The Effectiveness of Selected Human Resources Management Practices on Organisational Performance and Objectives (A Case Study of the Libyan Iron and Steel Company)

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Abstract  A considerable body of literature suggests that Human Resource management is effective. Nonetheless, the term HRM is ambiguous, the precise ways in which it works uncertain, and hard empirical evidence as to its impact on organisational performance and objectives is short to lacking. The present study investigates executives’ perceptions of HRM, organisational performance, and realisation of organisational objectives at the Libyan Iron and Steel Company (LISCO). Results suggest that LISCO executives have positive perceptions of LISCO’s implementation of HRM, of LISCO performance, and of LISCO’s realisation of its objectives. However, regression analysis suggests some HRM practices have little impact on LISCO performance, and even fewer on LISCO’s realisation of objectives. The one exception to this is human resource planning. This suggests that, if anything, the most important aspect of HRM is its integration into an organisation’s strategic thinking, not the specific form it takes.

Key words  human resource practices; human resource panning; recruitment; selection; training and development; job evaluation; performance appraisal system; health and safety; organisational performance; organisational objectives; Libyan iron and steel company; LISCO; Libya

1 Introduction

Human resource management (HRM) in organisations concerns the planned management of employees in order to optimise the organisation’s performance. HRM covers such practices as training and development, health and safety, recruitment, selection, job evaluation, performance appraisal, and human resource planning. This list is far from exhaustive. Nonetheless, HRM practices are held to be an essential component of organisational strategy (e.g., Boxall and Purcell, 2003).

In the past, HRM was associated with Draconian styles of management (downsizing, cost-cutting, and work-intensification) (see, e.g., (Boxall and Purcell, 2003). More recently, it has put on a more human face (Boxall and Purcell, 2003), and some authorities, Holman et al. (2003) for example, point to organisations’ need for intelligent, well educated, and highly motivated workforces. Thus HRM, as the term is now used, usually means employers caring for workers, consulting with them, educating them, enabling them to fulfil their potential, and so on. Some researchers have justified (and measured) the effectiveness of HRM practices in terms of their effects on employee morale (e.g., Becker and Huselid, 1998; Kallenberg and Moody, 1994).

Ambiguities in definition and measures

As the above suggests, there is uncertainty over definition of HRM. Storey (1989) considers the term HRM “elastic” (p. 8), and Keenoy (1999) likens it to a hologram. Guest (1987) states that HRM ranges from loose HRM—using new words for old practices (human resource manager, for instance, instead of personnel manager; in which case HRM is anything but distinctive, to tight HRM—the strategic integration of policies and improved business outputs—in which case HRM is very distinctive.

There is likewise little agreement, even if one allows that HRM practices are effective, about exactly how they are effective. Several mechanisms are possible, but there is uncertainty about which, if any, are the most important (see, e.g., Ulrich, 1997; Ulrich and Lake, 1990; Watson Wyatt, 2001). In short, current understanding of the effectiveness of HRM is deficient.

Empirical studies

Empirical studies on the effectiveness of HRM practices provide mixed results. On the positive side, Huselid (1995) found, in a study of almost 1,000 firms, that HRM practices improved, not only employee turnover but also employee productivity and long-term company performance. However, this result must be viewed cautiously, if only because of the huge sample size: one cannot review 1,000 firms in depth.

Terpstra and Rozell (1993) similarly found HRM practices to be effective. The authors used data from 201 US organisations in order to determine the influence of HRM on financial performance.
They used five staffing practices to examine whether organisations using more of these practices had higher levels of profitability and sales growth. They found a significant positive relationship between the level of implementation of the five staffing practices and financial performance, including annual profit and profit growth. This suggests that, in the US’s 1990s economic environment at least, HRM practices affected organisational performance, and for the better. However, Terpstra and Rozell also found that the degree of HRM effectiveness varied according to organisational type. High relationships were in the service and financial sectors; no relationships were found in the manufacturing and wholesale/retail sectors. Terpstra and Rozell comment that the service sector in particular has high staffing levels. So perhaps it is unsurprising that HRM practices are most effective where they are most needed—in organisations with high staffing levels. To this one can add that the service sector and, especially, the financial sector, may require high levels of skills in staff; the same might not be true of the wholesale/retail and manufacturing sectors.

Other studies found even less clear-cut benefits from HRM practices. Cho et al. (2006) investigated the relationship between the use of 12 HRM practices and organisational performance. Cho et al. found that the 12 HRM practices had a significant relationship with only one measure of organisational performance: the turnover rate of non-managerial employees. So, the results indicate only that companies implementing HRM practices tend to retain less well educated staff. On one level of thinking, this would suggest that the 12 practices are “good” in the sense that they foster employee loyalty (but note: by the researchers’ criteria, such loyalty, if present, does not translate into improved organisation performance). On another level of thinking, it would suggest that the 12 practices encourage employees to mulct their employers, and stay with them only for this reason (but note: by the researchers’ criteria, such mulcting, again if present, does not translate into deteriorated organisation performance).

Other studies concur with Cho et al. (2006) in that they agree that HRM practices are good insofar as they improve organisational performance, but they disagree in the way that they improve it. Thus, for example, Angle (1983), Ulrich (1997), and Wimalasiri (1995) found that HRM practices (especially rewards, in the case of Angle’s study) improve employee commitment, but McEvoy (1997) found they improve only employee satisfaction.

Other studies suggest that HRM practices are good for company performance, but differ in the nature of the specific HRM practice that occasions the company benefit. Thus Harel and Tzafrir (1999), for example, in an examination of the impact of HRM practices on Israeli companies, found that only training practices make a significant contribution to organisational performance, but that training practices and recruitment affect perceived market performance.

In contrast, Ogilvie (1986) found that a range of HRM practices—including performance evaluation, promotion policies, and compensation and benefits—affect organisational performance. Similarly, Huselid (1995) found that HRM practices have a positive impact on short-term employee productivity and turnover and on long-term financial performance.

Some research suggests that HRM has little impact on company performance. Most notably, in a study of 97 companies, Youndt et al. (1996) found that, although contingency-based approaches to HRM correlated well with overall measures of company performance (e.g., employee productivity), the main effect came from linking employee practices to company strategy it’s how companies implement strategy that matters. The authors did find, however, that HRM practices moderated the effects on company performance. In this vein, but more positively as regards HRM practices, Horwitz (1999) argues that strategic human resource development (SHRD) is an important component of HRM as a means to improve performance and organisational effectiveness. Horwitz also argues that HRM activities are affected by the firm’s performance. HRM practices can effect a virtuous circle.

This conflicting finding suggests two possibilities. First, the needs of different companies for HRM, and its various sub-types, differ. Second, the use of HRM practices lies somewhere between being a mere correlate of what really matters—strategic thinking and planning—and a powerful, and positive, moderator of strategic planning, possibly with powerful and beneficent feedback effects. These possibilities are not mutually exclusive.

Özcelik and Aydinli (2006) in a review pointed out that research on SHRM focuses heavily on the linkage between HRM and business strategy. The authors argue that linking HRM and business strategy requires that human resource (HR) departments provide appropriate input into strategic decisions, that HR managers partake in strategic planning (and see Fombrun et al., 1984), and that HRM and strategic planning be integrated (and see Schuler, 1992; Sheehan, 2005). Özcelik and Aydinli (2006) emphasise the need for HR departmental representation on companies’ boards of directors, and,
by implication, equivalent bodies in other organisations. This is all the more so, the authors argue, given changes in management roles and the economic environment since the 1970s (and see Lundy, 1994).

It is one thing to say that HRM should be part of organisational strategy. It is another to implement it. Kane et al. (1999), in a study of barriers to effective HRM practices, highlight the need for change in management attitudes—if senior managers don’t care about effective HRM, it is unlikely they will implement it. Kane et al. also highlighted the need for technical know-how, as opposed to theoretical knowledge, in managers. Kane et al. studied 549 employees, managers, and HRM staff in five different countries (Australia, New Zealand, the U.S.A., the U.K., and Canada), operating in a range of sectors (financial/business services, manufacturing, community service, and public administration) and sizes (200–9,999 employees). They found that lack of technical know-how and lack of commitment to HRM were correlated, and that these barriers to effective HRM held true across countries. Practice in each appeared inept.

In a similar vein, Othman and Poon (2000), in a study of 108 Malaysian manufacturing companies, found that management orientation predicted HRM practice, competitive strategy, and overall management quality. Equally important, the authors found management approach mediated corporate strategy and HRM practices—in other words, it might not be just company strategy that matters, it is fundamentally management quality that matters. In this regard, Smith and Dowling (2001) note that, though training is an important strategic consideration for companies, its importance may be more perceived by senior managers than by junior managers, the latter of whom may take short-term views. Here note that McHugh et al. (2003), in a study of organisational change within the UK public sector, state, “the openness of the organisation to culture change, together with the attitude and commitment of top management to change are critical factors in the achievement of organisational metamorphosis” (p. 109)

Such phenomena may be cross-cultural. Cheng and Brown (1998), in a comparison of Singapore and Australian hoteliers, found that corporate strategies of reducing turnover, through enhanced recruitment, selection, and induction, successfully reduced the turnover, and that this was despite socio-economic differences between Australia and Singapore.

Thus, despite uncertainty regarding the way HRM improves organizational performance, and, indeed, of the most effective forms of HRM, the literature is relatively unambiguous on four things: (a) executives should be aware of the importance of HRM; (b) they should incorporate HRM into their strategic thinking; (c) they don’t always do so; and (d) although the manner in which HRM assists organizations, it, or aspects of it, has beneficial consequences for organizational performance.

The present study

The present study investigates selected HRM practices in the Libyan Iran and Steel Company (LISCO). It does so with a view to (a) determining what the perceptions are; and (b) determining the extent to which such perceptions translate into perceptions of company performance and objectives.

Libya and LISCO.

Although Libya is different, culturally and economically, from western nations, it is rapidly trying to become a member of the world economic community; this is all the more so following the removal of almost all US sanctions in 2004. There are signs it is being successful. In 2000, its GDP (official exchange rate) was US$34.5 billion (current value; World Bank, 2008, estimate); in 2007 it was US$66.01 billion (CIA, 2008, estimate). In 2000, its annual growth was 1.1% (World Bank, 2008, estimate); in 2007 it was 5.4% (CIA, 2008, estimate). However, at present it still relies on oil for 95% of its export earnings, one-quarter of its GDP, and 60% of its public sector wages (CIA, 2008).

Some aspects of Libyan culture lend its amenability to HRM practices. Libya has a unique political-economic system, one that establishes, by law, that employees share company profits and, in principle at least, are involved in corporate management (Alvi, 1984). Here note that Libya is also an Islamic country, and that Islam encourages employer and employee mutual responsibility. Also on the positive side, many Libyan executive receive, or have received, a western education, and such contacts with the West have been increasing. There is also the effect of globalization. There are other aspects of Libyan culture that may make it less amenable to HRM practices.

The Libyan Iron and Steel Company (LISCO) was established by Act 6691/1991 of the People’s General Committee as a public joint-stock company of Libya. LISCO is located near the city of Misurata, near the capital city (Tripoli) the plant occupies 1,200 hectares. and employs about 7,500 people. LISCO’s products now meet most of Libya’s domestic requirements for rolled steel. LISCO also exports to Africa, Europe, and Asia (LISCO 2006).
Rationale
The first part of the study measures LISCO executives’ perceptions of HRM practices at LISCO. In this, it divides the HRM practices into eight sub-areas: human resource planning recruitment selection training and development, job evaluation performance appraisal health and safety, and overall HRM. This is to determine, at a descriptive level, the executives’ perceptions of HRM at LISCO. Note in this regard that empirical evidence suggests that executive’s perceptions of organisational performance translate into actual organisational performance: perceptual measures of organisational performance are common and are highly correlated with objective financial measures (e.g., Delaney and Huselid, 1996; Den Hartog and Verburg, 2004; Perry-Smith and Blum, 2000).

The second part of the study measures the same managers’ perceptions of LISCO’s performance, as indicated by cost reduction, product development, product quality, financial performance, market share, and research and development. It also measures the managers’ perceptions of LISCO’s objectives, as indicated by shareholders’ earnings, market leadership, improved industrial relations, extended range of products, use of new technology, increased volume share, minimized production costs. Notice that the measures of perceptions of performance pertain to short-term issues, but the measures of perceptions of objectives pertain to long-term needs—that is, to strategy. In this, we use the term strategy in a broad sense. Our use of the term translates to Bennett’s (1999) use of the phrases strategic objectives, operational objectives, and tactical objectives.

The third part of the study relates the managers’ perceptions of HRM at LISCO to their perceptions of LISCO’s performance and their perceptions of LISCO’s realization of its objectives. Note the logic here:

If HRM practice is effective, and if managers implement it, then all aspects of HRM should impact on company performance, and managers should perceive it to be doing so.

If HRM practice is effective, and if managers perceive it to be, then all aspects of HRM should impact on company objectives, and managers should perceive it to be doing so.

In other words, if HRM is effective and if managers perceive it to be so, managers’ attitudes to HRM can be used to predict their perceptions of organisational performance and organisational objectives. Note that organisational objectives translate to organisational strategy.

2 Methodology

Measures
Measures comprised questionnaire scores. The questionnaire was designed by the researchers following standard guidelines for questionnaire design (e.g., Oppenheim, 1992; Hussey and Hussey, 1997; Saunders et al., 2000; Sekaran, 2003). Thereafter the questionnaire was field tested on PhD students of HRM or business and given to 3 specialists in HRM at Libyan universities and 15 senior managers at LISCO for comment. Minor changes were made to the questionnaire in the light of feedback from the students, specialists, and LISCO senior managers.

2.1 Questionnaire design
The main part of the questionnaire comprised 64 questions to be answered in five-point Likert scales. The wording of the questions varied (strongly agree–strongly disagree; always–never; very good–very poor; etc.) and the direction of “good” versus “bad” varied in order to avoid response bias in respondents. The manifest and latent content of all questions was to the effect that respondents describe the extent to which they regarded LISCO performance, LISCO objectives, and HRM in general positively or negatively.

In addition to the 64 questions that comprised the main body of the questionnaire, the questionnaire asked for details of respondents’ age, years of service within LISCO, job title and responsibilities, and gender.

The 64 main questions were grouped as follows: (a) LISCO’s performance (9 questions); (b) LISCO’s objectives (9 questions); (c) LISCO’s HRM practices (46 questions). The questions on LISCO’s HRM practices were subdivided into eight subgroups: questions concerning HRP, recruitment, selection, T&D, job evaluation, performance appraisal, health and safety, and overall HRM. The number of questions in each of these subgroups ranged from four to eight.

2.2 Respondents
Respondents were recruited from LISCO executives. At the time of the study, LISCO had 313 executives. These ranged in seniority from general managers (most senior) through managers, heads of department, supervisors, and heads of units (least senior). Figure 1 shows the management hierarchy at
At the time of the study, there were 17 General Managers. All LISCO executives were young to middle-aged (approx. 30–50 years). A minority were bilingual/multilingual, with English as a second language. All were male. As a group they were highly educated, with over 90% educated to at least degree level and about one-fifth educated to post-graduate level. As a group they managed the 7,500 staff at LISCO, with individual responsibilities ranging from 10 to over 500 LISCO employees. All executives were native Libyans.

2.3 Procedure

The researchers first approached LISCO’s General Manager by letter asking for cooperation in the research. The researchers also obtained endorsement for Libya’s Deputy Minister of Manpower, who wrote to LISCO’s General Manager asking LISCO to cooperate with the research. With the help of such endorsement, a researcher visited LISCO and was able to recruit respondents.

The researcher who visited LISCO distributed the questionnaire by hand. All distribution took place within LISCO headquarters. The researcher met the respondents in their offices, gave them the questionnaire, and explained it to them. This method helped ensure a good response rate. It also helped ensure that all relations between the researchers and LISCO staff were cordial. For the most part, respondents completed the questionnaire after the researcher had met the executives. In a few instances, executives completed the questionnaire in front of him.

The questionnaires were returned to the researcher by hand or by internal LISCO mail. They were subsequently scored by the researcher.

2.4 Results

Of the 313 LISCO executives, 246 returned the questionnaires and 67 did not—a response rate of close to 80%. Of the 246 returned questionnaires, 37 were unusable (illegible or incomplete). This yielded an overall usable response rate of 67% ($N = 209$).

Figure 2 shows a breakdown of the positions of respondents within LISCO’s management hierarchy.

**Respondents’ Positions**

![Figure 7 Respondents’ Positions within LISCO’s Management Hierarchy. $N = 209$.](image)
2.5 Statistical analyses
For purposes of analysis, all Likert scale scores were re-calibrated, where appropriate, such that lower scores indicated negative perceptions/attitudes and high scores indicated positive perceptions/attitudes.

All statistical analyses were performed using SPSS for Windows (Version 14).

Respondents’ perceptions of LISCO

Organisational performance

Respondents’ perceptions of LISCO’s performance were good \( (M = 3.71; SD = .70; \text{range} = 1–5) \). Only 17% of respondents thought LISCO’s performance was poor or very poor.

Organizational objectives

Respondents’ perceptions of LISCO’s objectives were good \( (M = 3.5; SD = .66; \text{range} = 1–5) \). Only 23% of respondents thought LISCO’s realisation of its objectives was poor or very poor.

HRM practices

Table 8 Breakdown of Respondents’ Attitudes to HRM Practices

<table>
<thead>
<tr>
<th>Variables</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRP</td>
<td>1.00</td>
<td>5.00</td>
<td>3.44</td>
<td>.6769</td>
</tr>
<tr>
<td>Recruitment</td>
<td>1.00</td>
<td>5.00</td>
<td>3.40</td>
<td>.4043</td>
</tr>
<tr>
<td>Selection</td>
<td>1.00</td>
<td>5.00</td>
<td>3.49</td>
<td>.4775</td>
</tr>
<tr>
<td>Training and development</td>
<td>1.00</td>
<td>5.00</td>
<td>3.54</td>
<td>.7702</td>
</tr>
<tr>
<td>Job evaluation</td>
<td>1.00</td>
<td>5.00</td>
<td>3.43</td>
<td>.5014</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>1.00</td>
<td>5.00</td>
<td>3.54</td>
<td>.5115</td>
</tr>
<tr>
<td>Health and safety</td>
<td>1.00</td>
<td>5.00</td>
<td>3.22</td>
<td>.3975</td>
</tr>
<tr>
<td>Overall HRM</td>
<td>1.00</td>
<td>5.00</td>
<td>3.48</td>
<td>.6059</td>
</tr>
</tbody>
</table>

The table reveals that, in general, respondents had a high regard for HRM practices. For all variables, the mean was greater than 3.

Table 2 shows the percentage of respondents who perceived LISCO’s implementations of HRM practices to be poor to very poor, for each of the HRM practices.

Table 9 Breakdown of Respondents who Perceived LISCO’s HRM Practices to be Poor to very Poor

<table>
<thead>
<tr>
<th>HRM practice</th>
<th>Percent perceived poor or very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRP</td>
<td>29</td>
</tr>
<tr>
<td>Recruit</td>
<td>30</td>
</tr>
<tr>
<td>Select</td>
<td>25</td>
</tr>
<tr>
<td>TandD</td>
<td>23</td>
</tr>
<tr>
<td>Job eval</td>
<td>27</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>26</td>
</tr>
<tr>
<td>Health and safety</td>
<td>37</td>
</tr>
<tr>
<td>Overall</td>
<td>28</td>
</tr>
</tbody>
</table>

Internal reliability
A test of reliability revealed the questionnaires had high internal reliability for each of the perceptions and each of the attitudes (Cronbach’s \( \alpha > .88 \) for all measures).

Correlations
Table 3 shows the correlations between perceptions of organisational performance and HRM practices, and correlations between perceptions of organisational objectives and HRM practices.

Table 4 shows the correlation matrix for correlations between all measures of perceptions of HRM.
Table 10  Correlation matrix: Organisational Performance

<table>
<thead>
<tr>
<th></th>
<th>HRP</th>
<th>Recruitment</th>
<th>Selection</th>
<th>Training and development</th>
<th>Job evaluation</th>
<th>Performance appraisal</th>
<th>Health and Safety</th>
<th>Overall HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>.495</td>
<td>.321</td>
<td>.269</td>
<td>.300</td>
<td>.273</td>
<td>.171</td>
<td>−.282</td>
<td>.261</td>
</tr>
<tr>
<td>correlation</td>
<td>Organisational performance</td>
<td>.431</td>
<td>.119</td>
<td>.15</td>
<td>.138</td>
<td>.414</td>
<td>.349</td>
<td>.111</td>
</tr>
<tr>
<td>Sig.</td>
<td>Organisational performance</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
</tr>
<tr>
<td></td>
<td>Organisational objectives</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Table 11 Correlation matrix for Different measures of attitudes to HRM Practices

<table>
<thead>
<tr>
<th></th>
<th>HRP</th>
<th>Recruitment</th>
<th>Selection</th>
<th>Training and development</th>
<th>Job evaluation</th>
<th>Performance appraisal</th>
<th>Health and Safety</th>
<th>Overall HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>.478</td>
<td>.482</td>
<td>.347</td>
<td>.651</td>
<td>.544</td>
<td>.468</td>
<td>.468</td>
<td>.315</td>
</tr>
<tr>
<td>Correlation</td>
<td>Recruitment</td>
<td>.306</td>
<td>.347</td>
<td>.374</td>
<td>.435</td>
<td>.735</td>
<td>.495</td>
<td>.542</td>
</tr>
<tr>
<td></td>
<td>Selection</td>
<td>.544</td>
<td>.374</td>
<td>.468</td>
<td>.495</td>
<td>.735</td>
<td>.542</td>
<td>.315</td>
</tr>
<tr>
<td></td>
<td>Training and development</td>
<td>.464</td>
<td>.495</td>
<td>.542</td>
<td>.315</td>
<td>.495</td>
<td>.542</td>
<td>.315</td>
</tr>
<tr>
<td></td>
<td>Job evaluation</td>
<td>.410</td>
<td>−.386</td>
<td>−.374</td>
<td>−.477</td>
<td>−.491</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Performance appraisal</td>
<td>−.410</td>
<td>−.378</td>
<td>−.386</td>
<td>−.374</td>
<td>−.477</td>
<td>−.491</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health and safety</td>
<td>.233</td>
<td>.540</td>
<td>.018</td>
<td>.655</td>
<td>.271</td>
<td>.138</td>
<td>.784</td>
</tr>
<tr>
<td></td>
<td>Overall HRM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sig. HRP  | Recruitment | <.001 | .         |
|               | Selection | <.001 | <.001 | .         |
|               | Training and development | <.001 | <.001 | <.001 | <.001 | .         |
|               | Job evaluation | <.001 | <.001 | <.001 | <.001 | <.001 | <.001 | .         |
|               | Performance appraisal | <.001 | <.001 | <.001 | <.001 | <.001 | <.001 | <.001 | .         |
|               | Health and safety | <.001 | <.001 | <.001 | <.001 | <.001 | <.001 | <.001 | <.001 |
|               | Overall HRM | <.001 | .021 | .396 | <.001 | <.001 | .023 | .004 |
Table 3 reveals that perceptions of LISCO performance correlated significantly with all measures of attitudes to HRM practices. However, curiously, the correlation with health and safety was negative. The table also reveals that perceptions of LISCO objectives correlated significantly with all measures of attitudes to HRM practices; all correlations were positive.

Table 4 reveals that all measures of attitudes to HRM correlated positively and significantly with each other. However, again curiously, all bar one of the correlations concerning health and safety were negative. Although, unsurprisingly, the correlation matrix shows much collinearity, none of the correlations were so high as to preclude regression analysis: only two of the correlations (that between training and development and job evaluation and that between job evaluation and overall HRM) were above .7, and none was above .8; correlations between independent variables of less than .8 are acceptable, all things being equal, in multiple regression (see, e.g., Field, 2000).

Multiple regressions

All regressions used forced entry. Because there were two analyses, a Bonferroni adjustment was employed for significance: alpha was set at $p = .025$ for all tests.

Organisational performance

There were eight independent variables. These were the eight measures of respondents’ attitudes to HRM practices (Tables 1 and 3). The outcome variable was respondents’ perception of LISCO’s performance.

The regression yielded a significant result, $F(8, 200) = 68.93, p < .001$. The regression model accounted for around 40% of variance in scores, $R^2 = .396$, adjusted $R^2 = .390$. Table 5 summarises the model.

Table 12 Regression summary

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Unstandardised slopes</th>
<th>Standardised slopes</th>
<th>t-value</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>–1.256</td>
<td>–</td>
<td>–3.915</td>
<td>&lt;.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRP</td>
<td>.559</td>
<td>.067</td>
<td>.544</td>
<td>8.286</td>
<td>.001</td>
<td>0.742</td>
</tr>
<tr>
<td>Recruitment</td>
<td>.278</td>
<td>.095</td>
<td>.162</td>
<td>2.928</td>
<td>.004</td>
<td>0.882</td>
</tr>
<tr>
<td>Selection</td>
<td>.177</td>
<td>.064</td>
<td>.122</td>
<td>2.753</td>
<td>.006</td>
<td>0.381</td>
</tr>
<tr>
<td>Training and development</td>
<td>.123</td>
<td>.039</td>
<td>.136</td>
<td>3.112</td>
<td>.002</td>
<td>0.597</td>
</tr>
<tr>
<td>Job evaluation</td>
<td>.172</td>
<td>.087</td>
<td>.124</td>
<td>1.984</td>
<td>.049</td>
<td>0.348</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>8.648E–02</td>
<td>.072</td>
<td>.064</td>
<td>1.196</td>
<td>.233</td>
<td>0.629</td>
</tr>
<tr>
<td>Health and safety</td>
<td>–.224</td>
<td>.120</td>
<td>–.128</td>
<td>–1.871</td>
<td>.063</td>
<td>0.566</td>
</tr>
<tr>
<td>Overall HRM</td>
<td>.135</td>
<td>.040</td>
<td>.117</td>
<td>3.366</td>
<td>.001</td>
<td>0.891</td>
</tr>
</tbody>
</table>

The table reveals all independent variables were significant predictors of perceptions organisational performance, except performance appraisal and health and safety. The independent variable with the highest unstandardised and standardised slopes was HRP.

Figure 3 shows the regression model as regards standardised slopes of each of the six significant independent variables.
Figure 8 Regression model for the six significant independent variables on perception of LISCO performance

Slopes are standardised

The figure reveals that HRP was by far the most important independent variable in the model, and that the other significant independent variables contributed approximately equally to the model.

Note that the correlation, \( r = .495 \) (Table 3), between HRP and organisational performance suggests that HRP alone accounts for 24.5% of the variance in organisational performance. This impression provided by the figure thus accords with the correlation matrix.

**Regression assumptions.** There was some indication of violation of multicollinearity. The variance inflation factors (VIFs) for selection (2.6) and for job evaluation (2.9) were high (Table 5), and the respective tolerances were low. However, there is no absolute standard of where violation of regression assumptions occur, and, as regards multicollinearity, serious problems may emerge only when a VIF is 10 or over, and the mean VIF is much higher than 1 (Field, 2000). In the present instance, the mean VIF was 1.77 (from Table 5). One may conclude that multicollinearity was therefore present, but probably not serious enough to grossly upset the model.

Regression also requires that residuals are uncorrelated. The Durbin–Watson test in the present instance yielded a value of 1.596, which is within safe limits (1–3, Field, 2000).

**Organisational objectives**

There were eight independent variables. These were the eight measures of respondents’ attitudes to HRM practices (Tables 1 and 4). The dependent variable was respondents’ perception of LISCO’s realisation of its objectives.

The regression yielded a significant result, \( F(8, 200) = 87.66, p <= .001 \). The model accounted for around 28% of variance in scores, \( R^2 = .283 \), adjusted \( R^2 = .275 \). Table 6 summarises the results of the regression model.

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Unstandardised slopes</th>
<th>Standardised slopes</th>
<th>t-value</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-.720</td>
<td>.288</td>
<td>-2.49</td>
<td>.013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRP</td>
<td>.468</td>
<td>.061</td>
<td>.481</td>
<td>7.726</td>
<td>.000</td>
<td>1.347</td>
</tr>
<tr>
<td>Recruitment</td>
<td>7.119E–02</td>
<td>.085</td>
<td>.044</td>
<td>.833</td>
<td>.406</td>
<td>1.134</td>
</tr>
<tr>
<td>Selection</td>
<td>-8.856E–02</td>
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<td>-.064</td>
<td>-1.52</td>
<td>.128</td>
<td>2.627</td>
</tr>
<tr>
<td>Training and development</td>
<td>4.361E–02</td>
<td>.035</td>
<td>.051</td>
<td>1.232</td>
<td>.219</td>
<td>1.674</td>
</tr>
<tr>
<td>Job evaluation</td>
<td>.395</td>
<td>.078</td>
<td>.301</td>
<td>5.059</td>
<td>.000</td>
<td>2.876</td>
</tr>
<tr>
<td>Performance appraisal</td>
<td>.171</td>
<td>.065</td>
<td>.133</td>
<td>2.636</td>
<td>.009</td>
<td>1.590</td>
</tr>
<tr>
<td>Health and safety</td>
<td>-1.004E–02</td>
<td>.108</td>
<td>-.006</td>
<td>-.093</td>
<td>.926</td>
<td>1.766</td>
</tr>
</tbody>
</table>

**Table 13 Regression summary**

Independent variables: attitudes to HRM. Outcome variable perception of LISCO’s organisational objectives. \( N = 209 \).
The table reveals that only HRP, job evaluation, performance appraisal, and overall HRM were significant predictors of perceptions of LISCO’s realisation of organisational objectives. The independent variable with the highest unstandardised and standardised slopes was again HRP. However, job evaluation also had high unstandardised and standardised slopes. Also note that the standardised slopes of performance appraisal (.133) and overall HRM (.131) were almost identical.

Figure 4 shows the regression model as regards standardised slopes of each of the four significant independent variables. Slopes are standardised. The slopes of performance appraisal and overall HRM overlap.

Figure 9 Regression model for the six significant independent variables organisational objectives measures

Again, HRP was the most important independent variable. However, job evaluation also made a large contribution. This accords with the impression provided by Table 3: the correlation between HRP and organisational objectives is the highest (.431), but those of job evaluation (.414), performance appraisal (.349), and overall HRM (.310) are high, too.

Regression assumptions. There is, of course, the same indication some of violation of multicollinearity as in the organisational performance regression (see above).

The Durbin–Watson test in the present instance yielded a value of 1.968. This is close to the ideal of 2 (Field, 2000). Errors appeared independent.

3 Discussion
3.1 Respondents’ perceptions of LISCO and HRM

LISCO’s managers in general had a positive attitude towards the company (Table 1). The mean rating of the company’s performance was 3.71 and only 17% of respondents thought the company’s performance was poor or very poor. Similarly, the mean rating of the company’s realisation of its strategic objectives was 3.5, and only 23% of respondents thought the realisation was poor or very poor.

As regards respondents’ perceptions of LISCO’s implementation of HRM practices, on no single measure was the Likert rating negative, and the lowest (health and safety) was positive (3.22), albeit close to neutral. For overall HRM, the Likert rating was 3.48. However, a high percentage of the executives perceived the implementations to be poor or very poor, with 30% perceiving the company’s recruitment practices as poor or very poor and 37% perceiving the company’s health and safety practices as poor or very poor. Overall, over 28% of respondents’ ratings pictured the company’s implementation of HRM practices as being poor or very poor.

The above suggests that, in general, respondents perceived LISCO to be doing well, both in terms of its performance and its objectives, yet they perceived the company’s implementation of HRM practices less favourably. If one grants that the respondents had a positive attitude to HRM practices, one may wonder why the discrepancy. If HRM practices were that good, one would expect the agreements between perceptions of performance, objectives, and HRM practices to have been closer.
In this regard, one may also wonder why the correlations between perceptions of health and safety and all but one (overall HRM) independent variable were negative, yet respondents had overall positive views on health and safety (mean: 3.22).

3.2 Regressions

The regressions in the present study tested the hypotheses that perceptions of company implementation of HRM practices impact on perceptions of company performance and company objectives.

3.3 Performance

The main finding from this regression was the overwhelming importance of HRP. It provided by far the greatest standardised slope (.544) (Table 3; and see Figure 3), being more than three times the value of the standardised slope of any other independent variable. This accords with the views of many researchers (e.g., Chew and Horwitz, 2004; Foot and Hook, 2005; Singh, 2003; Tyson and York, 2000), who argue that effective HRP—indeed, incorporating it into company strategic thinking—is vital to corporate survival: good company performance demands good HRP, and this is especially so given the changing, and often volatile, circumstances of today’s economic life. In this, insofar as the regression deals with respondents’ perceptions, the perceptions accord with what such (largely western) researchers would suspect: good management perceptions of good HRP translate into good perceptions of company performance.

The relatively small contributions of the other significant independent variables—recruitment, selection, job evaluation, training and development, and overall HRM—does not suggest that they were unimportant. Indeed, because (from Table 3, calculating $R^2$ from the correlation) perceptions of HRP explain only about 25% of the variance in perceptions of LISCO performance and because the regression model as a whole explains about 40% of the variance, even allowing for collinearity, such factors together made a contribution. However, is the importance of HRP and the absence of any significant contribution to the model from performance appraisal and health and safety. As regards the first of these, the regression suggests that, of HRM practices in general, HRP is by far the most importance. This is discussed below. As regards the second, as with the negative correlations between health and safety and other independent variables, one may wonder why respondents attached such importance to performance appraisal and health and safety when the factors figured not at all in the respondents’ perceptions of how LISCO was performing.

3.4 Objectives

Again, the main finding from this was the importance of HRP. It provided by far the greatest standardised slope (.544) (Table 5; and see Figure 4). However, job evaluation also made a large contribution to the model, and performance appraisal and overall HRM made significant contributions, too. The inclusion of performance appraisal as a significant independent variable in this regard perhaps explains why respondents saw it as being an important component of HRM practices but did not see it as important as regards company performance—perhaps they saw it as important only as regards realising LISCO objectives.

The are two salient features of the regression model. First, it explains relatively little of the overall variance of perceptions of realisations of LISCO’s objectives. The value of $R^2$ suggests only about 28%. In other words, about 72% of the variance in respondents’ perceptions of LISCO’s realisation of objectives was not explained by their perceptions of LISCO’s implementation of HRM. One may ask, then, what does explain the variance? No doubt, random or otherwise unpredictable economic, social, and political events could account for much of it. And if not random or otherwise unpredictable economic, social, and political events, There do not seem to be any candidates.

The second salient feature of the objectives regression reinforces this last point. Four aspects of HRM—training and development, recruitment, selection, and health and safety—made no significant contribution to the model. Again, even allowing for possible problems with collinearity (Tables 3 and 6—note from Table 6 that the VIFs for recruitment and training and development are relatively low), one wonders why, if such practices are so important for company survival—especially, as some have claimed, training and development (e.g., Jacobs and Washington, 2003; Tzafrir et al., 2004; Yang, 2006), selection (e.g., Chew and Horwitz, 2004; Huo et al., 2002; Taylor (2006)), and recruitment (e.g., Chew and Horwitz, 2004; Harel and Tzafrir, 1999; Taylor , 2006)—the practices made no impact on respondents’ perceptions of LISCO’s realisation of its objectives.

One may recall that over 40% of respondents in the present study were very senior (General Manager or Manager; see Figure 2), and their views, if they considered all aspects of HRM to have been important in LISCO’s realisation of its objectives, thus should have been reflected in the regression
model. It seems either that LISCO respondents were paying lip service to certain HRM practices or that they perceived them to be important only as regards performance, not objectives. In the latter event, such perceptions would be at variance with the literature on HRM and corporate strategy (e.g., Ransom and Lober, 1999; Heraty and Morley, 2000; Youndt et al., 1996).

3.5 Generalising the results
Possible peculiarities of Libya

Some features of HRM as practiced at LISCO may reflect the socio-political climate in Libya more than implementation of HRM practices in general. This may, for example, apply to recruitment and selection. Although most Libyan companies, including LISCO, use standard means of recruitment—advertisements in the national press, interviews, psychometric testing, and so on—Libyan (and, for that matter, much African) culture places high value on personal recommendation, either from other organizations or from individuals. In this, LISCO may be subject to recruitment by both nepotism and tribal affiliation (Al-Aiban, 1988; Al-Aiban and Pearce, 1993; Ali, 1989; (Almhdie and Nyambegera, 2004). This may be exacerbated by the traditional Islamic stress on the importance of family and social networks in all aspects of national life (Edwards and Kruvilla, 2005; and see Bayat, 2002; Weir, 2000). In addition one may note that Libya as a whole is undergoing what it calls *Libyanisation*. This is the process whereby Libya is aiming to reduce its reliance on foreign nationals. This may result in Libyan companies recruiting less able staff. Here note that Libya’s literacy rate at present is 82.6% (CIA, 2008); this is high by North African standards, but nonetheless low. One may also note that, despite Libya’s having liberalized its economy since the removal of sanctions in 2004, employment in Libya, especially in the state sector, is controlled by the Libyan Ministry of Manpower, and this may curtail LISCO’s independent choice as to whom to recruit. Such factors may explain the non-significant contribution of recruitment and selection to the organizational objectives regression (Figure 4). (However, if so, it does not explain why each was a significant independent variable in the organizational performance regression—see Figure 3. Neither does it explain why LISCO executives perceived LISCO’s recruitment and selection practices positively.)

Against the possibility that tribal, family, and other personal loyalties dictate LISCO recruitment and selection, one may note that LISCO does, as mentioned, use standard recruitment practices. One may also note that the importance of recruitment and selection varies according to company type. For high-skilled work, effective recruitment and selection is important. It is less important in low-skilled work. Iron and steel manufacture, being a traditional heavy industry, involves much low-skilled work. Libya’s unemployment rate may also be a factor. It is high (30%, 2004 estimate—CIA, 2008); so LISCO has a large reserve of potentially employable people from which to choose. Thus one may conjecture that, if LISCO’s current recruitment and selection practices are not as sophisticated as many employed in the West, and if, as seems likely from the regression analysis, LISCO executives perceive recruitment and selection as relatively unimportant as regards organisational objectives, there are good reasons for LISCO’s practices.

The same may be said of health and safety. Perceptions of health and safety practices at LISCO made no significant contribution to perceptions of the company’s performance or realisation of objectives. However, Libya is a relatively poor country. Its per capita GDP (purchasing power parity) is US$13,100 (2007 estimate; CIA 2008). This compares with a US per capita GDP of US$46,000 and typical Western per capita GDPs (purchasing power parity) of over US$30,000. And health and safety measures can be expensive, especially environmental ones. In the USA, environmental health and safety interventions cost, on average, 146 times as much as other health interventions per life year saved (Ames and Gold, 1997);

It is arguably asking too much of relatively poor countries to invest so heavily in health and safety. Given this, it would not be surprising if Libyan companies place less importance on health and safety as regards their performance and objectives than do Western companies, and neither is it surprising that LISCO executives’ rating of health and safety measures, as indicated, were negatively correlated with their ratings of HRM practices (Table 4). The only problem therefore in the results of the present study is why LISCO executives placed positive value on health and safety measures in the first place (Table 1). This, arguably, may be explained by the executives placing moral, but not economic, worth on health and safety measures.

As indicated, some have argued that developing nations have a culture that hinders risk-taking and business development (e.g., Littrell and Valentin, 2005; Muller, 1999). This may certainly apply to Libya. However, the striking feature of the present study, caveats about recruitment, selection, and
health and safety aside, is how much its findings accord with studies of HRM practices in the West.

**Similarities between findings of those of the present study and those in the literature**

As indicated, the regressions suggest that LISCO executives perceive HRM practices. all on balance, to range from slightly better than neutral (e.g., health and safety) through good (HRP, training and development, selection, performance appraisal). Descriptive analysis suggested the executives have positive overall perceptions of HRM (Table 1). However, with one exception (HRP) the regressions suggest the perceptions of HRM practices translate strongly neither into perceptions of LISCO’s performance nor of LISCO’s realisation of objectives. Given the variety, and often conflicting reports of the relative importance of diverse HRM practices, this is what one would expect (see, e.g., (Ulrich, 1997; Ulrich & Lake, 1990; ). There is, as indicated, the possibility that many “significant” findings as regards HRM in the literature are false positives. There is also, again as indicated, the possibility that what constitutes good HRM for one company (or industry, or sector) need not be so good for another company (or industry, or sector). Indeed, if, as Terpstra and Rozell (1993) is true for all manufacturing companies, not just US ones, one should not expect a strong relationship between any HRM practice and company performance; because of this, the present study corroborates Terpstra and Rozell’s conclusion, save with the difference that planning is important. Further, given that HRM practices comprise a basket of practices, and given that together the practices include a basket of industrial philosophies it is in no way surprising that LISCO executives evaluations of their company’s performance and realisation of objectives show little relation to their perceptions of most HRM practices.

The one exception to the lack of a strong relationship between perceptions of HRM practices and perceptions of organisational performance and realisation of objectives, as indicated, was HRP. Theoretical claims regarding the importance of HRP stress its relevance given the increasing uncertainty, and rapid change, in today’s economic climate (e.g., Foot and Hook, 2005), and, related to this, that company management is the art of the possible (e.g., Buyens and DeVos, 2001)—and what is possible is constrained by what employees are capable of doing. Empirical evidence lends support to such views. Lam and Schaubroeck (1998), in a study of 85 middle to senior managers’ perceptions of their own companies’ performance and its relationship to (a) the degree of HRP and (b) the degree to which the companies formalised HRP, found that perceptions of good company performance correlated highly with both the level of HRP and the degree of formalisation of the planning. Thus, overall, the present study suggests that, though LISCO may be different from companies in other countries and other industries in specifics, in broad terms of its management needs it is similar. In this, the overarching importance of formulating strategies may well be crucial, and, if so, LISCO executives, at least in terms of HRM as exemplified by HRP, appear to recognise this.

**4 Implications**

The present study corroborates claims that HRP and strategic HRM are important features of company policy. It also reveals that management’s perceptions of most HRM practices do not correlate highly with their perceptions of realisation of objectives. This latter result warrants future research. It suggests, as regards LISCO, either that most HRM is unimportant to corporate strategy or that LISCO managers do not perceive it to be so. Apropos this latter possibility, note that Kane et al. (1999) report that—in the English-speaking world—negative management attitudes as regards HRM is a major barrier to effective use of HRM (and see Othman and Poon, 2000).

To date, there has been little direct research on HRM and organisational objectives (most is on corporate performance). One needs to know whether LISCO is typical in this regard, and, if so, what is the relationship between most HRM practices and organisational objectives. Against this, in that it highlights the importance of HRP, the study corroborates claims, common in the literature, that HRM is general and HRP in particular should be incorporated into corporate planning, at a very high level (e.g., Fombrun et al., 1984; Özcelik and Aydinli, 2006; Schuler, 1992; Sheehan, 2005).

There is also the issue of the amount of variance in respondents’ perceptions, especially as regards realisation of organisational objectives, that is left unexplained. Again, LISCO may be atypical, but if it is typical, one needs to explain over 70% of the variance in perceptions of realisation of organisational objectives by using factors other than HRM. What these factors might be is a subject for future research.
5 Limitations

There are three obvious limitations of the study. First, because the study used executives’ perceptions of performance and realisations of organisational objectives, it lacks empirical corroboration. However, this limitation seems not to be severe. As indicated, executives’ perceptions of organisational performance tend to be accurate. Also, if one allows that executives had poor perceptions of LISCO performance and realisation of organisational objectives, one still needs to explain why such distorted perceptions correlated so well with their perceptions of HRP but not so well with other HRM practices. In short, the data suggest LISCO executives had relatively accurate perceptions of their company’s performance.

Second, the present study investigated only one company. LISCO may not be typical of company’s that employs HRM practices.

Third, the study relies only on quantitative evidence. Perhaps more light will be shed on LISCO management’s views, and use of HRM, by more qualitative analysis.

6 Conclusions

The present study found LISCO executives have positive perceptions of HRM practices, LISCO performance, and LISCO realisation of organisational objectives. However, on balance, the executives perceived LISCO’s performance and realisation of organisational objectives more positively than they perceived HRM practices.

In general, executive’s perceptions of HRM related better to LISCO performance than to realisation of its organisational objectives. On the one hand, this may be explained by, perhaps, the executives ascribing more importance to performance; on the other, it may be explained by, perhaps, many HRM practices being relatively unimportant. Both issues are topics for future research.

The present study found strong evidence that the most important HRM practice, both as regards performance and as regards realisation of its objectives, was HRP. This accords with what much of the literature suggests. Against this, the study found that perceptions of HRM practices in general, accounted for relatively little of the variance in perceptions in realisations of organisational objectives, and even in the case of perceptions of organisational performance, the explained variance was less than 40%. Given the esteem in which HRM is held—at least in much of the literature—this lack of explanatory power of HRM demands further research.

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