

The Influence of people management practices in individual performance

Abstract

The increasing complexity in the world of highly competitive business is appropriate to identify the influence of people management practices in individual performance, mediated by organizational climate. The aim of the study was to investigate the influence of people management practices in individual results, mediated by organizational climate. One survey was carried out in a service company of Minas Gerais, Brazil. The sample was not probabilistic for convenience. As an instrument, was applied a questionnaire with 8 questions (86 issues) for employees, considering the constructs people management practices, people management practices relevance, people management strength, organizational climate and individual performance and socio demographic variables in number 8. The questionnaires were presented in Likert scale of ten points, ranging from "Strongly Disagree" (1) to "Strongly Agree" (10) and the data was tabulated in SPSS 20.0 software. A number of 294 (43%) employees participated of the research, 56.1% were married or in common-law marriage and 60.2% were female. The education, development and career opportunity, were perceived as important issues in the practice of people management. The study showed that a strong people management system, with consensus and consistency between the perceptions of employees, aligned to mediators elements such as climate and strategic direction, tend to improve individual performance and enhances organizational performance to the extent that the company adopts people management practices that meet the interests of employees and company.

Keywords: Performance, People management, Management practices.

1 Introduction

People management (PM) in organizations has been discussed by several authors as Dessler (2003), Bohlander & Snell (2009), Wilkinson et al. (2010), which are unanimous in highlighting the recognition of the importance of people to obtain competitive advantage for organizations. In recent years, scholars have been devoted to examining the relationship between PM practices and organizational performance. In the empirical evidence to date, the PM system is an important component that can help an organization to become more efficient and to obtain competitive advantage (Becker & Huselid, 1998). However, according to Bowen & Ostroff (2004), one question remains unanswered: what is the contribution of PM practices for performance? More specifically, if there is indeed an impact of the PM system on the company's performance, how these effects occur? What the mechanisms by which these effects manifest themselves? The model of Bowen & Ostroff (2004) offers a promising framework to fully analyze the relationship between people management system (PMS), strategy and performance, by linking various levels of analysis of the organization. According to Gomes et al. (2012), several authors of people strategic management suggest that PM influences organizational performance, but do not make it clear how this happens. To better clarify the gaps left by previous studies on the subject, at the academic or organizational level, the objective of the study was to investigate the influence of PM practices in individual results, mediated by organizational climate.

2 Literature Review

PM Practices - Dutra (2002), defines PM as "A set of policies and practices that allow the conciliation of expectations between the organization and people, so that both can perform them over time", where policies are the principles and guidelines that guide the decisions and behavior of the organization, and practices are different types of procedures, methods and

techniques used to implement decisions and to guide the actions within the organization and in its relationship with the external environment.

PM forces - Bowen & Ostroff (2004), in an attempt to understand how PM becomes relevant for organizations, developed the concept of forces of people management system (PMF). The concept of PMF was born from a study conducted in 2004, with the specific purpose of observing how PM practices can contribute to organizational performance, whereas the shared construction of perceptions of the practices, procedures and policies of the organization by the employees, is crucial for them to adopt attitudes and standard behavior consistent with the strategic objectives of the organization. These authors also state that a PM system is strong when meet three characteristics: a) the distinctive character (when a given situation stands out in the environment, thus capturing the attention and the awakening of interest); b) Consistency (refers to a PM function that communicates regularly with consistent message over time, people and settings); c) Consensus (agreement among employees in their vision of the cause-effect relation).

Organizational Culture -Schein (2009) defines organizational culture as "the set of basic assumptions that a group invented, discovered or developed by learning how to deal with problems of external adaptation and internal integration, and that worked well enough to be considered valid and taught to new members as the correct way to perceive, think and feel about these problems". Organizational culture is manifested through three levels, namely: artifacts, values assumed and underlying assumptions.

Organizational climate - Kanaane (1994) states that when an organization can create a climate that provides the satisfaction of the needs of its employees, and is able to canalize that generated motivation for achieving your goals, there will be an enabling environment for an increase in the company's effectiveness. In this sense, the organizational climate becomes an important concept to describe the perceptions of people regarding the organizations they

serve. Stefano, Zampier & Maçaneiro (2007) define the climate of an organization through the behavior of its human resources in face of different internal and external aspects that present themselves differently in each period. To Tagliocolo and Araújo (2007), the organizational climate occurs within the organization and is affected by four major dimensions: resistance to change, stress, leadership and motivation.

Individual Performance - Dutra (2002) defines performance as "a set of delivery of results of a particular person for the company or business." The performance of a person is divided into three dimensions that interact with each other: development (the ability that each person has to deal with increasingly complex situation); effort (linked to the motivation of the person and to the favorable conditions offered by the company or market) and behavior (person's development and effort, or lack thereof, but that certainly will affect the organizational environment, development and the effort of others). Rodrigues (2014) classifies the performance in: efficient (ability to perform a certain action with better use of available resources), efficacious (ability to perform a certain action in order to achieve the organization's goals) and effective (ability to perform a certain action in order to achieve the organization's goals in a social and environmental correct way).

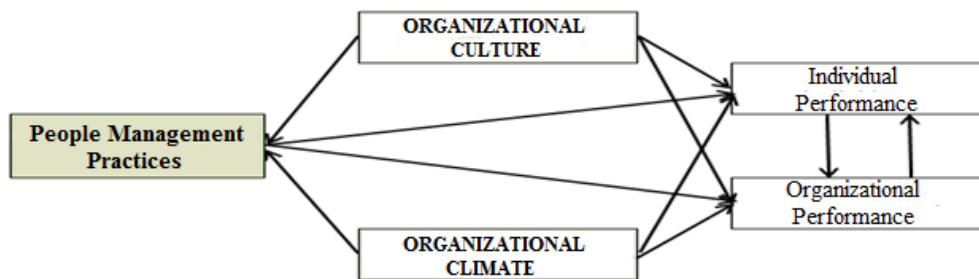
Organizational performance - Huselid (1995) states that PM practices can also influence the performance of the organization, through the provision of organizational structures, which encourage participation among employees and allow them to improve the way that work is done. Interfunctional teams, job rotation and quality circles are examples that could be highlighted. In this sense, the principle is that the PM practices and policies in an organization can affect the individual employee's performance through the influence exerted on the skills and motivation of the individual. An influence equally increased can be identified in the dimension of organizational structures, since certain structures characteristics may help the employees to improve the type and the way their work is done (Huselid, 1995). The PM

theory proposed by Guest (1987) connect some PM practices, such as rewards and communication systems with expected results by PM, as commitment, flexibility, strategic integration and quality, and those, with desired organizational performance, such as high operational effectiveness.

3 Research Methodology

Based on studies by Gomes et al. (2010), the hypothetical model was proposed, described in Figure 1, which was investigated in this research:

Figure 1 – Hypothetical model to be investigated



Source: Elaborated by the authors

The study was descriptive and quantitative through a survey (Collis & Hussey, 2005). The Internet was used, due to the low operating cost and fast response, since the chosen public often uses this medium. The sample was not probabilistic for convenience. As instrument was administered, a questionnaire with eight questions (86 issues) for employees, considering the constructs people management practices, people management practices relevance, people management strength, Organizational Climate and Individual Performance and socio demographic variables in number 8. The questionnaires in Likert scale of ten points, ranging from "Strongly Disagree" (1) to "Strongly Agree" (10), were sent over the Internet to all employees of a service company in Minas Gerais, Brazil, approximately 680 employees. For

the processing of data, it was applied percentage, average, mode, median, standard deviation, correlation coefficient and regression analysis. The analyzes were performed using the SPSS software (Statistical Package for Social Sciences), version 20.0. We used the usual standard in multivariate analysis, as suggested by Hair et al. (2005). The significance level was 5%. The survey was conducted in a service company in Minas Gerais, Brazil, a civil non-profit organization that operates as an autonomous social service.

4 Presentation of results

Table 1 presents the socio demographic variables of 294 (43%) employees.

TABLE 1
Frequency of the socio demographic variables of the sample.

	Variables	n	%
Marital Status	Marriage or Common-law marriage	165	56,1%
	Divorced	15	5,1%
	Single	114	38,8%
Education	Elementary School	1	0,3%
	High School	24	8,2%
	Higher education	79	26,9%
	Post graduation	190	64,6%
Area	Knowledge	69	23,5%
	Purposive	122	41,5%
	Support	103	35,0%
Position	Analyst	183	62,2%
	Assistant	110	37,4%
	Manager	1	0,3%
Children	No	183	62,2%
	Yes	111	37,8%
Gender	Female	177	60,2%
	Male	117	39,8%
Age	(Average; S.D.)	35,7	10,0
Time	(Average; S.D.)	6,6	6,4

Source: Elaborated by the authors

Regarding the 17 statements on PM practices, we divided it into the constructs "Training and Development", "Career Opportunities", "Participation in Decision-Making", "Performance Evaluation" and "Stability in Employment". Three affirmatives stood out with the highest averages: Q1.1: the organization continually offers me the opportunity to improve my skills

through training programs (Training and Development); Q1.7: new jobs existing in the organization are first disclosed to the employees (Career Opportunities); and Q1.2: I consider that I have received from the organization the necessary training (Training and Development). The three statements with the lowest averages were: Q1.15: there is a relation between the performance of my team and the possibility of receiving a salary increase (Performance Evaluation); Q1.17: in this organization, job security is guaranteed (Stability in Employment); and Q1.13: there is a strong relation between my job performance and the possibility of receiving a salary increase (Performance Evaluation). Regarding the 11 statements about the relevance of PM practices, stands out the following aspects: the three statements with the highest averages were: Q2.11 (private pension), Q2.1 (training and development), and Q2.8 (teamwork); and the three statements with the lowest averages were: Q2.10 (relations with the unions), Q2.3 (career opportunity), and Q2.9 (job stability) (Table 2).

TABLE 2
Confidence interval of 95% for PM practices relevance

Variables	Average	S.D	IC - 95%
Q2.1	7,94	1,76	[7,73; 8,15]
Q2.2	6,79	2,17	[6,55; 7,04]
Q2.3	5,43	2,55	[5,14; 5,72]
Q2.4	6,75	2,13	[6,50; 6,99]
Q2.5	6,04	2,20	[5,78; 6,29]
Q2.6	6,59	2,56	[6,31; 6,87]
Q2.7	6,62	2,24	[6,36; 6,86]
Q2.8	7,08	2,10	[6,85; 7,30]
Q2.9	6,00	2,37	[5,74; 6,28]
Q2.10	5,40	2,51	[5,12; 5,68]
Q2.11	8,60	1,68	[8,40; 8,78]

Source: Elaborated by the authors

Regarding the 14 statements about PM strength, we divided it into the constructs "Distinction", "Consistency" and "Consensus", and the following aspects stood out: the three statements with the highest averages were: Q3.11: the capabilities offered by the organization contribute to the performance of my duties (Consistency); Q3.12: People Management practices complement each other to achieve the organization's objectives (Consistency); and

Q3.2: the guidance provided by the People Management are clear (Distinction). The three statements with the lowest averages were: Q3.14: the rewards are assigned to employees who actually deserve (Consensus); Q3.13: PM practices are applied consistently by all Units (Consensus); and Q3.8: there is agreement among managers with regard to people management practices (Consistency). Regarding the 16 statements about the individual performance, stands out the following aspects: the three statements with the highest averages were: Q4.5: the compliance with the rules is very important; Q4.7: everything has to be produced in accordance with the rules; and Inv-Q4.8: in this organization is essential to strictly follow the procedures. The three statements with the lowest averages were: Q4.6: people can ignore formal rules and procedures if it contributes to the realization of the work; Q4.11: there is internal flexibility, and it is possible quickly change the procedure for immediate resolution of problems; and Q4.13: the processes are frequently discussed. The Q4.4 and Q4.8 issues were reversed, so it could be in the same direction of the other questions, where, the higher the grade, better the perceived individual performance (Table 3).

TABLE 3
Confidence interval of 95% for individual performance

Variables	Average	S.D	IC - 95%
Q4.1	6,18	2,37	[5,93; 6,45]
Q4.2	6,50	2,18	[6,26; 6,74]
Q4.3	6,10	2,21	[5,85; 6,35]
Inv.Q4.4	6,26	2,59	[5,97; 6,54]
Q4.5	8,07	1,84	[7,86; 8,26]
Q4.6	4,32	2,73	[4,02; 4,64]
Q4.7	7,27	2,35	[7,01; 7,51]
Inv.Q4.8	6,85	2,99	[6,51; 7,19]
Q4.9	6,82	2,21	[6,59; 7,08]
Q4.10	6,12	2,36	[5,85; 6,39]
Q4.11	4,94	2,68	[4,63; 5,23]
Q4.12	6,52	2,23	[6,26; 6,77]
Q4.13	5,84	2,38	[5,55; 6,11]
Q4.14	6,78	2,29	[6,54; 7,04]
Q4.15	6,64	2,26	[6,38; 6,90]
Q4.16	6,36	2,36	[6,07; 6,64]

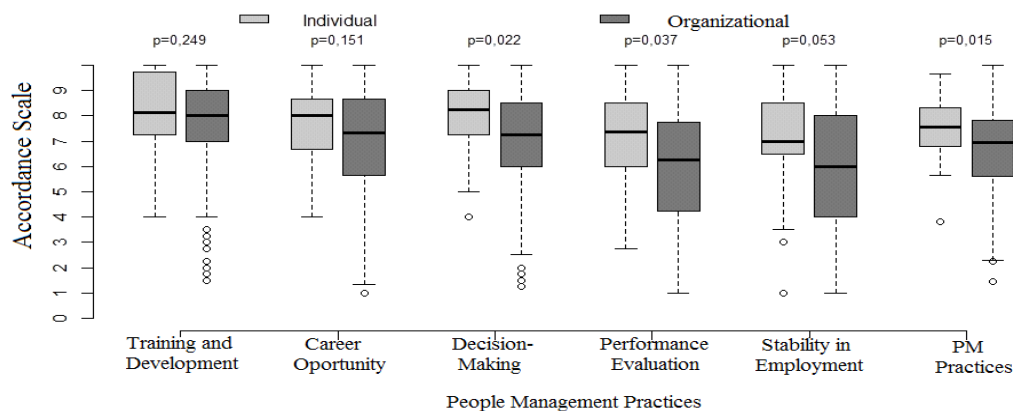
Source: Elaborated by the authors

Regarding the 28 statements about the organizational climate, stands out the following aspects: the three statements with the highest averages were: Q5.23: I show concern about the organization's image; Q5.19: I'm proud when I represent the organization in public; and Q5.21: I express my loyalty to the organization. The three statements with the lowest averages were: Q5.10: I do not feel myself as 'a part of the family' in the organization where I work; Q5.11: I lose track of things when I'm working; and Q5.27: I develop appropriate plans and schedules for the implementation of new ideas.

In relation to the construct of PM practices between organization and employees, we noticed that the individuals representing the organization tend to agree more with the statements regarding the constructs "Participation in Decision-Making", "Performance Evaluation", "Stability in Employment" and "People Management Practices" compared to other individuals of the organization (Figure 1).

FIGURE 1

Box plot of the construct of people management practices between organization and individuals.



Source: Elaborated by the authors

The PM strength perceived by individuals representing the organization tend to agree more with the statements regarding the construct "Distinction" compared to the other individuals of the Organization (Table 4).

TABLE 4

Comparison of the construct people management strength between organization and individuals

Construct	Group	N	Average	E.P	1°Q	2°Q	3°Q	P-value
Distinction	Organizational	22	7,86	0,30	7,33	8,00	8,33	0,043
	Individual	294	6,95	0,12	5,67	7,33	8,33	
Consistency	Organizational	22	6,97	0,33	6,38	7,00	7,63	0,726
	Individual	294	6,95	0,11	5,75	7,31	8,25	
Consensus	Organizational	22	6,88	0,40	5,67	7,00	8,00	0,142
	Individual	294	6,03	0,14	4,00	6,33	8,00	

Elaborated by the authors

In the individual performance construct, were excluded the items Q 4.5, Q4.7, Inv.Q4.4, Q4.6 and Inv.Q4.8, because the factor loadings was lower than 0.50. For organizational climate construct, the items that presented factor loadings below 0.50 and that were excluded, were Q5.7, Q5.10, Inv.Q5.6, Inv.Q5.2 and Q5.11. After excluding these items, the construct still has not presented one-dimensionality, still requiring the exclusion of the items Q5.28, Q5.29, Q5.17, Q5.18, Q5.27, Q5.25, Q5.26, Q5.12, Q5.21, Q5.20, Q5.19 and Q5.24.

Is shown in Table 5 the validity of the study constructs.

TABLE 5

Convergent validity (CV), Cronbach's alpha (CA), Composite Reliability (DG), KMO and dimensionality to the constructs related to individuals.

Construct	Items	CV	CA	DG	KMO	Dim
Training and Development	4	0,85	0,94	0,93	0,86	1
Career Opportunity	3	0,73	0,81	0,83	0,58	1
Participation in Decision-Making	4	0,75	0,88	0,87	0,83	1
Performance Evaluation	4	0,77	0,90	0,88	0,79	1
Stability in Employment	2	0,84	0,80	0,97	0,50	1
People Management Practices	5	0,60	0,82	0,83	0,82	1
Distinction	3	0,83	0,90	0,89	0,72	1
Consistency	8	0,77	0,96	0,94	0,93	1
Consensus	3	0,85	0,91	0,90	0,76	1
People Management Strength	3	0,90	0,94	0,93	0,75	1
Organizational Climate	11	0,73	0,96	0,95	0,95	1
Individual Performance	11	0,64	0,94	0,92	0,93	1

Source: Elaborated by the authors

Considering "Individual Performance" as an endogenous (dependent) variable, it was proposed a model without interaction using the following prerogatives: a) there is a

significant (value-p = 0.000) and positive ($\beta = 0.203$) influence of PM practices on individual performance. The better PM practices, the better individual performance; b) there is a significant (value-p = 0.000) and positive ($\beta = 0.668$) influence of PM strengths on individual performance. The better PM strengths, the better individual performance; c) can also be observed that the influence of PM strengths is significantly stronger than the influence of PM practices, as their confidence intervals do not overlap themselves, and d) together, the two constructs mentioned above, can explain 69.4 % of the variability of the Individual Performance (Table 6).

TABLE 6

Structural model results without Interaction

Dependents	Independents	β	IC - 95%	E.P.(β)	P-value	R²
Individual Performance	PM Practices	0,203	[0,09; 0,32]	0,051	0,000	69,4%
	PM Strengths	0,668	[0,57; 0,76]	0,051	0,000	

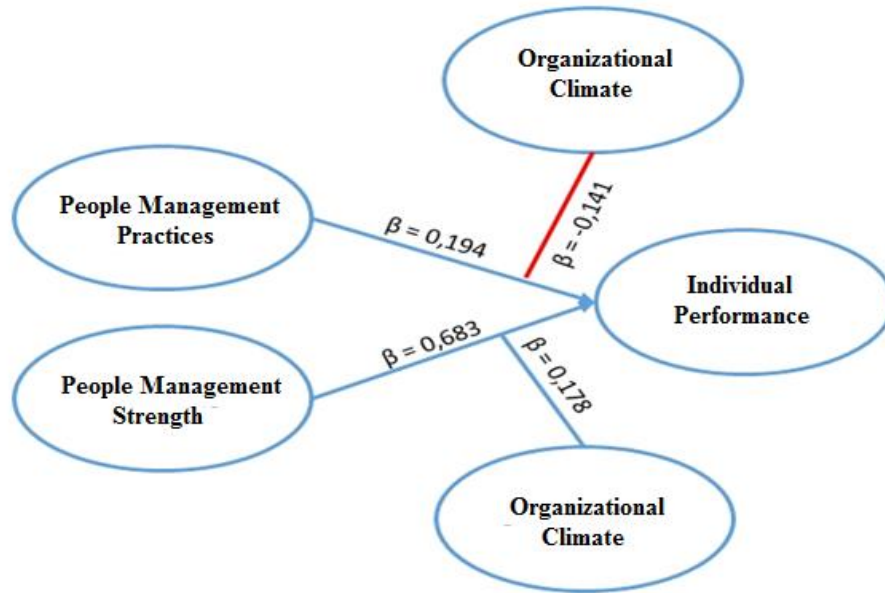
Source Elaborated by the authors

Gof = 0.682

On the other hand, with "Individual Performance" as an endogenous (dependent) variable, it was proposed a model with interaction, using the prerogatives: a) there is a significant (value-p = 0.000) and positive ($\beta = 0.194$) influence of PM practices on individual performance, however, the higher the organizational climate, the smaller this influence. With the value of the Organizational Climate centered in the average, the better the PM practices, the better individual performance; b) there is a significant (value-p = 0.000) and positive ($\beta = 0.683$) influence of the PM strengths on individual performance, and the higher the value of the Organizational Climate, the greater the influence of PM strengths on individual performance. With the organizational Climate value focused on average, the better the PM strengths, the better the individual performance, c) the PM strengths influence is significantly stronger than the PM practices influence, since their confidence intervals do not overlap themselves, and d)

together, the two constructs mentioned above can explain 70.5% of the variability of the individual performance(Figure 2).

Figure 2- Theoretical Model with Interaction



Source: Elaborated by the authors

5 Discussion of the results

The perceptions of employees about the PM practices in the study were recognized in relation to Training and Development (IC 7.93; 8.34) and Career Opportunity (IC 7.52; 8.06), signaling that PM practices are clear and defined, valuing individuals and balancing the employee-company relations. It is not linked to performance evaluation and salary increase. The company should reward its employees in accordance with the work performed (Vieira & Filenga, 2012; Bohlander & Snell, 2009; Dessler, 2003; Dutra, 2002) and in Q.3.14, the employees emphasize that the rewards are given to those who deserve (consistency). Concerning the relevance of PM practices, it was highlighted the private pension (IC 8.40; 8.78) and Training and Development (IC 7.73; 8.15). The private pension is a reward tool for

employees (Bohlander & Snell, 2009; Dessler, 2003; Dutra, 2002). In the Balducci & Kanaane (2007) study, the PM policies and practices were poorly defined and there was a predominance of the appreciation of the technical competence as a condition for promotion, to the detriment of interpersonal competence. The policy of positions and salaries, career planning, staff training and performance evaluation are linked to bureaucratic and technical aspects. The PM strengths are confirmed in the question Q3.2 (IC 6.83; 7.36) providing clear guidelines (distinction) aligned to organizational goals, and in the question Q3.12 (IC 7.08; 7.56) (consistency) strengthening the PM practices in the company (Bowen & Ostroff, 2004). The individual performance refers to compliance with the rules as was highlighted in Q4.5 (IC 7.86; 8.26) and Q4.7 (IC 7.01; 7.51), with the possibility of rupture if this contribute to the completion of the work, Q4.6 (IC 4.02; 4.64), and flexibility and discussion of the rules (Q4.11 and Q4.13). Therefore, the higher the score, the higher the perceived performance (Bohlander & Snell, 2009; Dessler, 2003; Dutra, 2002). The organizational climate was perceived by loyalty, Q5.2 (IC 8.32; 8.68), corporate image, Q5.23 (IC 8.58; 8.94), and pride, Q5.19 (IC 8.49; 8 85). This, proves Schein (2009), that organizational climate is a key element of organizational culture, defined as the feelings of people in the work environment and the way they interact with each other, with customers and external elements (Schein, 2009). The PM practices linked to PM strengths and the organizational climate, contribute to individual performance.

6 Conclusion

The objective was to investigate the influence of PM practices in individual results, mediated by organizational climate, seeking to fill the gap of how PM influences organizational performance. The study showed that a strong PM system obtained a reasonable average score, with consensus and consistency between the perceptions of employees, aligned to mediators

elements such as climate and strategic direction, and tend to improve individual performance and enhances organizational performance to the extent that the company adopts PM practices that meet the interests of employees-enterprise.

Contributions:

Managers: the managerial implications are based on the assumption of the need for managers to identify the PM practices linked to individual and organizational performance and, according to the results, to promote a change in the organizational climate and PM practices.

Academy: presents a design of future studies aiming an investigation with greater robustness, with more employees of the longitudinal type, in order to investigate the likely differences over time.

Implications: it is believed that the developed research may have contributed to the studies about PM practices management influencing individual and organizational performance mediated by organizational climate. But, it was found that the organizational climate, as the model used in the study, influence on PM practices and strengths and, therefore, on individual performance.

Limitations: The study data refers to a company with 294 participants from 680 employees and, therefore, cannot be generalized.

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