
A Managerial Perspective of the Objectives of HRM Practices in Singapore: An Exploratory Study

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Introduction

For Singapore firms to survive past this economic crisis to succeed into the 21st century, they need to have highly skilled human capital to provide them with a competitive edge. The management of human resources (HR) is therefore a key driver in today's successful firms. It is the quality of the firm's HR that allows the firm to stand up against its competitors, and to make a difference in providing better customer service, or in developing better products and services.

Hence, it is extremely important that firms design their human resource management (HRM) practices to enhance their employees' levels of organisational commitment and job satisfaction in order to retain high performing employees in an increasingly global labour market for skilled employees. This is because the knowledge capital of a firm that enables it to be different and innovative, resides within their employees. Thus, firms have to take steps to ensure that their HRM practices add positive value to their firms. This requires HR professionals to design and develop HRM practices that contribute to the objectives of their organisations.

To this end, Buck Consultants administered a Human Resource Management Audit (Short Version)TM to a sample of managers in Singapore. The HRM audit was used to measure the HRM practices within a firm. Thus, the purpose of this exploratory study was to evaluate managerial perceptions of the extent to which HRM practices contributed to their firms' objectives.

Literature Review

What is an HRM Audit?

To help HR departments understand the contributions of the HRM practices in their firms, HR professionals need to conduct a self-diagnosis of what it is that their HRM activities can achieve for their organisations.

We gratefully acknowledge the financial support of a research grant from the National University of Singapore, RP981026, in preparing this paper.

This activity involves understanding and evaluating how the responsibilities for each HR function are accomplished, as well as the dynamics involved in carrying out the entire HRM process. Since the management of HR has a direct impact on a firm's bottom-line, HR professionals have to assess if, and the areas in which, the HRM activities are providing a value-added service in line with the goals of the organisation.

This self-diagnosis can be carried out with the aid of an HRM audit. An HRM audit is an analytical tool that systematically and comprehensively assesses a firm's HRM policies and practices against the firm's business objectives (Lee and Heard, 1998). It is used to determine if a firm's HRM activities contribute to the firm's bottom-line. It also reveals how the firm is managing its human resources practices and points out any negative impact that they may have on the organisation's effectiveness. An annual or periodic HRM audit check will allow a firm to proactively identify and correct employment-related problems before it reaches a critical stage of paralysing the firm's business operations (Spognardi, 1997).

In addition to assessing which HRM practices are problematic so that they can be corrected and improved upon, the HRM audit also assesses which HRM practices add value to a firm so that such practices can be reinforced. The information that is gathered from the HRM audit signals to the firm the human resource practices that can effectively support the firm's financial and operating objectives. The outcome of the HRM audit will allow the firm to assess if it has HRM polices that will accomplish its business objectives.

The HRM audit typically gathers data on the operations of the HR department, including cost-effectiveness and its contribution to the business. It also assesses the level of service it provides to the firm, and the way in which the HRM activities follow best practices and the law (Burn and Thompson, 1993). Information from the audit serves as a benchmark from which future progress of the HR department can be measured against. This information highlights the activities of the HRM function, the costs of providing them and the impact of the HRM activities on the firm's bottom-line.

The HRM audit is also a tool that allows the firm to analyse the time it spends on various HRM activities, such as the percentage of time spent by line managers on recruitment, compensation and training activities. It also allows the firm the opportunity to evaluate the costs associated with providing the HRM functions in-house against the costs of outsourcing such services. In addition, it analyses the HR department's organisational structure that is best suited to achieve its specific business requirements. The audit is also

valuable in the management of a firm's HR because it can identify vulnerable or at-risk employees, so as to provide them with training and developmental opportunities to improve their performance (Davidson and Sutherland, 1992).

A comprehensive HRM audit therefore assists managers in assessing the extent to which HRM activities are strategic in their organisation. It measures the degree to which HRM objectives are integrated with, as well as in support of, the firm's objectives. The HRM audit report provides the firm with advice on how to follow up on the analysis with an action plan to solve employment-related deficiencies. The results from the audit helps HR professionals think through their roles in the firm by measuring their actual performance against established targets and objectives. The HRM audit therefore plays the role of a communications tool, as the information gathered provides HR professionals with the opportunity to present their case more effectively to general managers for funding or other strategic-level activities.

In essence, the HRM audit allows the firm to diagnose symptoms to the following problems (Lee and Heard, 1998):

- Lack of strategic focus by the HR department, and thus, its inability to be a strategic business partner with its business units;
- Lack of HR skills in the firm, which makes it difficult to decentralise the HR functions to the line managers to make more responsive HR decisions to meet employees' needs;
- Lack of due process and fairness because the firm has no established guidelines for its HRM practices;
- Lack of smooth transition for leadership positions because HR plans, replacement and succession plans are not available;
- Inability to specify and track competencies required for the business functions because the firm has no descriptions of the job requirements;
- High recruitment costs, long cycle-time to fill jobs as well as the inability to attract qualified job applicants because the evaluation of recruitment sources and methods are absent;
- High selection costs and poor retention of applicants after hire because the selection criteria are not formalised and the selection instruments are not validated;
- Lack of preparedness to compete in the future because of a lack of training and career development opportunities for employees to be equipped with the needed competencies to succeed on the job and to move into higher value-added roles;
- Lack of competitiveness because compensation programs are not attractive and do not provide incentives for individuals to improve

- their performance; and
- Lack of efficiency because of the inability to use technology to automate mundane HR processes or to retrieve information quickly for decision-making.

These problematic areas can be categorised by the key HRM functions. Particularly, these include assessing the strategic role of the HR department, the recruitment and selection practices of the firm, the salary and benefits programmes, performance management practices, training and development activities, and the adequacy of HR-related information provided via the firm's HR policy manuals and handbooks. Thus, the HRM audit was used as a tool in this study to measure the extent to which various HRM activities are practised by a sample of firms in Singapore, as well as the managers' assessment of the organisational objectives that were accomplished by these HRM practices.

Managerial Objectives of HRM Practices

In the midst of radical corporate transformation in the 1990s, many HR functions in the United States were restructured so as to lower costs, enhance the quality of HR services, and to forge stronger linkages with business needs (Yeung and Brockbank, 1994). These objectives can be met if the organisation has capable, satisfied, and committed employees (Zornitsky, 1995). When employees like their jobs, value the firm for which they work, and feel competent to do a job well, the entire organisation benefits from improved employee performance.

For example, the HRM practices in Eastman Kodak were hailed to have contributed to the firm's business performance because of improved employee satisfaction (Yeung and Berman, 1997). As employees' work attitudes improved, this has led to enhanced customer satisfaction. Employee satisfaction was also found to be an important predictor of future productivity in a study by the Sheffield effectiveness programme which was commissioned by the Institute of Personnel and Development (IPD) (Caudron, 1996). When employees shared a sense of spirit, enthusiasm and pride called morale, they were more willing to help companies achieve their goals.

Hence, employees' job satisfaction, organisational commitment and morale levels are important measures of the return on the efforts by the HR department (Davidson, 1998; Kinicki, Carson and Bohlander, 1992). In a statement aptly summed up by Capowski (1997): "Organisations cannot hope to achieve any kind of success with new programs when they . . . lack a foundation of employee commitment and trust". Therefore, managerial

objectives of HRM practices include improving employees' levels of job satisfaction, organisational commitment and morale, as these are precursors to a firm's level of service, quality and innovation. To improve organisational performance, HR professionals have to ensure that their firms' HRM practices follow best practices and contribute to the meeting of the firm's objectives.

Specifically, firms need to formalise their job descriptions, as clearly written job descriptions improve role clarity and reduce role conflict and job tension, which were found to increase employees' level of job satisfaction (Rogers, Clow and Kash, 1994). This increase in the level of job satisfaction occurred because employees had a better understanding of their work requirements and therefore, had more realistic job expectations (Ting, 1997).

Where staffing activities are concerned, initiatives that improve the service delivery of HR recruitment activities led to more positive applicant reactions with the recruitment process. This was found to attract higher applicant quality (Heneman, Huett, Lavigna and Ogsten, 1995). Applicants who perceived the selection process more favourably were more satisfied with the selection process, the job and the organisation. Such positive attitudes led to more job acceptance intentions (Macan, Avedon, Paese and Smith, 1994). In addition, the use of realistic job previews (RJPs) during the recruitment process increased applicants' met expectations, which led to increased job satisfaction and organisational commitment (Hom, Griffeth, Palich and Bracker, 1998).

Where career management activities are concerned, employees who had mentors were more satisfied with their jobs and the organisation, than those without (Chao, Walz and Gardner, 1992). This is because protégés received more career-related and social support from their mentors, as well as higher salaries. Even in the absence of higher pay, firms that used career anchors increased their employees' level of job satisfaction (Leavitt, 1996).

Employees also reported higher levels of satisfaction and commitment in organisations where there is fairness in the assignment of work tasks (Witt, 1993). Perceived fairness in pay and promotion also accounted for a significant amount of the variance in job satisfaction (Witt & Nye, 1992). Particularly, employees' overall levels of satisfaction were significantly increased by the availability of a flex benefit plan (Barber, Dunham and Formisano, 1992).

However, Dillon and Flood (1992) found that the link between organisational commitment and HR practices was, at best, inconclusive. They explained the results as being similar to those of Herzberg et al, (1959), in that personnel policies and practices can only reduce the dissatisfactions of employees but cannot raise the levels of job satisfaction. If personnel

practices do not increase the levels of job satisfaction, then they cannot be expected to affect organisational commitment and other organisational effectiveness measures.

Given this conflicting result, and the fact that most of the past studies only looked at the impact of specific HRM practices on organisational effectiveness, the purpose of this study was to investigate managers' perceptions of the objectives of various HRM practices in their firms. Particularly, we assessed managers' perceptions of the importance of job satisfaction, organisational commitment and morale as organisational objectives that should be achieved by their firms' HRM practices.

Hypothesis 1: A managerial objective of HRM practices is to improve employees' levels of job satisfaction.

Hypothesis 2: A managerial objective of HRM practices is to improve employees' levels of organisational commitment.

Hypothesis 3: A managerial objective of HRM practices is to improve employees' levels of morale.

Methodology

Sample of Firms

Ninety-eight questionnaires were sent to firms in the electronics, insurance, financial and marketing services industries in Singapore. These organisations were a convenient sample of firms who had previously participated in a salary survey conducted by Buck Consultants Inc in 1998. These firms were primarily large multinational corporations and local firms in Singapore who have formalised compensation and wage structures.

Of these 98 firms, 24 responded to the survey, representing a response rate of 24.5 per cent. The questionnaires were sent either to the general managers, HR directors, or assistant vice presidents in charge of HRM. These individuals were chosen as respondents because as senior managers, they would have an in-depth understanding as well as an overall perspective of their firm's HRM operations and objectives.

A cover letter explaining the nature of the study was enclosed with the questionnaire. This process was followed up with a telephone call two weeks later to appeal for participation. However, many of the prospective respondents were precluded from the study because they were away during

the June vacation. Of the 24 firms who participated in the survey, 11 were from the IT/electronics industry, seven were from the insurance industry and the rest were from the financial and marketing services industries.

Independent Variables

HRM practices were measured by 48 items that were selected to cover as many HRM activities as possible. These items were selected based on previous research, as reviewed in the literature review section, that have found a relationship between the HRM activity and the firm’s effectiveness in meeting employees’ needs. Respondents were asked to indicate on a five-point Likert-type scale, 1 being low and 5 being high, the extent to which various HRM practices were implemented by their firms. By using factor analysis, we identified 12 composite HRM dimensions that integrated the 48 items. Ten factors were derived with two global-type dimensions.

Table 1: Factor Analyses Results

Strategic HRM Factor	Factor Loadings
Alignment of HR strategies with Business Strategies	0.665
HR acts as a Business Partner to Line Management	0.916
In-house HR professionals having a Strategic Perspective	0.883
Eigenvalue	2.060
Per cent of Variance	68.660
Alpha	0.7710
Planning Factor	
Framework of Planning	0.820
Formalisation of HR Plans	0.852
Formalisation of Replacement Plans	0.912
Formalisation of Succession Plans	0.935
Cycle of HR Planning	0.632
Eigenvalue	3.504
Per cent of Variance	70.086
Alpha	0.8782
Due Process Factor	
Development of HR Strategies involving Formalised Protocols and Procedures	0.613
Formalisation of Leave and Absence Policies	0.563
Formalisation of Grievance Procedures	0.786
Development and Dissemination of Employee Handbook and Manuals	0.719

Table 1: Factor Analyses Results (cont'd)

	Factor Loadings
Formalisation of Recruitment policies	0.810
Eigenvalue	2.484
Per cent of value	49.671
Alpha	0.7392
Job Analysis Factor	
Currency of Job Descriptions	0.760
Availability of Job Duties and Responsibilities	0.736
Tracking of Competencies	0.737
Formalisation of Job Analysis	0.896
Formalisation of Job Descriptions	0.891
Commitment of Resources in Developing Job Descriptions	0.868
Eigenvalue	4.011
Per cent of Variance	66.853
Alpha	0.8985
Staffing Factor	
Time and Resources Invested in the Recruitment Process	0.828
Socialisation Programme to Increase Employees' Job Fit	0.705
Formalisation of Selection Criteria	0.825
Eigenvalue	1.863
Per cent of Variance	62.086
Alpha	0.6942
Performance Management Factor	
Use of 360-degree Feedback	0.587
Validation of Performance Appraisal Instrument	0.900
Documentation of Employees' Work Activities	0.913
Provision of Training to Raters	0.792
Use of Performance Evaluation for Employee Development	0.886
Eigenvalue	3.401
Per cent of Variance	68.024
Alpha	0.8780
Training Factor	
Job/task Needs analysis	0.914
Individual/Person Needs Analysis	0.843
Time and Resource Invested in Training and Development	0.636
Cross Functional Training	0.798

Table 1: Factor Analyses Results (cont'd)

	Factor Loadings
Eigenvalue	2.586
Per cent of Variance	64.652
Alpha	0.8097
Career Development Factor	
Line Managers are Involved in Employees' Career Development	0.785
The Company Provides Training Resources to Prepare Employees for Future Work Requirements	0.765
Autonomy Given to Employees in their Work Assignments	0.520
The Company Trains and Prepares Employees for Future Work challenges	0.875
The Organisation has Career Development Activities to Help an Employee Identify Abilities, Goals, Strengths and Weaknesses	0.711
The Organisation Provides Career Planning Guides	0.602
Eigenvalue	3.105
Per cent of Variance	51.756
Alpha	0.7932
Compensation and Benefits Factor	
Bonuses	0.624
Merit Pay	0.612
Incentive Pay	0.838
Team-based Pay	0.698
Flex- or Cafeteria-style Benefits	0.729
Eigenvalue	2.485
Per cent of Variance	49.706
Alpha	0.7462
HRIS Factor	
Time Taken to Store and Record Employee Information	0.900
Ease in which Information can be Retrieved for Decision-making	0.818
Degree to which Information on Employees is Current	0.697
Eigenvalue	1.966
Per cent of Variance	65.541
Alpha	0.7253

Forty-six items in the questionnaire were factor analysed into 10 factors. These factors were related to HR being a strategic partner with line management (STRATEGIC HRM), the development of HR and succession plans (PLANNING), the development of HRM policies and procedures (DUE PROCESS), the description of job requirements and competencies (JOB ANALYSIS), recruitment, selection and socialisation activities (STAFFING), the measurement of employees' job performance (PERFORMANCE MANAGEMENT), training activities (TRAINING), career management and planning activities (CAREER DEVELOPMENT), types of compensation and benefits mixes (COMBEN) as well as the use of technology in automating HR procedures (HRIS).

The HRM practices found in Table 1 show a high Cronbach's alpha of over .70 for each of the 10 scales, indicating that the scales are highly reliable (Nunnally, 1978). The factor analyses in Table 1 indicate that the items in each scale fall into one factor, demonstrating that the scales are highly valid. As a result, the 10 factors, STRATEGIC HRM, PLANNING, DUE PROCESS, JOB ANALYSIS, STAFFING, PERFORMANCE MANAGEMENT, TRAINING, CAREER DEVELOPMENT, COMBEN, and HRIS, were used as independent variables in this study.

In addition, two variables, general HR skill level (HR SKILLS) and LAYOFFS were left as single-item variables as these did not load into any of the 10 factors. HR SKILLS referred to the ability and proficiency levels of in-house HR professionals in meeting their employees needs, while LAYOFFS referred to the use of procedurally just methods in setting criteria and communicating layoffs in advance to employees. The general HR skill level of in-house professionals (HR SKILLS) was used as an independent variable as it was predicted that the ability and proficiency levels of HR professionals in serving their internal customers would affect employees' level of satisfaction, commitment and morale. HR professionals who were able to respond quickly to the requests of their employees for information, or had the proficiencies to design HR practices that meet the needs of employees, were predicted to enhance their employees' levels of commitment to the firm, as well as increase their morale. As for LAYOFFS, firms that have procedurally just layoff practices were predicted to cause employees to have lower levels of job dissatisfaction, morale and commitment to the firm.

Dependent Variables

Since a precursor to a firm's level of productivity is anchored on the behavioural dimensions of the employees' levels of satisfaction and

Table 2: Correlations of Organisational Objectives with HRM Practices

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Satisfaction														
2 Commitment	0.753 ^a													
3 Morale	0.657 ^a	0.574 ^a												
4 Strategic Factor	0.470 ^b	0.608 ^a	0.190											
5 Fairness	0.543 ^b	0.33	0.391	0.257										
6 Planning	0.618 ^a	0.526 ^b	0.368	0.649 ^a	0.668 ^a									
7 Job Analysis	0.488 ^b	0.583 ^a	0.258	0.602 ^a	0.320	0.548 ^b								
8 Staffing	0.482 ^b	0.476 ^b	0.353	0.329	0.661 ^a	0.597 ^a	0.207							
9 Career	0.664 ^a	0.729 ^a	0.354	0.697 ^a	0.511 ^b	0.761 ^a	0.660 ^a	0.379						
Development														
10 Performance	0.548 ^b	0.690 ^a	0.387	0.491 ^b	0.567 ^a	0.648 ^a	0.462 ^b	0.728 ^a	0.597 ^a					
Management														
11 Training	0.596 ^a	0.573 ^a	0.245	0.714 ^a	0.494 ^b	0.636 ^a	0.566 ^a	0.481 ^b	0.720 ^a	0.672 ^a				
12 Comben	0.348	0.468 ^b	0.274	0.39	0.413 ^b	0.418 ^b	0.074	0.546 ^b	0.465 ^b	0.604 ^b	0.344			
13 HRIS	0.592 ^a	0.773 ^a	0.378	0.774 ^a	0.472 ^b	0.547 ^b	0.593 ^a	0.559 ^a	0.723 ^a	0.714 ^a	0.704 ^a	0.609 ^c		
14 HR Skills	0.296	0.421 ^b	0.158	0.445 ^b	0.281	0.289	0.076	0.343	0.527 ^b	0.415 ^b	0.489 ^b	0.493 ^d	0.435 ^d	
15 Layoffs	0.454 ^b	0.613 ^a	0.267	0.427 ^b	0.325	0.315	0.236	0.334	0.470 ^b	0.424 ^b	0.402	0.331	0.567 ^c	0.500 ^d

^ap<.005 ^bp<.05 ^cp<.005 ^dp<.05

commitment, the dependent variables chosen for this study were SATISFACTION, COMMITMENT as well as MORALE. As this is an exploratory study, single-item variables of job satisfaction, organisational commitment and morale were used instead of multi-item scales (Templer and Hofmeyr, 1989). The respondents were asked to provide an overall perspective of the organisational outcomes, namely, job satisfaction, organisational commitment and morale, which would be achieved by the various HRM practices of their firms. Participants indicated their responses on five-point Likert-type scales, 1 being low and 5 being high, for these outcomes.

Results

The HRM practices were correlated with the dependent variables, SATISFACTION, COMMITMENT and MORALE. The correlation results are shown in Table 2.

The results indicate that HRIS, PLANNING, CAREER DEVELOPMENT, and TRAINING were perceived by managers to be important HRM practices that would contribute to meeting the organisational objectives of increasing SATISFACTION, at $p < .005$. Other important HRM practices that are perceived to have a significant impact on SATISFACTION, at $p < .05$, include DUE PROCESS, STRATEGIC HRM, JOB ANALYSIS, PERFORMANCE MANAGEMENT and LAYOFFS. However, COMBEN and HR SKILLS were not perceived by managers to be statistically significant HRM practices that would increase SATISFACTION at $p < .05$. Thus, Hypothesis 1 is partially supported.

Using stepwise regression analysis to regress the various HRM practices on SATISFACTION, Table 3 shows that managers perceived CAREER MANAGEMENT to be the HRM practice that would allow the firm to achieve its objective of increasing employees' levels of satisfaction. All the other HRM practices did not significantly add any additional variance once this variable was included first.

Table 3: Stepwise Regression Analysis of HRM Practices on Satisfaction

	Beta	<i>t</i>	<i>p</i> -value	<i>R</i> -sq	<i>F</i>	<i>p</i> -value
Career Management	.664	4.16	.000	.415	17.307	.000

As for the HRM practices that would increase COMMITMENT, Table 2 shows that the respondents indicated that they considered LAYOFFS, PERFORMANCE MANAGEMENT, JOB ANALYSIS, TRAINING, CAREER DEVELOPMENT, HRIS and STRATEGIC HRM to be significantly related to the achievement of this organisational goal at $p < .005$. COMBEN, PLANNING and HR SKILLS were considered by managers to contribute to COMMITMENT at $p < .05$. DUE PROCESS was not found to have a statistically significant effect on COMMITMENT. Thus, Hypothesis 2 is partially supported.

Using stepwise regression analysis to regress the various HRM practices on COMMITMENT, Table 4 shows that managers perceived CAREER MANAGEMENT and PERFORMANCE MANAGEMENT to be statistically significant HRM practices that would allow the firm to achieve its objective of increasing employees' levels of commitment. All the other HRM practices did not significantly add any additional variance once these variables were included.

Table 4: Stepwise Regression Analysis of HRM Practices on commitment

	Beta	<i>t</i>	<i>p</i> -value	<i>R</i> -sq	<i>F</i>	<i>p</i> -value
Career Management	.493	2.987	.007	.510		
Performance Management	.395	2.396	.026	.597	18.021	.000

On the other hand, Table 2 indicates that MORALE was not an important managerial objective when a firm sets out its HRM practices. None of the HRM practices were significantly correlated to Morale at $p < .05$. Therefore, Hypothesis 3 is not supported.

Discussion

This exploratory study assesses how managers viewed their firm's HRM practices against their organisational objectives. The correlational results indicated a significant relationship between HRM practices with increasing employees' levels of job satisfaction and organisational commitment.

Specifically, the results indicated that the automation of HRM processes to facilitate quick response time to meeting employees' needs, the availability of HR and succession plans, as well as the availability of career development and training opportunities, were perceived by managers to be important HRM

practices that would significantly improve employees' levels of job satisfaction. Other important HRM practices that are perceived to have a significant impact on job satisfaction included fairness in the HRM policies and practices, HR professionals providing strategic HRM advice to business managers, the provision of clear descriptions of job requirements, accurate assessments of employees' performance, and fair layoff procedures.

As for the HRM practices that would increase employees' level of organisational commitment, the managers indicated that if layoff procedures were clearly and fairly stated, job performance was accurately measured, training and career development opportunities provided for, job requirements clearly spelt out, IT used to facilitate employees' requests for information for decision-making, as well as when HR acts as an internal consultant and partner to facilitate the work of business units, employees' levels of commitment to their organisation were improved. Managers also perceived that employees' levels of organisational commitment would be significantly improved when the firm uses a variety of compensation mixes, when HR engages in formal HR and succession planning activities as well as when HR professionals have the skills and abilities to meet their needs.

However, employee morale was not an important organisational objective that managers considered to be important when the firm designs its HRM practices. None of the HRM practices were significantly correlated to employee morale.

Therefore, managers considered employees' levels of satisfaction with their work, and their willingness to be committed to their organisation, as important organisational objectives. Particularly, the regression results indicated that managers considered career planning, career management and development procedures for their employees as key HRM functions that would increase employees' job satisfaction and organisational commitment. Therefore, one area in which HR professionals can provide value-added services to their business units is in the area of career management activities. HR professionals should partner with business units to develop a career management strategy and implementation process. Developing employees' careers to align them with the organisation's business strategy is key to future success. HR professionals will need to partner with their business units to strengthen their companies' competitive position by providing well-trained, motivated, customer-focused employees.

Effective organisations also need to train their managers to accurately evaluate the job performance of their employees. This is because effective performance management activities reinforce employees' sense of fair play and consistency, leading to increased job satisfaction and organisational

commitment. Formalised performance standards also encourage employees to reach for goals that are important to the firm. As they meet these organisational targets, the employees are more likely to be rewarded by the organisation. All these activities add to increased levels of employee job satisfaction and organisational commitment.

The results also imply that HRM practices and policies need to be clearly spelt out to ensure consistency and fairness. Employees who understand their job scope, who are provided with training to be empowered to succeed on the job, and are provided with career paths to grow and develop in the organisation, are more satisfied and committed. Firms also need to prepare for employee succession. HR professionals need to prepare for quick shifts in the business through HR planning. The assessment of bench strength will also increase organisational capabilities which enhance future firm performance and effectiveness.

A total flexible compensation (TFC) plan that allows employees to build individual compensation packages was also found to increase employees' level of satisfaction and commitment. This is because an innovative compensation arrangement such as a flexible compensation package, increases the perceived value of the dollars an employee receives of its payroll and benefits plan, hence increasing their levels of satisfaction and commitment.

Instead of playing the administrative role, HR professionals should act more like internal consultants to line managers to help them respond more effectively to their employees' needs. In order to deliver high value-added services effectively, HR professionals will need to develop competencies in business mastery, change mastery, in addition to HR mastery (Yeung & Brockbank, 1994).

A limitation of the study is that managers responded to both the independent and dependent variables. This may lead to perceptual biases due to common method variance problems. A future research agenda will be to assess employees' reaction to the services provided by the HR department. The results will give an opportunity for the users of HRM services to evaluate the level of service achieved by the HRM function. The HRM audit allows employees to assess if their needs are met and the improvements they consider necessary. Feedback should be received on how recruitment is handled, the improvements that are necessary in the performance management process, pay and job grading arrangement, training and development, as well as administration. The results will also provide feedback to HR professionals on the level of importance given to each function, and whether line management should be more or less involved in

future delivery of HRM activities.

Another future research agenda is to use objective, quantifiable productivity and financial measures to assess the impact of HRM practices on a firm's level of effectiveness. Using hard data prevents common method variance biases from arising.

In spite of these limitations, the results do show that managers expect their firms' HRM practices to contribute to organisational objectives. The results indicate which HRM practices the managers consider important in meeting their organisational objectives of increasing their employees' levels of job satisfaction and organisational commitment. Particularly, these involve career development and performance management activities.

Conclusion

The HRM audit provides a means for managers to evaluate their firms' HRM practices and to assess how these HRM activities are contributing to their organisational objectives. The results obtained serves to encourage managers to develop a strategic approach to managing human resources as well as in measuring the performance of HRM activities. Systematic analysis of performance can help determine priorities that will lead to a more rational approach to the management of human resources.

The employer's work does not end at the completion of an audit. When the audit is completed and the data reviewed, the company must stand ready to commit the necessary resources to correct problems in the firm's HRM policies and procedures. The diagnostic process concludes by identifying the HRM functions to be streamlined, the HRM activities to be handled more efficiently, or delivered in a more cost-effective manner (Clatfelter, 1997). After an audit and correction cycle has been completed, periodic mini-audits, possibly every one to two years, are necessary to keep a company in alignment with its organisational objectives. Employees who see the audit and correction process in action will perceive that the firm is concerned with their well being. This translates into employee goodwill for the firm.

The goals of the HRM audit aim to help a firm assess if their HRM policies and practices are assisting the firm in meeting its strategic objectives and creating a conducive working environment to promote organisational flexibility. They also indicate if the firm has HRM practices that help and reward employees for succeeding on the job as well as enhance a learning organisational climate (Lee & Heard, 1998). The management of a firm's human resources is important because it affects profitability and competitiveness through its effects on employees' level of job satisfaction, commitment to the organisation, and other organisational citizenship

behaviours. Firms conducting HRM audits are those who wish to remain competitive by maximising their investment in human resources, are committed to fair employment and continuous improvement, as well as those wanting to strengthen their reputation as an employer of choice (Burn, 1992).

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