Human Resource Management Practices and its Influence on Organizational Performance: An Analysis of the Situation in the Ghana Postal Services Company Limited

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Abstract- The study was carried out to assess the impact of human resource management practices on the performance of the Ghana Postal Services Company. The main objective of the study was to determine the major factors contributing to the inability of the company to meet the challenges of the global market competitiveness in the postal and communication industry. The study adopted purely qualitative approach and used both primary and secondary data. The primary data were collected from management and clients of the company. The results indicated that human resource management practices have a significant effect on organizational performance. Thus, the contribution of this study is that human resource management practices will have significant effect on organizational performance through positive HRM outcomes.

Index Terms- Knowledge Economy, Organizational Goals, Employment Security

I. INTRODUCTION

The recent transformation in market systems in knowledge economy has made the adoption of human resource management practices imperative for competitive advantage. As argued by Delaney and Huselid (1996), the contemporary organization can gain competitive advantage and successfully attain her goals only when it can synergize all its human resource practices in the right manner, and in response to constantly changing business environments. The motivation for this line of action is that there is a key connection between human resource management practices and organizational performance (Yeung & Brenman, 1997). For example, Huselid (1995) observes that human resources management practices are used to manage the pool of human resources, and to ensure that the resources are utilized effectively towards the achievement of the organizational goals. Dittmer (2002) also contended that human resource management practice is an individual’s perception on the extent of the implementation of strategies, plans, and programs which are used to attract, motivate, develop, reward and retain the best employees to meet the organizational goals.

Supporting the preceding perspective, Pfeffer (1998) emphasizes that, human resource management practice comprises of the formal policies and procedures that are designed to attract, develop, motivate and retain employees who ensure the effective functioning and survival of the organization. According to Pfeffer, the link between human resource management practice and organizational performance is based on two approaches; the contingency (best fit) approach and the universal (best practice) approach. Pfeffer (1995) opined that the “best fit” approach involves a set of human resource management practices which are associated with improved performance in all types of organizations and, by implication, for all types of employees. According to him, “best practice” approach is the human resource management practice that is consistent with the business strategy of the organization designed to enhance employee’s performance in the attainment of the organizational goals.

In a knowledge-based economy driven by technology, the success of organizations will depend more and more on the value of intangible human capital (Hatala, 2006). This capital may be the creativity and proficiency of their human resources. In supporting this view, Wachira (2010) argued that the scope of contemporary human resource management is much more than the accumulation of skill sets in the person. What is now needed is an entirely new way of learning through professional support that may enhance the adaptive capability of the workforce in order to ensure the efficient and effective use of resources in the organisation (Wachira, 2010).

Problematising Ghana Postal Service Company Limited

The Ghana Postal Service Company, like other postal companies, is vital for her contribution to the economic development of the country, and therefore, is considered as one of the key pillars of public sector institutions that provides the bulk of the revenue to the state. Yet, in recent times, given the poor nature of its performances, the state does not generate the needed revenue from the company. This is arising from the inability of the company to meet the challenges of the global market competitiveness in the postal and communication industry. The underlying tenet of the problem however is that, Ghana Postal Service Company Limited suffers from inefficient and poor human resource management practices, largely because of the negative human resource management practices in the organization. Recent report on the performance of the Ghana Postal Services Limited has shown that the company is facing a great number of setbacks including; mismanagement and improper planning and control. In the light of this, the following
questions draw the attention of many Ghanaians. Why Ghana Postal Services Company Limited is interested enough to practice efficient human resource management practices? Do the poor human resource management practices of the company affect her efficient and effective operations to meet the competitive global economic order?

To address the preceding research questions, we set out to organize this paper into four sections. The first section discusses the theoretical framework, within which the study is anchored, specifically the scholars’ viewpoints on human resource management practices and organizational performance. The second section seeks to provide a general overview of the Ghana Postal Services Company Limited, highlighting on the functions of the company to the national economy. The third section focuses on the methodology. The final section presents the results and discussions of the study.

II. THEORETICAL FRAMEWORK

Human resource management practices, if genuinely developed to reflect their beliefs and principles in organizations, have a tendency to create a workforce whose contributions are valuable and unique to improve the organizations’ performance (Dittmer, 2002). According to Yeung and Brenman (1997), the integrative framework through which human resource practices can contribute to organizational performance consists of building organizational capabilities, improving employee satisfaction, and shaping customer and shareholder satisfaction. The authors noted that in order to ensure dynamic changes in the organization’s human resources that will refocus the priorities and resources of the human resource function, human resource management practice must be business driven rather than human resource driven. The organization should be forward looking and innovative rather than backward looking. Instead of focusing on individual human resource practices, the focus of the human resource should be on the entire human resource systems, taking into account synergies existing among all human resource practices in the organization (Barney, 2001).

As a follow-up to previous studies, Psareek and Rao (1998) stressed that, good human resource management practices require a well-structured function and a carefully designated human resource management practice. These human resource management practices, according to the authors are performance appraisal, feedback and counseling, career-planning, training and development, employment security, employee participation, and performance based compensation. According to them, proper application of the human resource management practices can help an organization to achieve her stipulated goals.

Selden, Willow, Salwa and Wright (2000) have shown that, human resource management interventions are effective if the objectives and goals for which they were implemented were achieved. These human resource management interventions include; skills development, performance improvement, attitude change, and knowledge acquisitions. The purpose of the human resource management interventions is to ensure an organization’s effectiveness through the attainment of its strategic and operational goals. According to them, these goals can be effectively achieved through the proper use of the human resource management practices in the organization.

Justifying the influence of human resources management practices on organizational performance, Morrison (1996) emphasized that the nature of human resource management practices adopted by the management can convey the message that the organization's value their employees as the most strategic asset. Such positive valuations tend to strengthen employees’ judgment about the level of organizational support. This line of argument corroborates with Shore and Martins (1989) viewpoint that certain human resource practices such as formal training systems, employee security, performance based compensation and results oriented performance appraisal tend to show an organization's readiness to ensure the welfare of employees. Ulrich (1997) used the systems approach to substantiate his viewpoints. In trying to explain the link between human resource management practices and organizational performance, Ulrich focuses more on inputs, such as, the type of resources that the organization needed and the process of channeling and transforming all those resources into quality outputs that are important for the achievement of the organizational goals.

Again, Wernerfelt, (1984) has shown that every organization needs three key result criteria to ensure total organizational effectiveness. These are flexibility and control, people and organization, as well as means and ends. As Wernerfelt argued, if an organization wants to change their structure, product or the job requirement, it has to redirect the old ways of managing employees in the organization. As regards people and organization, Wernerfelt emphasizes that the organization as an entity has to open up its focus of control, and encourage participation from employees so that the organization is more competitive and effective to win the supports of its employees. In Wernerfelt’s view, means refers to the structure, systems, products, resources, economic factors, social factors and strategy that are used to get the desired results in an organization. As Wernerfelt observes, these sets of values, if properly and genuinely combined together may serve as prerequisite for the achievement of organizational goals and performance.

Following the same line of argument, Klinger (1993) asserts that managing core employees effectively means identifying their needs, aspirations providing them with an enabling work environment where they can utilize their abilities and satisfy many of their basic needs. Klinger observed that, any organization that provides such facilities tend to create an opportunity for increasing employee’s commitment towards organizational goals. In contrast, if an organization fails to provide employees with challenging and meaningful tasks, commitment levels tend to diminish, which, therefore, affects the organization in its effort to attain higher performance. For example, employees become more committed to employers’ who take concrete steps to help those (employees) to develop their knowledge, skills and abilities whilst in the organization. Klinger concluded that employees’ attitude and behaviors (including performance) reflect their perceptions and expectations reciprocating the treatment they receive from the organization.

In the opinion of Perry (1993), values, such as, strategy, structure, system, style, staff, skills, and shared vision are important criteria for measuring organizational performance. Perry emphasized that for an organization to be effective it must first plan and design a structure which is linked to its business.
plans and goals. The structure must also have a system that compliments the structural type. The style of management must be based on the systems in place. Staff must then be employed according to the business needs and systems requirements. Skills must be developed to compliment the organizations as well as strategy that is planned to achieve long term goals. All these must then be discussed between staff and management to build shared visions of the organization (Perry, 1993).

**General Overview of the Ghana Postal Services Company Limited**

Postal Services in Ghana (Gold Coast) started in 1854. This followed a representation made to the Secretary of State for the colonies by the Governor of the Gold Coast during the colonial period. Consequently, major Stephen Hills who was the British postmaster general in London was requested to establish a separate postal service for the Gold Coast as directed (Office of Ghana Post Accra, 1990). Before that time, receiving and dispatching of mails in Ghana (Gold Coast) was confined to British Secretary of State for colonies in London through his representative who was stationed in Cape Coast and Accra. In Ghana (Gold Coast), unlike other British colonies in West Africa, the first step towards the development of the national postal services to incorporate both internal and external services started in 1860. In that year, the legislative council of the Gold Coast colony enacted legislation for the pre-payment of postage on certain classes of letters passing through the post.

In 1873, the first post office was opened at Cape Coast with Rowland Cole - a Sierra Leonean as the first postmaster. In 1879, the General Postal Office was moved to Accra with the transfer of the national capital from Cape Coast to Accra. In light of this, in 1879, Gold Coast became a member of the Universal Postal Union (UPU) which was set up in Berne in Switzerland in 1874. Following from that, the British Secretary of State for colonies created the office of the colonial postmaster responsible for coordinating postal services on a country-wide basis. This position was later re-designed as postmaster-general. The first private letter boxes were established in 1888 in Accra soon after the enactment of the post office ordinance that year. In addition, in 1912, a postal service was mandated to provide all aspect of postal duties including tele-printer operation in Ghana (Gold Coast) (Office of Ghana Post, Accra, 1990). This trend reflects the willingness of the Colonial Government to improve the development of postal services in Ghana to enhance access to exchanges of information of the citizens during the colonial period.

However, it is worthy to note that, all this period, the post and telecommunication was part of department of the Ghana civil service. The post and telecommunication department became a corporation on November 1974 with the promulgation of National Redemption Council Decree 311 of January 1974. It is important to emphasize that, these legislative frameworks and laws helped to strengthen the operation of the postal services in Ghana. The Decree of Incorporation also enjoined the corporation to operate in broad functions including; internal and external postal services, National and International telecommunication services on commercial lines.

As part of the second Telecommunication Projects, Government accepted a proposal to separate the Posts from the Telecommunication and to restructure both entities with the view to stimulating foreign investment in both divisions, expanding and improving their network to provide viable commercial ventures and improving the managerial capacity to ensure effective and efficient operations and maintenance of their facilities and services. To this end, on December 13, 1993 the telecommunication division of the corporation was established as a telecommunication entity under the company's code by Act 401 of Parliament of Ghana. Additionally, on August 31, 1995 the Ghana Postal Services Corporation was established with enactment of Act 505 to operate as a separate and independent entity and to provide allied services including; collection and safe delivery of letters, delivery of printed materials, delivery of small packets, advice on delivery of parcels, provision of letter boxes and private mail bags, provision of the operation of post shops to the customers in the country.

**Data, Rationale, and Method**

This research was conducted to gain insight into human resources management practices and the performance of Ghana Postal Services Company Limited. Data on the study were collected within a time frame of one month at different levels with diverse research tools. The source of data for this paper is drawn from field interviews, Focus group discussion combined with desk research. The field work took the form of face-to-face interviews almost carried out entirely by the researchers, so as to ensure consistency in questioning and depth of probing from March, 2nd to April, 2nd 2015. The respondents were the managers, workers and the clients of the Ghana postal services.

To obtain the sample size for the study, we obtained a list of the number of clients of the postal services with registered boxes in the ten (10) regional capitals of Ghana. From a combination of these lists, a random sample of thirty (30) was drawn from the postal services from the ten regional capitals of Ghana. Again, all the managers from the ten (10) regional capitals were purposively selected for the study. Altogether there were forty (40) respondents selected for the study. The rationale for the inclusion of the clients in this study was that they are the service beneficiaries; therefore, it is important to explore the nature of the services provided by the Ghana postal services. In addition, the key informants (managers) was also included because of their in-depth knowledge in the management of human resources of the company, and also because they are the direct strategic implementers of human resource practices. Out of the forty (40) respondents, five (5) FGD were held for the study. Each group consisted of six (6) members comprised of three women (3) and three (3) men. In addition, the face to face interview was conducted for the remaining ten (10) respondents who were mainly the regional managers selected for the study. Information gathered through the field interviews and the focus group discussions were supplemented with the desk research obtained from the published and unpublished scholarly documents (books, journal, newspapers, and magazines).

**III. RESULT AND DISCUSSIONS**

The goal of this study is to examine the effects of the human resource management practices on the performance of the Ghana postal services. The analysis of the paper was guided by six
human resource management practices; recruitment and selection, formal training systems, result-oriented performance appraisal, employment security, employee participation in decision making in organization, and performance-based compensation. The data for the study was mainly qualitative.

Selection and Recruitment

To examine the issue of merit-based induction system during recruitment and its effect on the performance of Ghana Postal Services Company Limited, respondents were asked: How does the merit-based induction in the organization influence the employee’s performance? The results show that merit-based induction was very poor in the organization. Further discussion with the respondents reveals that the company does not organize any merit-based induction programs for newly recruited employees in the organization. This in the view of the respondents was worsening the existing poor performance of the Ghana Postal Services Company Limited. This conclusion supports Cascio’s (2006) argument that the nature and content of selection and recruitment can attract highly talented employees who would be encouraged to perform in order to achieve competitiveness (Cascio, 2006).

Formal Training Systems

To find out whether formal training program works in the company, a question was asked: Do you think Ghana postal services are committed to training and development of its employees? Interviews with the employees indicated that, the company is not committed to training and development programs. The discussion with the respondents revealed that the company had not organized a training and development workshop for the employees in the past 5 years, even though training and development of employees is a key human resource management practice for an organizational productivity and employee performance. During the interview session, one respondent had this to say to substantiate training and development:

“I do not remember the last time a training programme was organized for any staff of this company. Even when we decide to use our own money to embark on further studies we are told our pay would be stopped”

Many of the managers supported this view and indicated that, the absence of training and development programmes have affected the company’s service delivery to the clients. Undoubtedly, this poor mode of service delivery has made majority of the clients to shift to other alternatives, such as, money transfer, delivery of letters and parcels and the sale of army, police and fire service forms by other financial and private postal service institutions (e.g. FedEx, DHL, State Transport Corporation) to enjoy quality and faster services than those provided by the Ghana postal services company limited.

The results support the arguments of Huselid, (1995) who opined that the most knowledgeable and skilled worker still requires training so as to fit into the organization and become a valuable contributor to the team. Justifying his arguments, Huselid noted that training helps the employees to orient themselves to the organizational culture, operations and practices; confide new employees to effective performance during their probationary period; provide knowledge and skills to improve job performance; prepare employees with demonstrated potential for increased responsibility in meeting future staffing requirement, provide continuing professional and technical training to avoid knowledge or skills obsolescence, and to develop the managerial workforce focusing on competencies identified as essential to effective performance at supervisory, managerial and executive levels.

Results-oriented performance appraisal

To find out whether performance appraisal was practiced in the organization, a question was posed: Do management conduct performance appraisal in your company? What effects does performance appraisal have on the operational success of the company? The results indicated that the effects of the performance appraisal on the organization’s performance was “Negative” primarily because since the last five years, the organization had never conducted performance appraisal to help evaluate the performance of the employees, identify the basis of sound personnel policy in relation to transfers and promotions, and evaluation of the effectiveness of the training programmes. The results also show that this poor organizational practice is affecting their performances because the working environment in the Ghana Postal Services Company is not encouraging, and does not motivate the employees to work to enhance the company’s performance. One interviewee made the following statement when he was asked to explain the effect of the inexistence of performance appraisal in the service:

Performance appraisal is based on demonstrated achievement of performance objectives established pertaining to a specified job within a given time period. This process plays a vital role in influencing the perception of employees about self and about their contribution toward organizational goals. Performance appraisal is used as an aid in making judgment decisions pertaining to promotion, demotion, retention transfer, and pay. The lack of these can hinder the performance of the company.

Employment Security

The results of the study on employment security showed that the employment security issues are not favorable and this is reflected by the poor nature of its operation in the past ten years, resulting from the keen competition in postal services and communication industry. The field interview reveals that, majority of the employees do not have requisite qualifications coupled with the absence of in-service training programs in the company. To probe further, a question was asked: Do you have job security in this organization? The aim of this question was to solicit for the responses to support the results generated from the respondents’ records. The results revealed that, the company has a job security, but it does not utilize it efficiently to benefit the employees, even though, job security remains a hallmark of improved performance in a work environment, primarily because it motivates the professionally employees to devote their attention to the job in order to meet the target of the organization. One of the discussant noted:

Employment security serves as a safeguard for guaranteeing that employees are accorded the basic dignity that every human being is entitled to enjoy as an employee in an
organization. However, the Ghana postal company is handicapped in this area.

Performance-based Compensation

To examine whether the issue of performance based compensation works in the organization, the question was asked: Do the workers in the organization receive performance based compensation? The interview with the employees revealed that the company did not provide balanced, fair and competitive compensation and reward system for the workers. The interaction with management showed that, performance based compensation in the company was very poor. Worthy of note is that, this poor state of situation in the company is a cause of poor retention of competent employees in the company, because of poor employee’s commitment to the company and, therefore, has effects on the company performance. The results support the argument that comprehensive compensation mix, augmented by an effective system of disbursement plays an effective role in attracting best candidates, shaping employees behavior and performance outcome, and facilitates retention of talents (Bishop, 1998).

IV. RECOMMENDATION

The study seeks to examine the influence of the human resource management practices on the attainment of the performance of Ghana Postal Services Company. In light of the empirical evidences established from the foregoing analysis the following recommendations are outlined to help address the situations in the Ghana postal services company.

First, merit-based recruitment and selection system should be practiced by the company because this type of recruitment procedures help to recruit a large pool of qualified applicants paired with reliable and valid knowledge, skills and abilities. Given their backgrounds, such category of employees will be capable to work efficiently to enhance the company’s performance if given formal and informal orientations training programs, such as basic skills training, on -the- job experiences, coaching, mentoring by the company.

Second, the company should make it a duty to organize training and development programs to the employees’. The programs should aim at constantly improve competencies levels of the workforce towards the enhancement of the company’s performance. Besides, motivation is a key factor to the organization’s performance. For instance, the effectiveness and efficiency of highly skilled employees are likely to be low if the employees do not have motivation from the company. For this reason, Ghana Postal Services Company has to effectively provide motivational packages (see the use of performance appraisal, that assesses individual or group work performance, linking these appraisals tightly with incentive compensation merit, and other forms of incentives intended to align the interests of employees. This will influence the employees’ efficiency and effectiveness in the company.

Furthermore, the company must provide job security for its employees, as being the case, job security remains a hallmark of public employment Act in Ghana. Job security in organization provides an assurance to the employees that, he is part and parcel of the organization. This therefore encourages the professional employees to devote their attention towards performing his duties in an organization in order to enhance the organization’s performance.

Finally, the contributions of the highly skilled and motivated workforce towards the organizations performance is likely to be low if jobs are structured, or programmed, in a manner that employees, who presumably know their work better than anyone else, do not have the opportunity to use their skills and abilities to design new and better ways of performing their roles in an organization. In view of that, the Ghana Postal Services Company Limited must design the organizational structures in a way that will encourage employee’s participation and initiatives regarding the performance of their roles in the company.

V. CONCLUSIONS

This study sought to examine the influence of the human resources management practices and the Ghana Postal Services Company Limited’s performance. Review of literature provides strong evidence that the effective human resource management practices have greater impact on the attainment of the organizational performance. My study empirically substantiated the results of earlier studies with regard to this linkage. The study has highlighted that the importance of human resource management practices to achieve and sustain superior performance in changing business environment depended on the use of an integrated approach toward formulation and implementation of human resource management practices. To this end however, the Ghana Postal Services Company needs to proactively pursue a strategic approach to human resources management practices and invest in such practices to achieve sustainable competitive advantage in tangible and intangible dimensions. Finally, though, this study has made significant contributions to the understanding of the human resource management practices in Ghana Postal Service Company, one of the most important sectors of the Ghanaian economy, yet, my work focused on the small scale sample for the analysis and interpretation of results. In this regard, I strongly propose that future research should include large scale sample in other industries in Ghana to statistically validate the results of present study.

REFERENCES


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