process: SMC Global. *Industrial Engineering Letters*, 2(1), 34-43, (2012).
- [11] Odunlade, R. O., Managing employee compensation and benefits for job satisfaction in libraries and information centres in Nigeria, (2012).

APPENDIX

INTERVIEW QUESTIONNAIRE

Job Analysis:

1. How do you conduct job analysis?

Recruitment and selection:

2. How many methods are used in recruitment? Which method you prefer the most?
3. What kind of factors do you keep in mind while making recruitment policies that can suit the companies 'goals and objectives at the best?
4. Tell us, what are the criteria for selection process? What is the selection process which you use to select employees?

Orientation and placement:

5. Does employee orientation important for employee placement in the organization? If yes, the how much both methods can effect each other?

Training and Development:

6. Which methods do you use for training and development of employees? How would you ensure training and development contributes to achieving the company's strategic objective?

Career development and succession planning:

7. What steps do you take for career development of your employees? Does organization uses succession planning for its potential employees or not?

Compensation and benefits:

8. What are the compensation and benefits programs for employees? While developing compensation and developing programs what factors do you keep in mind?

Performance Appraisal:

9. How do you evaluate your employee performance? What techniques do you use for performance evaluation?
10. How do you appraise employees on their performance?
11. How do you give feedback to employees about their performance?
12. Does feedback affect employee's performance positively? Do employees get motivated or not?
13. Do you use 360 degree feedback?
14. Does 360 feedback effective of not?