

**IMPACT OF HUMAN RESOURCE PRACTICES ON
EMPLOYEE'S PERFORMANCE: AN EMPIRICAL STUDY OF
ENGINEERING FIRMS IN ISLAMABAD AND RAWALPINDI**



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ABSTRACT

Human resource practices have been regarded as a significant tool to increase employee performance. The relationship between human resource practices and employee performance is developed by many researchers but little research has been devoted to discover the interconnection between human resource practices and employee performance in engineering firms of Pakistan. The main endeavor of this study is to develop the impact of human resource practices on employee's performance in engineering firms of Pakistan specifically electrical and electronic manufacturing companies of Islamabad and Rawalpindi. Four broad categories of HR practices: training and development, compensation and reward, performance appraisal and employee empowerment, have been taken as independent variables and their impact was analyzed on employee's performance: dependent variable. A total of 250 employees responded to the survey based questionnaire. The questionnaire comprised of 30-items which were evaluated using five point Likert scale and statistical analysis was carried out by using SPSS. For data collection non-probability convenience sampling was used. Findings revealed the extent to which these human resource practices were correlated with employee's performance. It is recommended that adoption of human resource practices should be enhanced to improve the working conditions and to attain high employee performance.

Keywords: Performance Appraisal, Employee Empowerment, Employee Performance, Engineering Firms

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1. INTRODUCTION

Performance of any firm is mainly dependent on the employees' performance. Although there are many other factors responsible for performance of employees but human resource practices are considered as one of the most important factor in governing employee's performance (Mello, 2005; Bowra et al., 2012). One of the main aims to engage the human resource practices is evaluating the performance of employees and in this competitive era organizations are continuously implementing ways to enhance the performance of employees. It is proved by many researchers that human resource practices have a positive and noteworthy relationship with employee's performance (Delery and Doty, 1996; Guest, 2002; Harley, 2002; Huselid, 1995; Qureshi et al., 2006; Tessema and Soeters, 2006; Bowra et al., 2012; Tanveer et al., 2011).

Without any doubt, globally, organizations are struggling for success and finding ways to compete each other in the similar industry. For that purpose organizations must acquire and utilize their human resources in an effective manner. In order to do so organizations must keep their resources up-to-date. Managers need to draw their attention to the fundamental functions of human resource management as this plays a vital role to attain the organizational goals which is necessary for the continuation of organizational success (Nassazi, 2013).

Human resource is considered as the essential and critical area of management and human resource practices have become the significant area of research since the last few years (Becker & Huselid, 1998; Huselid, 1995; ArunaGamage & Yuri Sadoi, 2008; Pratibha & Katyayani, 2017). In last 25 years the consequences of human resource management on the performance of an organization has received significant importance which shows an efficacious connection between human resource practices and organizational performance (Qureshi et al., 2010; Saleem & Khurshid, 2014). It is a major part of human resource to provide motivated employees to the organization as this will lead to higher job satisfaction and performance (Sharma, 2006; Mason, 2017). To enhance the quality of current employees, different training and development tasks can be implemented by the organizations. Studies show that when investments are made in training, fruitful results are produced (Bartel, 1994; Knoke & Kalleberg, 1994; Munjuri, 2011). Merit pay or incentive compensation policies in which employees are honored to meet specific objectives can also be executed by the organizations. As this

increases employees performance and also the organizational performance (Gerhart & Milkovich, 1992; Munjuri, 2011). As the level of human resource practices is increased, employees feel more contented and determined which results in the increased performance of employees and hence increased organizational performance.

In the field of human resource management practices, Pakistan is termed as ‘under-researched’ country (Aycan et al., 2000; Bowra et al., 2012; Hassan, 2016; Shahzad, Bashir & Ramay, 2008; Riaz et al., 2012). The association between human resource practices and employee performance is being formulated by many researchers but they mainly exchange their views about developed countries. Limited affirmation about the association between human resource practices and employee performance is available from emerging countries like Pakistan (Shahzad, Bashir & Ramay, 2008). And little research has been carried out to discover the interconnection between human resource practices and performance of an employee in engineering firms of Pakistan. Main focus of researchers in Pakistan is telecom sector, banking sector, public sector but engineering firms of Pakistan demands a considerable attention to find out the association between human resource practices and employee’s performance.

It is suggested by previous studies that the level of employee commitment can be enhanced if their satisfaction is improved with compensation, strategies and the work conditions. Employees must be fully involved as they are regarded as the essential source that will help the firm to achieve its vision and mission. One method to increase the job satisfaction of employee at workplace is to increase the interaction level in personnel meetings and increasing the discussions of topics which are related to the human resource issues. If employees feel free to communicate with each other this will encourage fast decision making leading to high employee commitment and satisfaction. If the employees are completely acquainted with the firm’s environment, their responsibilities and their goals they can perform their job in a better way that will assist to increase the productivity of the firm (Mehmood et al., 2017).

The aim of this research is to analyze the relationship between human resource practices and employees perceived performance in engineering firms of Islamabad and Rawalpindi. However a number of factors are involved which influence employees’ performance but the present study mainly emphasizes on the relationship between four human resource practices (training and development, employee empowerment, performance appraisal, reward and compensation) and employee’s performance. The findings and results of this research will assist the engineering firms to reconsider their

strategies and emphasize on those human resource practices that have high significant impact on employee's performance.

1.1 Problem Statement

Employees are the important assets of any organization. When they are not being valued, organizations confront problems in attracting and retaining skilled people. For this reason evaluation of human resource management strategies is necessary. In engineering firms jobs are considered quite stressful for employees. The reasons behind this stress are excessive workload, long working hours and inter disciplinary working. The stress is further increased when employees are not given empowerment to effectively participate in organizational activities, not rewarded on the basis of their performance, not reimbursed showing that they as a worker are not valued by top management, not appraised as per their performance and are not promoted or given increments on merit basis. These factors lessen employee's performance which further tends to decrease the organizational performance.

Unfortunately, very insufficient literature targets impact of human resource practices on employee's performance with a specific focus on engineering firms in Pakistan. So the present study aims to fill this obvious research gap by examining the influence of human resource practices on employee's performance.

1.2 Research Objectives

The main thrust of this study is to determine the impact of human resource practices on employee's performance in engineering firms of Islamabad and Rawalpindi. In order to attain the objective, the following specific objectives are stated:

1. To identify the effect of training and development on employee's performance.
2. To understand the influence of employee empowerment on employee's performance.
3. To study the effect of performance appraisal on employee's performance.
4. To determine the relationship of compensation and reward on employee's performance.

1.3 Research Questions

In the course of this research, the following questions would be answered:

1. What is the effect of training and development on employee's performance?

2. What is the influence of employee empowerment on employee's performance?
3. What is the nature of relationship that exists between performance appraisal and employee's performance?
4. What is the relation between compensation and reward and employee's performance?

1.4 Significance of the Study

This study is corresponded to human resource practices and employee's performance. So the target population for this study is engineering firms in Islamabad and Rawalpindi. Pakistani engineering firms have been progressing by engaging and retaining brilliant and knowledgeable employees and work staff. The increased involvement of engineering firms for national economies has made it an important area for study and research. In spite of this increased significance, engineering firms are confronting hitches in engaging and retaining skilled people. So the assessment of human resource management policies of a firm are necessitated. In Pakistan, the relationship between human resource practices and employee's performance is not explored vastly in engineering firms. In this study best-fitted human resource practices are chosen as independent variables like training and development, performance appraisal, compensation and reward, and employee empowerment. Employees today are facing issues in the engineering firms due to their challenging work environment. Excessive workload, long working hours, requirement of doing more with less, pressure to cut costs, pressure to meet the deadlines and pressure to demonstrate credibility causes stress. This stress is enhanced when employees are not appreciated up to their mark i.e. not given incentives according to their performance, not given autonomy in decision making and are not properly evaluated on their work performance. So it is necessary that human resource practices are practically implemented in engineering firms for achieving better performance of employees.

When employees are given the training opportunities, they perform their tasks in a better way. Employees are trained by giving them new information, providing them new skill set and professional growth opportunities. Thus training programs leads to higher return on investment and also helps in accomplishing high levels of employee retention. When employees are allowed to make decisions by themselves which they can handle, they feel in a better position to accomplish their tasks efficiently. Similarly when employees are appraised, different means of improvement can be seen in the

organization. If organization plans good compensation and reward policies for the employees it will lead to reduced turnover and employees will feel motivated for better performance.

It is expected that the findings of this study will contribute to the engineering firms in Islamabad and Rawalpindi because this study will help them to identify the best human resource practices to be followed in the firms and its effect on the job performance of an employee and hence on the overall organizational performance.

2. LITERATURE REVIEW

2.1 Human Resource Practices

Human resource management practices are set of guidelines and rules that a firm follows so as to increase their productivity and to achieve their objectives. These practices are essential for attracting, motivating, and retaining employees (Schuler and Jackson, 1987; Rana & Malik, 2017). Human resource practices have an essential role in order to create a well-built competitive advantage in the marketplace (EsraNemli, 2010; Akhter, Siddique & Alam, 2013; Adam & Maiyaki, 2018). Human resources are considered real strength of an organization (Gupta & Kavitha, 2011; Suresh & Reddy, 2017). If organizations want to stand workable in today's diversified environment then their human resource practices must be upgraded (Shabbir, 2014).

Human resource practices play an important role for managers to allocate right workforce at the right job at the right time (Delery and Doty, 1996; Qazi & Miralam, 2017). Delery and Doty (1996) classified seven human resource interconnected practices. A study on eight human resource practices and their link with employee performance was also conducted by Teseema & Soeters (2006). These eight practices on which the study was conducted includes recruitment and selection practices, job placement practices, conducting training sessions, reimbursement practices, employee performance evaluation practices, job promotion practices, unfair procedure and pension or social security. The top human resource management practices that were part of Huselid (1995) study includes selection of personnel, appraisal on basis of performance, incentive compensation, job design, procedures for injustice and outrage, sharing of information, attitude assessment, labor management participation, efforts for recruitment, training of employees and defining the promotion criteria (Shahzad, Bashir & Ramay, 2008).

The design and implementation of the human resource management is done to attract and retain best talented employees and to let the men power achieve their goals and objectives that are defined for an organization (Delery and Doty, 1996; Hassan, 2016; Mohamed, 2014; Nor, 2018; Pougajendy & Girija, 2019). The activities of the organizations are carried out according to the sort of actions and size of environment. However, the objectives and goals of a firm can be attained easily by the workforce if the management of that firm brings about flexible decisions and productive practices for the advancement of its employees. Firms are continually taking actions to improve

their human resource practices in today's competitive environment so that the employees can perform in an effective way. It has been demonstrated by many researchers that positive and a notable relationship exists between human resource practices and output of an employee (Qureshi et al., 2006; Tessema and Soeters, 2006; Shabbir, 2014). The principal goal of any organization is maximization of profit and human resource practices play a key role in achieving that goal (Shabbir, 2014).

Following the human resource management practices properly has a very positive effect as it increase the employees' commitment and builds good reputation for organization (Purcell, 2003; Hassan, 2016). If you are organizing training and development sessions for staff workers, giving them appraisals on their work performance, giving them respect then these human resource management practices will encourage employees to achieve heights for an organization (Snell & Dean, 1992; Pfeffer, 1998; Hassan, 2016). A brief research based on the human resource practices was conducted by Qureshi et al. (2006). The findings of the research were that the human resource practices are directly associated with the performance of the business or organization (Bowra et al., 2012). A list of practices that were in accordance with Islam were identified by Rahman et al. (2013) and Azmi (2010). That list was based on human resource practices such as selection of resources, training and development of candidates, career development of resources, management of employee performances and designing a system to reward employees (Rana & Malik, 2017).

Fombrun, Tichy, and Devana Model of human resource management, the Harvard Model of human resource management, the Guest Model of human resource management, and the Warwick Model of human resource management (Bratton & Gold, 1999) are the top four models for practicing the human resource management. It is suggested by these models that performance of any firm depends on the performance of the workforce (Pryor, White & Toombs, 2008; Mellam, Rao & Mellam, 2015). Out of these models, the Fombrun, Tichy, and Devana Model of human resource management are regarded as the first one (Aswathappa, 2008; Absar, Nimalathan & Jilani, 2010). The current study is based on the human resource management practices that includes training and development of employees, criteria for performance appraisals and compensation procedures that were a part of Tichy, Fombrun and Devana Model of human resource management. As per the model, these human resource management practices have noteworthy impression on performance and

productivity of an organization (Absar, Nimalathan & Jilani, 2010; Paauwe et al. 2013; Fatema, 2018).

2.2 Training and Development

Training is an ability to teach a new or an existing employee new skill sets and expertise that will enable him to perform his tasks in a better way (Dessler, 2008; Munjuri, 2011). Trainings are conducted to improve the skills set as per the current market demands (Jackson & Schuler, 2000; Munjuri, 2011). Different events, seminars and programs are arranged by organization with intention to teach skills to the employees that will be needed to perform their tasks and duties effectively (Armstrong, 2006; Munjuri, 2011). Employees who are given training know about the tools and have greater knowledge to perform their jobs (Younas et al., 2018). For employees' and organization's growth, training and development play an important role (Vemić, 2007). Training and development is done with the intention of improving the skills and capabilities of the employees which in turn will help them to enhance their performance (Satterfield & Hughes, 2007; Nda & Fard, 2013; Shafiq & Hamza, 2017). Training and development assists the employees to grow in order to meet the upcoming demands of human resource in an organization and achieve organizational goals (Armstrong, 2006; Haunstein, 1998; Salah, 2016; Darshani & Thennakoon, 2018). Formal and informal methods are included in training to help the employees in communicating the knowledge and attaining the skills which are mandatory for them to carry out their jobs in a well manner (Drummond, 2000; Salah, 2016). Development is done to prepare the employees for change. This can be done by assigning new job duties or by meeting new job requirements. Therefore, training and development plays an essential role in any organization for making its quality better and in meeting the current challenges of competition and societal change. So among several roles which are performed by the human resource management, providing training and development is one of them (Salah, 2016).

As per Dessler (2008) training sessions are arranged keeping in view the coaching that is required for the team members. For fresh employees, the job nature is checked first and then they are trained for the skills that they lack. The current capabilities of a new employee is matched with the skill set that is needed for the organization. However in case of existing employees training is conducted by analyzing the efficiency and effectiveness of the tasks that have been completed. That gives an idea about the skills

or abilities that needs improvement for better performance (Munjuri, 2011). The design of training sessions must be carried out very cautiously (Michael Armstrong, 2000; Khan, Khan & Khan, 2011). They should be designed in accordance with the requirement of the employees (Ginsberg, 1997; Khan, Khan & Khan, 2011). Fruitful results are obtained when the organizations tend to develop a good training design in accordance with the needs of its employees (Partlow, 1996; Tihanyi et al., 2000; Boudreau et al., 2001; Khan, Khan & Khan, 2011).

To start a training session, objectives and methods of training, which are going to be followed, are set firstly. These methods can be further split up into two methods, on job training and off the job training. On job training also known as direct training is conducted by an experienced resource so as to pass the skills and domain knowledge to the new employee. It might not be the most effective way but it is quite easy to arrange and manage such training. For conducting such training no tools are required other than the one needed for daily operations. For off job training we have to first allocate a specific place that is generally near to the officer work space. The methods involved in off job training include special lectures by professionals, simulations, solving the case studies and conducting role play activities where trainee acts as if they are facing the real time scenarios (Armstrong, 2006; Munjuri, 2011).

After conducting the training sessions it is necessary to implement the skills that are learnt during the events or training. For implementation it is necessary to attend the lecture attentively and make short notes for remembering the lectures (Jackson & Schuler, 2000; Munjuri, 2011). According to Armstrong (2006) if the trainings are conducted properly, it will minimize the cost for learning and will improve the skill set of employees, also it will speed up the task completion time. Organizations that are conducting such productive trainings on regular basis attract employees with sound skill sets. It is a win-win situation for both the employees and employer, because employees will be updating their abilities and organizations will have employees who can increase the productivity and will be adaptive to the new challenges and issues (Munjuri, 2011). According to the past researches that were conducted on corporate sector, trainings boost up the ability and skills of an employee which ultimately boosts up the company's performance (Saeed et al., 2013). Those organizations, which are involved in training and developing its employees in an efficient way and recompense them on the basis of their performance, have motivated employees who are responsible to enhance their work performance by becoming more involved in their work (Myles, 2002; Amadi,

2014). An eleven year study was carried out by Learner (1986) and it was found that organizational culture in which training and development is imparted and which put emphasis on moral values by considering its employees, clients and shareholders performed well than those organizations that lack these cultural attributes. Productivity and job satisfaction of employees is boosted when these cultural values are clearly defined and shared in the organization (Seligman, 1978; Amadi, 2014).

As per Jones, Jones, Latreille, & Sloane (2009) organizational performance is linked directly with the job satisfaction of employees and this job satisfaction comes from trainings and practices that are conducted either within the organization or outside the normal working space (Mehmood et al., 2017). When revenues and profits of an organization are increased, they put more capital to train their resources because ultimately it is the man power that has resulted in the profitability of organization hence a productive and fruitful cycle starts (Rana & Malik, 2017). After reviewing 66 studies that were conducted in different parts of the globe, Thang and Buyens (2008) shared their views that organizing trainings and workshops result in enhancing the skills, abilities, efficiency, talent and professionalism of an employee which ultimately benefits the organization (Absar, Nimalathan & Jilani, 2010).

2.3 Employee Empowerment

Employee empowerment and participation have direct consequences on the performance of a firm (Collins, 1995; Munjuri, 2011). Employee empowerment is to give autonomy to employees in their jobs which will help in enhancing the productivity of the firm (Munjuri, 2011). Management of an organization uses different approaches in response to meet the confronting challenges and empowerment of employees is one of them. Empowerment also helps in reducing turnover of employees. When employees are given empowerment they effectively participate in organizational activities and this participation helps in making their performance better and also increases productivity and job satisfaction (Sashkin, 1984; Yasothai, Jauhar & Bashawir, 2015; Zeithaml et al. 1988; Ahmad & Manzoor, 2017). For the workers to engage and take part within the organization, there will be a need of empowerment. According to Smith (1997), empowerment involves giving power, opening up with employees and setting free their potential. Typically employee empowerment takes up job involvement, job enhancement, employee participation together with the recommendations. It is seen that

there is a significant relationship between job enrichment and employees' satisfaction, and performance (Hackman & Lawler, 1971; Mohapatra & Sundaray, 2018).

In empowerment authority is given to all employees including the lowest level employees so that fair decisions can be made (Conger, Kanungo 1988; Thomas, Velthouse 1990; Ukil, 2016; Abukhait, Bani-Melhem & Zeffane, 2018). Empowerment also improves the motivation of employees and also helps in boosting employee's performance (Spreitzer 1995; Ukil, 2016). The four main components by which empowerment is composed of, are power, information, knowledge and rewards (Demirci & Erbas, 2010; Ukil, 2016). Power is defined as the capability by which things are being done (Kanter 1993; Ukil, 2016). Power is related to give independence to employees to make decisions, assigning tasks to them and giving them some control. Information is concerned with the availability of the data regarding aims and policies of the organization. It is also concerned with the involvement of employees in decision making process (Vacharakiat 2008; Ukil, 2016; Odero & Makori, 2018). The evaluation which is done by the managers, assistants and peers is also included in information. Knowledge sharing is defined as a procedure where appropriate data, goals and knowledge is shared by the employees (Yasoithai et al. 2015; Ukil, 2016). Reward is regarded as any financial or non-financial benefits which the employees obtain. It is a very beneficial tool to keep the employees motivated (Yasoithai et al. 2015; Ukil, 2016). The point of view of the researchers (Wright, Gardner, & Moynihan, 2003; Paauwe, 2004; Sheikh, Naveed & Khan, 2016) is that if employees are given opportunity to take part in decision making, it will boost their confidence which in turn will result in increased production. Furthermore, shared decision making can generate new chances for the employees as well as the organization to perform in a better way (Sheikh, Naveed & Khan, 2016).

As human resource i.e. individuals, staff or workforce within or even outside the boundary of an organization, responsible for performing the tasks assigned to them are the important asset in any organization, in order to proliferate empowerment it is necessary to make them feel valued. There is a need to give helpful feedback on their performance persistently. It is essential for them to feel that they are genuinely playing part in satisfying customer needs and meeting business goals and adding value to the products and services. Once empowerment is established in any organization, it results in continuous improvement with the people being inspired to analyze and upgrade how

they do what they do. If the people are not progressing it would also be difficult for and organization to prosper (Smith, 1997; Munjuri, 2011).

Some remarkable researchers (Greasley, Bryman, Dainty, Price, Soetanto and King, 2005; Munjuri, 2011) observed that the adopted benefits of empowerment can be distributed mainly into two areas: benefits for the organization; and benefits for the individual. The main focus of the research into empowerment has targeted organizational benefits (Cunningham et al., 1996; Munjuri, 2011). It has been stated that empowered organizations have revealed advancements in numerous performance areas (Applebaum et al., 1999; Munjuri, 2011).

While the chief intention of empowerment is usually to enhance the performance of the organization, the individual employee's well-being have also been pin pointed. Dispute and ambiguity have lessened in the character of employees who regard themselves empowered because they are able to supervise their own environment to a certain level (Nykodym et al. 1994; Munjuri, 2011). Being empowered reduces the emotional pressure on the employee. It was stated on a similar subject that empowered employees feel more contented with their job, have high motivation and are more committed to the organization (Mullins and Peacock, 1991; Munjuri, 2011). Many authors have noted a significant relationship between employee empowerment and employee performance as empowerment has been acknowledged as a key tool which leads to success of an organization (Spreitzer, 1995; Kirkman and Rosen, 1999; Ndegwa, 2015).

2.4 Performance Appraisal

Performance appraisal also known as performance review is a process set by an organization to calculate the current or past performance of an employee against the standards set by the organization (Dessler, 2008; Munjuri, 2011; Boadu et al., 2014). Performance appraisal is used for determining the training requirements for personnel. Performance targets which are to be achieved by the employees are met with the help of performance appraisal. It also provides an opportunity of improving to the employees who are not performing well. Managing time by the employees is also maintained by performance appraisal by mapping out and preparing the time limits. It also helps the managers in formulating decisions about the advancement of employees (Mwema & Gachunga, 2014; Naisa, 2017).

Performance appraisal consists of three steps: defining the job assigned to an individual, assess the performance of an individual and provide the feedback. By defining a goal,

organizations make sure that seniors and juniors agree on their roles and responsibilities that are assigned to them and they also become aware of the rules and regulation. Assessing the performance means that evaluating the performance of the individuals against the standards set by the organization. Providing the feedback means that after examining the individuals against a criteria, seniors need to discuss it with individual what he has done well and what needs to be improved. Your increments and promotions are highly dependent on these feedbacks submitted to the higher management (Dessler, 2008; Munjuri, 2011). According to Islamic rules and regulations, performance appraisals should be conducted on the basis of justice, fairness and accountability standards set by the organization (Rahman et al., 2013). It is quoted by Ali (2010) that Holy Quran has clearly informed the person's authority for his actions and deeds, "Every soul will be held in pledge for its deeds (Holy Quran, 74:38)" (Rana & Malik, 2017).

Performance appraisal is a technique to calculate the individuals work performance relative to the standards (Cumming, 1993; Jouda, Ahmad & Dahleez, 2016; Kadam, 2012). The objective behind this assessment is that promotions and increments should be given on merit basis. When employees will get to know that their effort will reward them ultimately, they will work hard and will improve their skills, knowledge and abilities (Arthur, 2008; Jouda, Ahmad & Dahleez, 2016). So this appraisal will be a way to increase the performance.

Previous surveys examined the impact of performing performance evaluation on individual and organizational level outcomes. For example it was declared in the study made by Murphy and Margulies (2004) that assessment of employee's performance might give an advantage in different functions such as helping the employee in training. Soomro et al. (2011) conducted a study which showed that human resource management principles have a direct effect on the performance of an employee (Jouda, Ahmad & Dahleez, 2016). A good performance management system will get the employees performance as an input and will match it with the standard or expected performance (Welbourne, T.M and Andrews, A.O. 1996; Khalid, Rehman & Ilyas, 2014). This way we will get the results that will be crystal clear and because of fairness the results will be acceptable for the individuals (Mayer & Davis, 1999; Khalid, Rehman & Ilyas, 2014). It is revealed that different means of improvement can be seen when employees are evaluated because it is related to the employee's performance (Khalid, Rehman & Ilyas, 2014).

The principal aim of performance evaluation is to escalate the employee's motivation and confidence (Abbas, 2014; Chen & Eldridge, 2010; Appelbaum et al., 2011; Idowu, 2017; Khan, Khan & Khan, 2017). To increase the productivity of employee, performance appraisal is necessary which in turn will enhance the performance of the firm (Sels et al., 2003; Hassan, 2016). When employees are evaluated consistently, it motivates them to put extra efforts to achieve the organizational goals (Singh, 2004; Hassan, 2016). Merit based performance evaluation system plays a vital role in enhancing employee commitment which leads to the enhanced firm's performance (Wan et al., 2002; Hassan, 2016). If an employee has enthusiasm to play significant role in firm's activities then a firm can be more successful (Ahmad and Schroeder, 2003; Hassan, 2016). Turnover and absenteeism of employees depend on their satisfaction. If an employee is satisfied this will reduce the absenteeism and turnover (Hassan, 2016). Many researchers found out that performance appraisal and employee performance have strong association (Baloch et al., 2010; Becker and Huselid, 1998; Bowra et al., 2012). And a positive correlation exists between performance appraisal and employee performance (Tessema and Soeters, 2006; Bowra et al., 2012).

2.5 Compensation and Reward

Compensation is regarded as one of the human resource management policies in which employees are given salary, wages, and rewards, etc. (Tooksoon, 2011; Mehmood et al., 2014; Sudiardhita et al., 2018). Reward system is established on the performance of the employees that eventually increases the organizational performance (Syed, Yan, 2012; Mehmood et al., 2014). Reward is recognized as an important tool for augmenting the performance of employees. During the employment, the monetary income and facilities and the social security that an employee obtains is regarded as reward (Bratton, 1999; Edirisooriya, 2014). Rewards can be classified into two types: extrinsic rewards and intrinsic rewards (Khan, Waqas & Muneer, 2017). Rewards which are tangible in nature are known as extrinsic rewards. These rewards can be in the form of giving wages, benefits, and advancements in jobs. Intrinsic rewards are not financial in nature and they are called psychic rewards. They include recognition from employers, an encouraging and kind viewpoint of employers and job rotation of employee when an objective is accomplished. When employees are being rewarded by the organization, their determination increases which also increases their productivity.

This reward and recognition thus guarantees enhanced performance of firms (Ibrar & Khan, 2015).

Our Prophet Muhammad (P.B.U.H.) has said about compensation, which is given to employees, that the wages of the worker should be announced earlier whenever they are engaged on work. In the light of the instruction of Holy Quran (39:9) it is advised to hire the job hunters on the basis of their knowledge, skills and ability (KSA). When performance management process and compensation process is integrated in a good way it leads to the willingness of employee to perform (Wright et al, 2003; Khalid, Rehman & Ilyas, 2014).

When an individual is working for a firm and he is given payment this is known as compensation. For the internal employees of the organization compensation is organized by the compensation policies of that organization which plays a significant role in cultivating employee's performance and thus escalating the productivity (Kramer and Briffault, 1991; Jouda, Ahmad & Dahleez, 2016). The strategy of an organization and business conditions are regulators of compensation policies (Boyd and Salamin, 2001; Jouda, Ahmad & Dahleez, 2016). According to Dubrin (2008), one of the principal concern for the organization is to maintain and organize a constructive compensation system. Thus, employee's performance is directly linked with the compensation system leading to an overall firm's accomplishment. Generally the employees with good qualification are not contented with their jobs and they are of the view that the pay packages provided to them are not good enough. This leads to turnover of employees so the firms devise reimbursement policies for them to avoid it. When good reimbursement plans for employees are formulated it also develops motivation in them for good performance (Aslam et al., 2015). Hence, in order to motivate the workers to perform in a better way, rewards, encouragement and social security must be supplied to them. This view has been encouraged by Pfeffer (1994) by highlighting the impact of incentive pay on the organization's performance. On the above based discussion, it can be seen that both firms and the employees can take advantage if compensation and reward policies are manipulated in the organization. Moreover, firm's empowerment can also be strengthened, if compensation and reward policies are effectively implemented, through acceptable decision making, upgraded corrective and precautionary measures (Jouda, Ahmad & Dahleez, 2016).

Frye (2004) carried out a study in which he signified positive association between compensation and firm performance. It was also stated by Frye (2004) that

compensation policies have a vital role in recruiting and keeping competent employees (Shahzad, Bashir & Ramay, 2008; Hassan, 2016). Firms mostly used performance related compensation for giving reward to their employees (Collins and Clark, 2003; Hassan, 2016). On employee's performance, performance related compensation has a helpful impact (Brown et al., 2003; Hassan, 2016). A study conducted by Huselid (1995) indicated a positive relationship between compensation and employee performance. A significant relation is specified between compensation and employee's performance (Teseema and Soeters, 2006; Hassan, 2016; Khan et al., 2019).

It is demonstrated by Caruth and Handlogten (2001) that when employees are rewarded financially based on their performance, they feel more motivated (Darma & Supriyanto, 2017). For achieving goals of the firm and retaining good employees, compensation and rewards are necessary (Milgo et al., 2014; Rizal et al., 2014). When appropriate long-term incentive plans are implemented in the organizations, those corporations get high increase in their profits on equity (Leonard, 1990; Bowra et al., 2012). With the help of theoretical study, presumptions can be developed by the scholars that compensation policies are directly related with the performance of the employees (Bowra et al., 2012).

2.6 Employee Performance

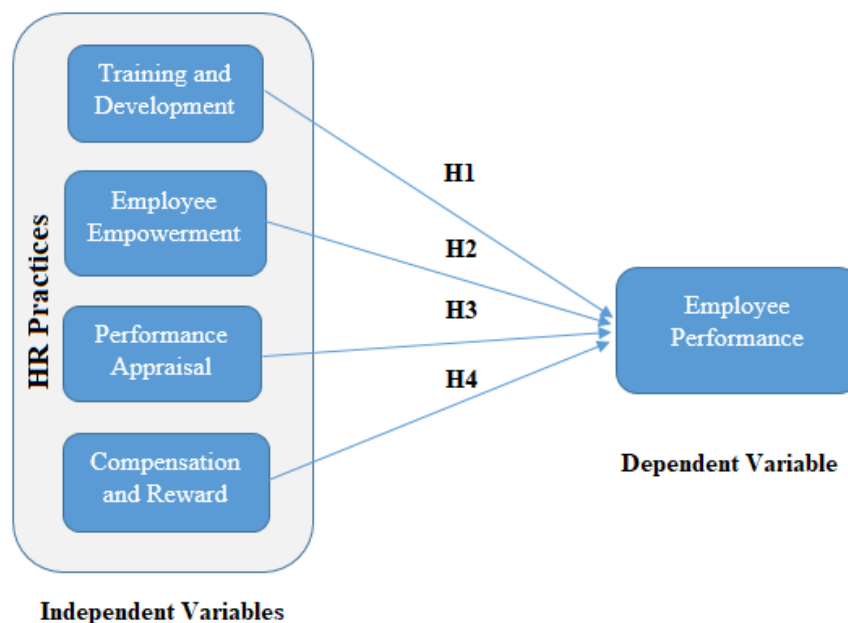
Employee performance is an important and persuasive approach for a flourished business (Meihem, 2004; Yasothai, Jauhar & Bashawir, 2015). Employees should know what is required from them to do their tasks effectively. If employees are let to participate in the planning procedure, they will have recognition of the goals and objectives of the organization (Terrington, 1995; Amadi, 2014). Making the goals and objectives clear, ensuring that expectations are unambiguous and giving continual feedback to employees assist in performing more successfully (Amadi, 2014). Performance is contemplated as the actions which are assessable and can be analyzed (Campbell, 1993; Iqbal, Ahmad & Javaid, 2013). The performance or productivity of an employee in an organization can be explained on many factors like employees general behavior, his positive attitude towards work and the motivation to achieve his tasks (Ali & Jadoon, 2012; Saleem & Khurshid, 2014). High performance of the employees is essential for organizations in order to meet the goals and objectives and for attaining the competitive advantage (Frese, 2002; Iqbal, Ahmad & Javaid, 2013). As per few past studies, human resource practices have a very little impact on

performance of an employee (Wright and Kehoc, 2008; Saleem & Khurshid, 2014). Several other examples are also present where human resource practices have impacted the performance in a positive manner (Saleem & Khurshid, 2014).

Generally performance of an employee is judged on the basis of his output for a task (Cardy, 2004; Bose, 2018). But productivity can be considered in terms of behavior as well (Armstrong 2000; Nassazi, 2013). Kenney et al. (1992) said that the productivity of an employee is matched against the performance or productivity criteria set by the particular organization for which employee is working. There are a number of steps that can be followed to calculate the performance. These steps or measures include the productivity, efficiency of an employee, quality work done by employee and the profit generated by employee over a time span (Ahuja 1992; Nassazi, 2013). Efficiency and effectiveness- Effectiveness is defined as meeting the desired target or task that an employee has been assigned whereas efficiency is the capability of an employee to generate the desired output with usage of minimum resources (Stoner 1996; Nassazi, 2013). Productivity is defined as the output per unit of input (Stoner, Freeman and Gilbert Jr, 1995; Nassazi, 2013). It is an evaluation of how employee, institution and industry converts the inputs into fine products and outcomes. Productivity is actually the measure of how much output is generated by an employee (Lipsey 1989; Nassazi, 2013). Quality is to measure the product with another product of the same kind (Kotler & Armstrong 2002; Nassazi, 2013). Performance management focuses on the performance of all the entities of an organization to achieve a stable product. According to the researches that have been conducted on productivity of employees, high job performances have been shown by those individuals who are satisfied with their job and who are given enough training and development chances that they do not switch. An unhappy employee can never achieve performance (Landy 1985; Nassazi, 2013). As per a document generated by Kinicki & Kreitner (2007), happy and satisfied individuals are the ones who show high performance and let their organizations or firms achieve the big tasks or goals (Nassazi, 2013).

2.7 Theoretical Framework

Figure 4.1 Theoretical Model of the Study



So, the predictions made in this study were:

H1: There is a significant relationship between training and development and employee's performance.

H2: Employee empowerment increases employee's performance.

H3: There is a significant relation between performance appraisal and employee's performance.

H4: Compensation and reward positively affect employee's performance.

2.8 Theoretical Basis for Framework

2.8.1 Theoretical Basis for Training and Development

The first human resource practice i.e. training and development is governed by theories namely theory of reinforcement, theory of experiential learning, and theory of social learning. Theory of reinforcement was presented by an economist Skinner. This theory states that it is by human nature that a person will repeat those actions that produce a positive outcome. Thus there is a need to arrange training and development programs in accordance with the organizational goals and a fruitful result should be expected. According to Skinner, if an organization arranges training and development programs for its employees, the employees will be more attracted to their work and will show a positive attitude towards these training sessions.

Theory of experiential learning was proposed by Rogers. It states that by training, employees gain experience which gives an edge to them so that they exhibit and utilize their skills and existing knowledge to enhance their performance. Training and development sessions gives experience which further increases the learning ability of employees. An employee can then conduct a personal evaluation test which allows him to correct himself in case of any lagging.

The theory of social learning was presented by Albert Bandura. According to this theory, training and development sessions don't usually cover all types of learning. One of the important component of learning is social learning. Employees can learn social elements from their surrounding and work environment. This type of learning is categorized as observational learning in which employees can learn from behaviors of co-workers.

2.8.2 Theoretical Basis for Compensation and Reward

Compensation and reward is governed by reinforcement and expectancy theory and equity theory. Reinforcement and expectancy theory states that when an employee expects monetary rewards and incentives in return of his performance, his commitment towards assigned tasks increases leading to increase in his productivity. However, when an employee is not rewarded, his performance will not be up to the mark.

The second theory is equity theory which was proposed by Adam. This theory states that every employee in any particular firm must be treated equally as per their performance. If any employees thinks that discrimination is made in giving rewards, his performance and urge of completing task will be affected. Thus employee gives more attention towards the fact that either their organization treats them fairly or not, which affects their performance. The more satisfied the employees are, the more committed they will be towards assigned tasks.

It is pointed out by Shahzad, Bashir & Ramay (2008) that a positive correlation exists between compensation practices and employee perceived performance.

2.8.3 Theoretical Basis for Employee Empowerment

The theory which forms theoretical foundation for employee empowerment is known as Kanter's theory of structural empowerment. According to this theory, if top management will give autonomy to subordinates, its power will grow. Organizations and their respective heads should encourage their employees in participating in day to

day matter. In this way, the employees will learn and will provide suitable solutions for betterment of their organizational performance.

A study conducted by Munjuri (2011) indicated that in order to increase employee's performance, employee empowerment play a significant role and they are positively related with each other.

2.8.4 Theoretical Basis for Performance Appraisal

In 1971, Rawls presented Justice Theory in order to support performance appraisal. The theory states that in any working environment, organizational justice should be present which is basically comprised of four components: procedural justice, distributive justice, interpersonal justice, and informational justice. This means that organization should be fair enough in its judging criteria. Application of justice theory guarantees equity and fairness in performance appraisal system. When employees believe that organizations are fair enough to them, a positive behavior is developed and their performance ultimately increases.

The study by Hassan (2016) showed a strong relationship between performance appraisal and employee's performance.

3. METHODOLOGY

3.1 Sample Size and Sampling Technique

The calculated sample size for this study was 247 to test the predicted hypotheses. For conducting the analysis, around 280 questionnaires were distributed to the employees working in electrical and electronic companies based in Islamabad and Rawalpindi. Among the distributed questionnaires 250 were returned and used for the analysis purpose. In order to gather data from the respondents the study employed non-probability convenience sampling technique Convenience sampling is also known as availability sampling, since the members of the population will be conveniently available to provide it (Saunders, 2012). This technique was applied due to time restrictions and also due to availability of limited resources.

3.2 Sample Frame

Electrical and electronics manufacturing companies in Islamabad and Rawalpindi are 23. 18 of these firms are located in Islamabad and 5 are located in Rawalpindi. Questionnaires were distributed in 18 firms mentioned below.

Table 3.1 Sample Frame

Name	No. of employees	Number of filled questionnaires
Iman group of companies	30	10
Electrech (Pvt) Ltd.	35	10
Zeeshan Electronics	15	5
RWR (Pvt) Ltd.	45	15
Powerteck Switchgear Services	50	15
MIA Group of Companies (Pvt) Ltd.	800	40
ElektroControl Industries (Pvt) Ltd.	40	20
Solace engineers	20	10
ATS Engineering	30	10

Shibli Electronics	80	25
SkyElectric (Pvt) Ltd.	82	25
Canis Technology Solutions	20	10
Anzen Pvt Ltd.	10	7
Lotia engineering	5	3
Professional Engineering Creatives & Solutions	20	5
Hi-Tech Engineering and Manufacturing Complex (HEMCO)	12	5
Greaves Pakistan	200	25
Pak Agro Tech	20	10

3.3 Design of Instrument

Based on cross sectional design, descriptive research was adopted for analysis using quantitative method because quantitative research involves asking opinions of respondents in a structured way so that statistics can be produced for proper guidance. This research utilized deductive approach because it involved development of hypotheses and then testing those hypotheses with the help of some research strategy.

Research strategy used for the collection of data was questionnaire based survey. Basic questions regarding age, gender, marital status, education qualification, job tenure and job designation were included in the first part of the questionnaire. The second part focused on the variable section of the study. Respondents were requested to rate their responses on a five (5) point Likert scale for each statement, ranging from (5) “strongly agree,” (4) for “agree,” (3) for “neutral,” (2) for “disagree,” and (1) for “strongly disagree.” Likert scale measures perspectives and point of view of the respondents by asking level of agreement or disagreement towards a specific statement (Brown, 2011). The target population for the study was engineering firms specifically electrical and electronic manufacturing companies of Islamabad and Rawalpindi.

3.4 Data analysis

The statistical analysis of the data was carried out using Statistical Package for Social Sciences (SPSS). Descriptive statistics were used to find out the mean, standard deviation and demographic information. Cronbach alpha was calculated to check the reliability of the tool. To determine the relationship among variables, correlational research was used. Correlational research is used to find out the degree of relationship between the variables by use of statistics (Creswell, 2014). For that purpose Pearson correlation was observed to specify the relationship between variables of the theoretical framework. And to determine the value of the dependent variable when there is a change in independent variables, multiple linear regression was used.

3.5 Measurement

Training and development was measured with seven items scale adapted from Qureshi et al (2010). The measure of employee empowerment in the present study was adapted from Chiles and Zorn's (1995) and Spreitzer's (1995) empowerment scales, incorporating both perspectives of competence and control. Four items were used to measure employees' feeling of competence with a Cronbach alpha of 0.89 and another four items were used to measure employees' feeling of control with a Cronbach alpha of 0.88. Compensation and reward was measured using four items. First item was adopted from Devanna et al. (1984) compensation and rewards scale. Second item was adopted from Hipólito (2001) and Dutra (2001) compensation and rewards scale. Third item was adopted from Sisson (1994), Bohlander and Snell (2009) and Gerhart (2010) compensation and rewards scale. Fourth item was adopted from Dessler (2002) compensation and rewards scale. These items have a Cronbach alpha of 0.81. Performance appraisal was measured with six items on the basis of the scale developed by Pearce and Porter (1986). The Cronbach alpha value is 0.82. Employee performance was measured with five items scale adapted from Qureshi et al (2010).

4. RESULTS AND FINDINGS

4.1 Demographic Characteristics

The analysis of the study used descriptive statistics, correlation and regression. First part of the questionnaire included the demographic section.

Table 4.1 Demographics

Characteristics	Categories	Frequency	Percent
Age	20-26	82	32.8
	27-32	104	41.6
	33-38	55	22
	39-45	6	2.4
	46 or +	3	1.2
	Total	250	100
Gender	Male	206	82.4
	Female	44	17.6
Marital status	Married	105	42
	Unmarried	145	58
	PhD	2	0.8
Qualification	Master's	128	51.2
	Bachelor's	120	48
Designation	C.E.O/General Manager/Senior Manager	20	8
	Manager/Assistant	184	73.6
	Manager/Officer/Supervisor		
	Staff Worker	46	18.4
Job Tenure	1-4 years	155	62
	5-9 years	83	33.2
	10-14 years	8	3.2
	15 years or above	4	1.6

Table 1 shows the demographic information of the respondents. It was revealed by descriptive analysis that 41.6% of the respondents were in the age of 27-32 years, 32.8% were in the age of 20-26 years, 22% were in the age of 33-38 and the remaining 3.6% were above 39 years. It was observed that almost 96.4% of the respondents were lying below the age of 39 years whereas only 3.6% were above this age. The respondents who filled the questionnaires, 82.4% were male and 17.6% were female. 42% of the

respondents were married and 58% were unmarried. In the education level category, 51.2% were master's degree holder and 48% were bachelor's degree holder whereas 0.8% of the respondents were contributing with PhD degree. As far as the designation of the respondents is concerned, majority of the questionnaires i.e. 73.6% were filled by the people who were at the position of manager, assistant manager, officer and supervisor, 18.4% were filled by staff workers and only 8% were filled by C.E.Os, general managers and senior managers. Among 250 employees, 62% were working with a job tenure of 1-4 years, 33.2% with tenure of 5-9 years whereas only 4.8% were working with a job tenure above 10 years. The following figure demonstrates the percentage of demographic section.

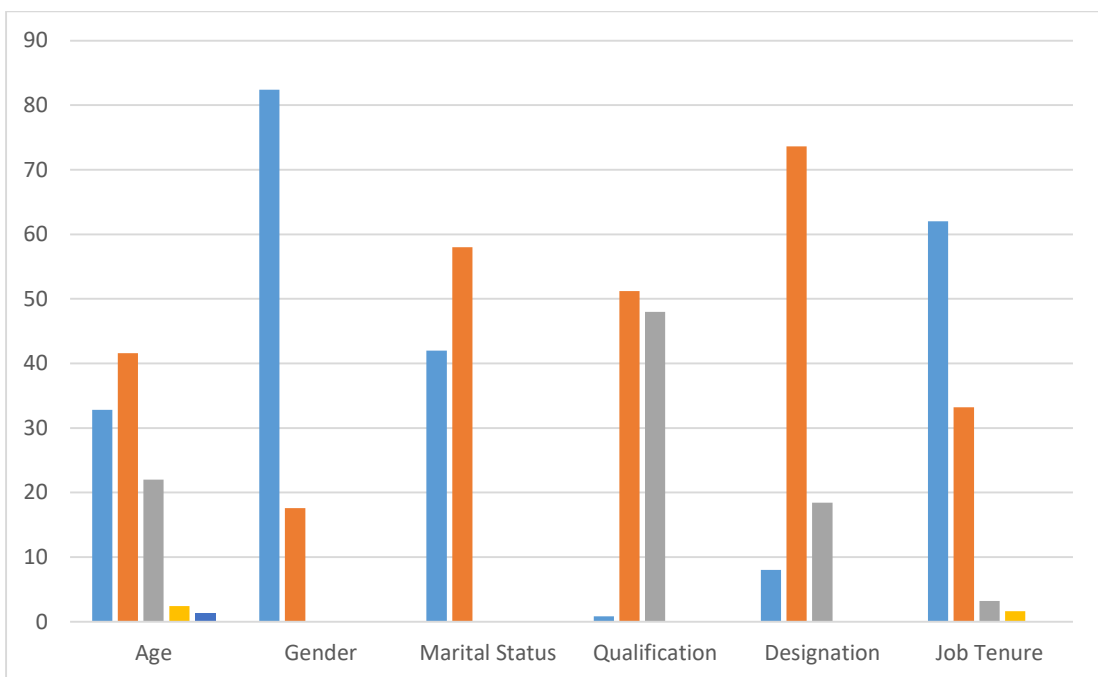


Figure 4.2 Demographics

4.2 Descriptive Statistics

Table 2 shows the descriptive statistics of the study by mentioning the calculations of the mean, mean error, standard deviation, skewness and kurtosis. The means and standard deviations of the individual variables were calculated to find the center of the data and to check how much the data was spread out. Skewness depicts the extent of asymmetry. The acceptable range for skewness is between -1 to 1. For value less than 0 data is skewed towards left and for a value greater than 0 data is skewed towards right. The acceptable value of kurtosis lies between -2 to 2 in order to prove normal distribution of data (George & Mallery, 2010).

Table 4.2 Descriptive Statistics

Variable	Mean	Mean Error	Std. Deviation	Skewness	Kurtosis
Training and Development	3.7691	0.04181	0.66114	-0.467	0.143
Employee Empowerment	3.6985	0.04058	0.64162	-0.299	-0.140
Compensation and Reward	3.6950	0.04599	0.72721	-0.101	-0.632
Performance Appraisal	3.6667	0.04222	0.66750	-0.137	-0.129
Employee Performance	3.7288	0.04081	0.64519	-0.207	0.074

Mean of training and development turned out to be 3.7691 which showed the level of agreement of the respondents. Mean of employee empowerment, compensation and reward, performance appraisal and employee performance was 3.6985, 3.6950, 3.6667, and 3.7288. These all demonstrated the central tendency of the variables. As means of all the variables were above 3 which exhibited the level of agreement of the respondents towards the proposed hypothetical statements. The values of standard deviations of the variables indicated the dispersion of the data from means. The values of skewness and kurtosis for the variables lie between the acceptable ranges.

4.3 Reliability Test

Before implementation of any other statistical tool, reliability measurement is very essential in order to check the consistency of the results brought out by the scale when calculations are done recurrently. For this purpose checking the relationship in between scores which are acquired from application of the scales is done. The association in between scores tells about the consistency of results produced by the scale. If it is high it means that consistent results are generated by the scale and hence scale is reliable. The method which is extensively applied for this purpose is Cronbach's alpha. The value of Cronbach's alpha lies between 0 to 1 and it is compulsory that acceptable value must be greater than 0.6. If it is less than 0.6 then scale is not reliable (Cronbach, 1951). Cronbach's alpha test was used in this study to measure the reliability coefficient. For measurement of reliability, data was analyzed by calculating inter item Cronbach's alpha reliability coefficients of one dependent variable and four independent variables. Table 3 shows the calculated Cronbach alpha values.

Table 4.3 Reliability Analysis

Variable	No. of items	Cronbach alpha (α)
Training and development	7	0.812
Employee empowerment	8	0.813
Compensation and reward	4	0.644
Performance appraisal	6	0.747
Employee performance	5	0.73

Reliability of training and development was measured by seven items with a Cronbach's alpha value of 0.812. Employee empowerment was measured through eight items and had a Cronbach's alpha value of 0.813. Compensation and reward was measured by four items with a Cronbach's alpha value of 0.644. Performance appraisal was measured with six items and Cronbach's alpha value was found out to be 0.747. Cronbach's alpha value for employee performance was 0.73 which was measured using five items. It was observed that reliability values of all variables were greater than 0.6 showing a good and reliable measurement. Thus the measurement scales used for data analysis of this study were reliable.

4.4 Correlation

Correlation analysis was used to find out the relationship between dependent and independent variables i.e. training and development, employee empowerment, compensation and reward, performance appraisal and employee performance. This study utilized Pearson correlation because it evaluates strength of relationship between variables. Pearson correlation value can range from -1 to +1. If value is 0 it means that no relationship exists between variables. If value is greater than 0 it means positive relationship exists and if value is less than 0 then negative relationship exists.

Table 4.4 Correlation Matrix

Variable	TD	EE	CR	PA	EP
Training and Development	1				
Employee Empowerment	0.63**	1			

Compensation and Reward	0.516**	0.596**	1		
Performance Appraisal	0.538**	0.707**	0.584**	1	
Employee performance	0.445**	0.56**	0.610**	0.597**	1

** . Correlation is significant at the 0.01 level (2-tailed)

TD=Training and development, EE= Employee empowerment, CR= Compensation and reward, PA= Performance appraisal, EP= Employee performance

Table 4 shows the results of Pearson correlation at 0.01 significance level. It was depicted by the results that employee performance was positively correlated with training and development with correlation coefficient of 0.445 at 0.01 significance level. Employee performance was also significantly positively correlated with employee empowerment with a significance level of 0.01 and the correlation coefficient was found to be 0.56. For compensation and reward, at 0.01 significance level employee performance was positively correlated with a correlation coefficient of 0.610. Employee performance was also positively correlated with performance appraisal and had statistically significant correlation of 0.597 at 0.01 significance level. Hence it was observed that all variables were positively correlated with one another and significant relationship existed between them.

4.5 Regression Analysis

Regression analysis was conducted to determine the extent of degree to which these human resource practices can anticipate the perceived employee performance. Regression analysis is a method which is used to associate one dependent variable to a linear combination of one or more independent variables. It identifies how much the value of dependent variable alters with an alteration in each independent variable. For identifying the strength of the effect of independent variables on dependent variable, multiple linear regression is used. It is also used to tell how much dependent variable will change by changing independent variables. It is also used to predict future values. The equation for multiple linear regression is as follows:

$$Y=b_0 + b_1X_1 + b_2X_2 + \dots + b_pX_p$$

This line indicates how the mean response of dependent variable Y changes with respect to the explanatory variables. X₁ through X_p are distinct independent variables, b₀ is

value of Y when the independent variables are zero and b_1 through b_p are estimated regression coefficients.

The association between the expected and observed values of Y is shown by R. R square is also known as coefficient of determination and for multiple regression it is known as coefficient of multiple determination. Model summary of multiple regression analysis is shown in table 5.

Table 4.5 Model Summary

Model	R	R square	Adjusted R square	Std. error of the estimate
	0.686 ^a	0.470	0.462	.47334

R square is used to determine the model fitness. It determines the degree of variance in dependent variable that has brought in by the independent variables. The value of regression coefficient is always between 0 and 100%. It was observed that value of R square was 0.470 which indicates that 47% of the variation in employee performance is due to the predictor variables (training and development, employee empowerment, performance appraisal, compensation and reward). The remaining 53% is not explained, which means that rest of 53% is explained by other factors which are not the part of our study.

Table 6 is the Analysis of Variance table or ANOVA table. The calculations which tell about the level of variability within a regression model is provided by this table.

Table 4.6 ANOVA

Model	Sum of squares	dF	Mean square	F	Sig.
Regression	48.760	4	12.190	54.408	0.000
Residual	54.892	245	0.224		
Total	103.653	249			

The variability of the response variable Y is described by sum of squares and the total sum of squares tells about the total amount of variability. dF is known as degree of freedom and it is associated with the sum of squares. Regression dF tells about the number of independent variables which are the part of the model. Mean squares are the sum of squares divided by the degrees of freedom. For rejecting or supporting the null hypothesis F value is used. For rejecting a null hypothesis F value of at least 3.95 is needed. The results revealed that the model which considered the human resource

practices for stimulating employee performance is statistically significant. Table 6 shows that significance level is less than 0.05. This proves that a relationship exists between employee performance and independent variables of the study.

Table 7 is the coefficient table. It includes unstandardized beta, standardized beta, t value, significance, tolerance and variance.

Table 4.7 Coefficients

Model	Unstandardized coefficients	Standardized coefficients β	t	Sig.	Collinearity statistics	
					Tolerance	Variance
Constant	0.977		4.851	0.000		
TD	0.026	0.027	0.435	0.664	0.566	1.768
EE	0.134	0.134	1.800	0.073	0.392	2.554
CR	0.311	0.351	5.704	0.000	0.571	1.751
PA	0.274	0.284	4.111	0.000	0.454	2.203

TD=Training and development, EE=Employee empowerment, CR=Compensation and reward, PA=Performance appraisal

Contribution of independent variables towards dependent variable is calculated by beta coefficient. Positive sign indicates that for one unit change in an independent variable the outcome variable will increase by the value of beta coefficient and negative sign indicates that for one unit change in an independent variable the outcome variable will decrease by beta coefficient value. Table shows that one unit change in compensation and reward would lead to 35.1% increase in employee performance and a unit change in performance appraisal would lead to a 28.4% change in the employee performance in engineering firms. In addition, findings reveal that 1% change in employee empowerment would result in 13.4% increase in employee performance. It is demonstrated that for every one unit change in training and development there will be 2.7% change in employee performance. Overall, training and development showed the least effect on employee performance in engineering firms followed by employee empowerment.

T value is significant at 90% confidence level which indicates that we are confident that employee performance is affected by these variables. For compensation and reward the value of t is 5.704 with a significance of 0.000. For performance appraisal t value is 4.111 with 0.000 significance. For employee empowerment t value is 1.8 with a

significance of 0.073. Thus hypotheses 2, 3 and 4 is supported but hypothesis 1 is not supported because for training and development t value is 0.435 with a significance of 0.664.

Tolerance and variance in the table allows us to check for multicollinearity in multiple regression model. Multicollinearity is observed when two independent variables correlate with each other very highly. Tolerance is a measure of multicollinearity and it should be greater than 0.1. The Variance Inflation Factor (VIF) is $1/\text{Tolerance}$. The acceptable value of VIF lies between 1-10 (O'Brien, 2007). The table shows that tolerances are 0.566, 0.392, 0.571 and 0.454 with variances of 1.768, 2.554, 1.751 and 2.203 respectively. The values of tolerances are greater than 0.1 and for variances the range is between 1-10 which shows that there is no multicollinearity.

5. DISCUSSION AND CONCLUSION

5.1 Discussion

The purpose of this study was to determine the impact of human resource practices on employee performance in engineering firms of Islamabad and Rawalpindi. Four human resource practices were taken as independent variables and employee performance was taken as a dependent variable. Four hypotheses were proposed in order to examine the relationship of independent variables with dependent variable. The results depicted are given below in detail. The first hypotheses was:

H1. There is a significant relationship between training and development and employee's performance.

Different analyses were performed to test the hypothesis. The results obtained by the analyses showed that training and development was positively correlated with employee performance. The value of Pearson correlation i.e. 0.445 exhibited positive correlation between these two variables. Variation of 2.7% was seen by training and development in employee performance. P value obtained was 0.664 which was greater than 0.1 demonstrating that model of research was statistically insignificant. Thus, the standardized values of the tables which are mentioned above demonstrated that training and development show positive and significant relationship in correlation but in regression model is not significant. Efforts must be put by the firms for designing and implementing training and development programs so that employees can utilize their skills and knowledge. This design and implementation helps in improving performance of employees and organizational efficiency (Salah, 2016). So, in light of previous researches and obtained results the first proposed hypothesis is not supported.

H2. Employee empowerment increases employee's performance.

For examining second hypothesis of the study, similar tests of correlation and regression were analyzed. The results obtained after running the tests revealed that employee empowerment significantly influenced employee performance. It was established in Pearson correlation test that employee empowerment and employee performance were 56% correlated with each other. However, regression results exhibited that one percent increase in employee empowerment would result in 13.4% increase in employee performance. T value of 1.8 was observed with 0.073 significance. Studies conducted by previous researchers also supported the current

study findings. The study performed by Munjuri (2011) also found a significant association between employee empowerment and employee performance. When management of organizations develops trust in their employees by delegating authority to them, it creates adaptability in employees. Empowerment also develops increased employee career satisfaction and organizational commitment (Iqbal, Ahmad & Javaid, 2013). Therefore management of organizations should give emphasis on supporting their employees by empowering them so employee can recognize his potential by increasing achievement motivation (Tutar, Altinoz & Cakiroglu, 2011). So the results derived from inferential statistics and previous researchers, second hypothesis i.e. employee empowerment increases employee's performance is accepted.

H3. There is a significant relation between performance appraisal and employee's performance.

To test third hypothesis whether it is accepted or rejected, correlation and regression was performed. The analysis signified a positive correlation in between performance appraisal and employee performance. Pearson correlation between performance appraisal and employee empowerment was 0.597. Standardized coefficient (beta) showed a significant association between performance appraisal and employee performance because with 1% change in performance appraisal, variation of 28.4% was observed. The model was statistically significant at 0.1 significance level with a p value of 0.000. Researchers conducted different studies in which significant relation existed and their studies strengthened the current results. A significant relationship was found between performance appraisal and employee performance (Iqbal et al. 2013). If organizations strive for developing reasonable and understandable standards of performance, communication problems between employees and supervisors will reduce (Jafari, Bourouni & Amiri, 2009; Ilyas, Farooqi & Ahmad, 2016). Therefore third hypothesis is accepted supported by the results obtained by conducting different tests and studies conducted by the researchers.

H4. Compensation and reward positively affect employee's performance.

For investigating the relationship between compensation and reward and employee commitment correlation and regression tests were applied. It was seen that highest correlation was found between compensation and reward and employee performance. The value of Pearson correlation was 0.610 demonstrating a significant correlation between them. It means higher the compensation and reward provided to the

employees, higher would be their performance. Linear regression was found to be 0.372 means for one percent change in compensation and reward there would be 37.2% change in employee performance. Research conducted by Aslam et al. (2015) revealed a significant association between compensation and reward and employee performance. For boosting up the efficiency of employees compensation and reward play a vital role. When organizations set up their policies for career advancements, it has a considerable impact on performance of employees (Feder, 1999; Edirisooriya, 2014). If firms want to retain their talent in the long run, it is important that they support their employees with financial as well as non-financial rewards (Premalatha, 2013). Companies should take into account this fact that appreciating efforts of their employees and providing a good compensation system in relation with their job appraisal increases their motivation and ultimately the performance will increase (Premalatha, 2013). Fourth hypothesis i.e. compensation and reward positively affect employee's performance is accepted by observing the obtained results and by putting light on the research conducted by previous researchers.

5.2 Limitations and Future Research

This research study is not without limitations and needs these limitations to be acknowledged. Firstly, this research undertook engineering sector specifically targeting electrical and electronic manufacturing companies. The scope of the study can include other target areas like construction companies, oil and gas companies, mechanical and industrial engineering companies or robotics companies in order to get broad range of responses. Secondly, the research context was limited to Islamabad and Rawalpindi based engineering firms due to inadequate resources. However, future studies can extend to other cities of Pakistan to get more significant results. The undergoing research considered four independent variables i.e. training and development, compensation and reward, performance appraisal and employee empowerment and one dependent variable i.e. employee performance. Impact of other independent variables, for example, recruitment and selection, organizational commitment, knowledge sharing can be observed so that idea about other important determinants of employee performance can be obtained.

5.3 Recommendations

The findings have shown that human resource practices play helpful role to increase employee performance, so it is recommended that adoption of human resource practices should be enhanced to improve the working conditions and to attain high employee performance. Extensive training initiatives should be carried out by engineering firms related to the varying demands of jobs and to strengthen the competences of employees. Administration should admire its employees for their involvement and suggestions and they should be given power for making valuable decisions. For increasing the performance of employees they should be recompensed on the basis of their performance. If this practice will be implemented in engineering firms then employees would be inspired for attaining the desired goals. Employees should be rewarded and acknowledged because this will lead to such actions which boost up performance. Moreover, firms should develop performance appraisal plans which should be regulated by management. Regular feedback should be given to employees by evaluating their performance based on measureable criterions. Since these human resource management practices help in increasing employee performance which in turn increases organizational performance (Chen et al., 2009; Wickramasinghe & Gamage, 2011; Singh & Kassa, 2016), so firms should take steps to implement human resource practices and should review their guidelines by taking into account the above aspects to achieve their intended goals.

5.4 Conclusion

Confronting the present era and quick changes adopted by the organizations, it has become important for any firm that its employees work in well-organized manner because this is the demand due to the increased competition seen among the organizations. For employees to work efficiently management should be responsible for operating human resource practices to obtain good results. In order to compete in the present modern era and to retain employees, human resource practices play a vital role.

The primary aim of this study was to highlight the effect of human resource practices on employee's performance in engineering firms of Pakistan. The findings of current study offered significant evidence in favor of the fact that human resource practices positively relate with the employee's performance. For the present study, a sample of 250 employees working in electrical and electronics manufacturing firms was

examined. Data was collected through distributing questionnaires and was evaluated by using correlation and multiple regression tests. The results revealed that the highest correlation value ($r=0.610$) was found between compensation and reward and employee's performance followed by association ($r=0.597$) between performance appraisal and employee's performance; employee empowerment and employee's performance ($r=0.56$); and training and development and employee's performance ($r=0.445$). By conducting the regression analysis test it was observed that three of the human resource practices namely employee empowerment, performance appraisal and compensation and reward revealed greater impact on employee performance. For training and development although the relationship existed but the relationship was not significant. It is concluded by the researcher that implementing human resource practices in engineering firms have a considerable effect towards performance of employees. Thus, these firms must be aware of the significance of human resource practices and they should incorporate these practices in their strategic policies.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

I am pursuing my research work in Bahria University as a part of my Engineering Management degree to determine “Impact of Human Resource practices on employee’s Performance: An empirical study of engineering firms in Islamabad and Rawalpindi”. I assure you that your responses will be treated confidential and used solely for the purpose of academic research. I thank you for your time and cooperation.

DEMOGRAPHIC SECTION-I

Please tick the one [√] that best suits you.

Age: 20-26 27-32 33-38 39-45 46 or +

Gender: Male Female

Marital Status: Married Unmarried

Qualification: PhD Master’s Bachelor’s Intermediate

Designation: C.E.O/General Manager/Senior Manager
 Manager/Assistant Manager/Officer/Supervisor
 Staff Worker

Job tenure: 1-4 years 5-9 years 10-14 years 15 years or above

VARIABLES SECTION-II

Please indicate the extent of your agreement with the following statement on a 5-point scale.

		1	2	3	4	5					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree					
		TRAINING AND DEVELOPMENT					1	2	3	4	5
TD1	Our organization conducts extensive T&D programs for employees of each level.										
TD2	Training needs are identified through a formal performance appraisal mechanism.										
TD3	There are formal training programs to teach new employees the skills needed to perform job.										
TD4	The organization has a system for calculating the cost and benefit of training.										
TD5	T&D has helped reduce employee turnover in our organization.										
TD6	T&D has resulted in higher employee performance in our organization.										
TD7	T&D has resulted in higher productivity and financial returns for the organization.										
		EMPLOYEE EMPOWERMENT					1	2	3	4	5
EE1	I feel competent to perform the tasks required for my position.										
EE2	I feel adequately prepared to perform my job.										

EE3	I am confident about my ability to do my job.					
EE4	I am self-assured about my capabilities to perform my work activities.					
EE5	I have significant autonomy in determining how I do my job.					
EE6	My manager trusts me to make the appropriate decisions in my job.					
EE7	I cannot decide on my own how to go about doing my work.					
EE8	I have the authority to make the decisions that need to be made to perform my job well.					
	COMPENSATION AND REWARD	1	2	3	4	5
CR1	In the organization where I work, I get incentives such as promotions, commissioned functions, awards, bonuses, etc.					
CR2	In the organization where I work, my salary is influenced by my results.					
CR3	The organization I work for offers me a salary that is compatible with my skills, training, and education.					
CR4	The organization I work for considers the expectations and suggestions of its employees when designing a system of employee rewards.					
	PERFORMANCE APPRAISAL	1	2	3	4	5
PA1	I have a good understanding of the appraisal criteria.					
PA2	The appraisal criteria (general) in which I am evaluated is fair.					
PA3	The present appraisal system contributes to my overall organizational effectiveness.					
PA4	The performance criteria used in the appraisal form does not actually measure my real performance.					
PA5	In general, I received the appraisal outcome that I deserved.					
PA6	The current performance appraisal system in my organization is related to my development.					
	EMPLOYEE PERFORMANCE	1	2	3	4	5
EP1	I am recognized fairly in this organization.					
EP2	I am motivated to do my best when working for this company.					
EP3	In this company we are assisted in coping with workplace stress.					
EP4	My personal objectives match with organizational objectives.					
EP5	My personal milestones are recognized in my company.					

Thank you!

APPENDIX II: LIST OF TARGETED ENGINEERING FIRMS

Name	No. of employees	Working
Iman group of companies	30	<ul style="list-style-type: none"> • Diesel Power Generator manufacturing
Electrech (Pvt) Ltd.	35	<ul style="list-style-type: none"> • Switchgear manufacturing with low voltage switchgear panels
Zeeshan Electronics	15	<ul style="list-style-type: none"> • Provider of Telecommunication and Electronic solutions
RWR (Pvt) Ltd.	45	<ul style="list-style-type: none"> • Specialized in Embedded Systems, custom RF Modules, Digital Signal Processing & Embedded Software Applications
Powerteck Switchgear Services	50	<ul style="list-style-type: none"> • Design & manufacturing of custom-built and standard electrical switchboards, control panels, Motor Control Centers, PLC Control Panel CC industrial boards, bus ducts and PLC based intelligent panels
MIA Group of Companies (Pvt) Ltd.	800	<ul style="list-style-type: none"> • HVAC solution provider
ElektroControl Industries (Pvt) Ltd.	40	<ul style="list-style-type: none"> • Specialized in design, development, integration and production of customized products for Defense and Aviation
Solace engineers	20	<ul style="list-style-type: none"> • Provides Advanced PV Design Technical Reports, Solar Sales Proposals, 3D PV Designs, SLDs, Solar PV Permit Planset
ATS Engineering	30	<ul style="list-style-type: none"> • Provides Solar Energy Solutions, Fabrication and Industrial Fans all at domestic, commercial & industrial level
Shibli Electronics	80	<ul style="list-style-type: none"> • Specialized in the designing and manufacturing of Optronics systems mainly covering land defense applications
SkyElectric (Pvt) Ltd.	82	<ul style="list-style-type: none"> • Offers intelligent solar, grid and battery solution including solar panels, smart energy inverters and smart energy battery packs that come pre-integrated with energy visibility and energy management software
Canis Technology Solutions	20	<ul style="list-style-type: none"> • Provides defense products (Border Control Dock (BCD), Bullet Proof Helmet, UAVs, UGVs)

Anzen Pvt Ltd.	10	<ul style="list-style-type: none"> Offers multiple packages and customer solutions using AI enabled cameras & intelligent switches which enable you to have video surveillance, alarms, lighting control, alerts
Lotia engineering	5	<ul style="list-style-type: none"> Design and manufacture customized, high precision CNC machined parts as well as electrical and mechanical equipment for residential, industrial and agricultural usage.
Professional Engineering Creatives & Solutions	20	<ul style="list-style-type: none"> Expertise in designing, installing, integrating, monitoring and maintaining all of home, office & industrial systems, providing Security Cameras, UPS/Inverters, Electrical House Wiring, Power Db's / Electric Panels
Hi-Tech Engineering and Manufacturing Complex (HEMCO)	12	<ul style="list-style-type: none"> Specialized in high LED displays products, embedded system design, automation and control system including research, development, production and marketing
Greaves Pakistan	200	<ul style="list-style-type: none"> Provides generating sets for residential and commercial purposes, elevators and escalators, solar plans etc.
Pak Agro Tech	20	<ul style="list-style-type: none"> Provides Advanced Solar Energy Solutions, Solar Panel Electricity Meter, AC Isolator, FuseBox, Inverter, Battery, Charger Controller, Generation Meter, DC Isolator, Cabling, and Tracking Systems the areas of expertise