

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

**The Impact of Strategic Human Resource Management
on Organisational Performance**

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DIPLOMA THESIS ASSIGNMENT

Alexandra Khritova

Business Administration

Thesis title

THE IMPACT OF STRATEGIC HUMAN RESOURCE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE

Objectives of thesis

The aims and objectives of the research are:

- To critically review of theoretical framework associated with the role of Strategic Human Resources Management within an organisation.
- To identify variables that represent Human Resources Management and have impact on Organisational Performance
- To evaluate the perception of employees on Strategic Human Resources Management practices
- To determine the link between Strategic Human Resources Management and Organisational Performance
- To analyse to what extend these practices affect Organisational Performance

Methodology

This dissertation is based on qualitative research, where both primary and secondary source of data will be used. Primary data will be collected with the help of structured questionnaires that will be created on the basis of literature review. These questionnaires will be administered on an identified set of respondents, who are the employees of the selected organisation Anheuser-Busch InBev, which office is located in Prague.

The results of the collected data will be analysed in order to accomplish the goals of the dissertation and identify which hypothesis is being supported.

The proposed extent of the thesis

Approx 60 – 70 pages

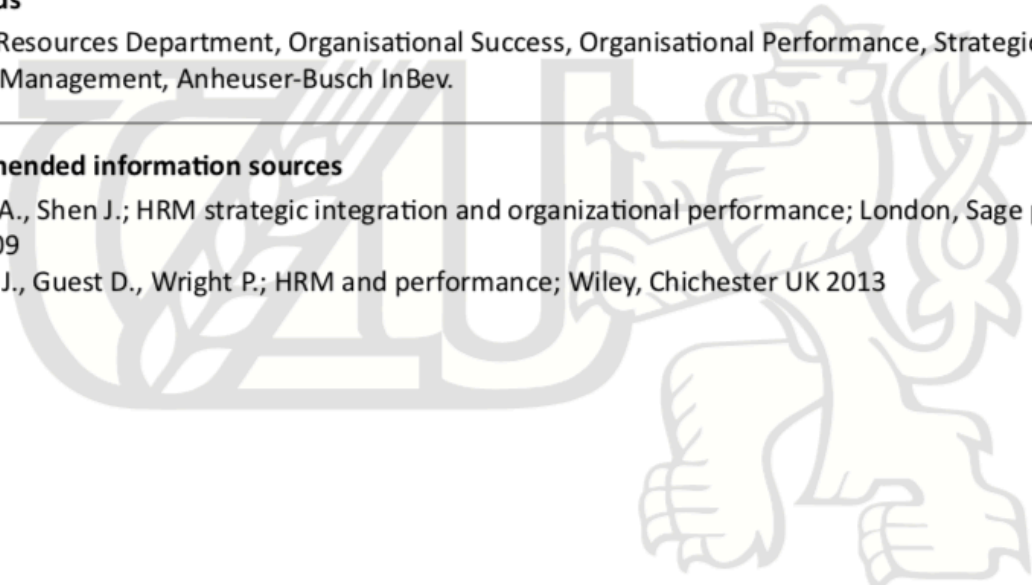
Keywords

Human Resources Department, Organisational Success, Organisational Performance, Strategic Human Resources Management, Anheuser-Busch InBev.

Recommended information sources

Chanda A., Shen J.; HRM strategic integration and organizational performance; London, Sage publications 2009

Paauwe J., Guest D., Wright P.; HRM and performance; Wiley, Chichester UK 2013



Expected date of thesis defence

2017/18 SS – FEM

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Declaration

I declare that I have worked on my diploma thesis titled "The Impact of Strategic Human Resource Management" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any other person.

In Prague, March 31, 2018.

Alexandra Khritova

Acknowledgement

I would like to thank Ing. Richard Selby, Ph.D for his advice and support during my work on this thesis.

The Impact of Strategic Human Resource Management on Organisational Performance

Abstract

Today many organisations have increasingly become aware of the importance of Strategic Human Resource Management (SHRM). People are considered as an essential element of firm's development, therefore many organisations aim to manage their Human Resources strategically in order to turn their employees into competitive advantage. Although, extensive literature is available on SHRM - performance link, it is still unclear which SHRM practices strongly impact the performance of organisation. To fill this gap, the study identified what SHRM configurations have a significant correlation with organisational performance and what practices have the biggest impact on it. To carry out the research, data was collected from 101 employees of Anheuser-Busch InBev company, and analysed using Statistical Package for Social Sciences (SPSS). Reliability test, Pearson Correlation and Multiple Regression analysis were conducted to examine the relationship and find answers to the research questions. The findings formed useful recommendations for AB InBev company and other studies that will be related to the topic.

Keywords: Human Resource Management, Strategic Human Resource Management, Organisational Performance, Organisational Success, Competitive Strategy, Anheuser-Busch InBev.

Vliv strategického řízení lidských zdrojů na organizační výkonnost

Abstrakt

Dnes mnoho organizací stále více uvědomuje význam strategického řízení lidských zdrojů (Strategic Management of Human Resource Management - SHRM). Lidé jsou považováni za základní prvek rozvoje firmy, proto se mnoho organizací snaží strategicky řídit své lidské zdroje tak, aby udělaly ze svých zaměstnanců konkurenční výhodu. Ačkoli je k dispozici rozsáhlá literatura na SHRM - performance link, je stále nejasné, které postupy SHRM silně ovlivňují výkon organizace. Aby tato mezera byla vyplněna, studie ukázala jaké konfigurace SHRM mají významnou korelaci s organizačním výkonem a jaké postupy mají největší dopad na něm. Pro účely výzkumu byly shromážděny údaje od 101 zaměstnanců společnosti Anheuser-Busch InBev a analyzovány pomocí Statistického balíčku pro společenské vědy (SPSS). Test spolehlivosti, Pearsonova korelace a Multiregresní analýza byly provedeny pro zkoumání vztahu a nalezení odpovědí na výzkumné otázky. Tyto nálezy představovaly užitečné doporučení pro společnost AB InBev a další studie, které se budou týkat tohoto tématu.

Klíčová slova: Řízení lidských zdrojů, Strategické řízení lidských zdrojů, Organizační výkon, Organizační úspěch, Konkurenční strategie, Anheuser-Busch InBev.

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List of abbreviations

Anheuser-Busch InBev - AB InBev
Human Resources - HR
Human Resource Management - HRM
Strategic Human Resource Management - SHR
Traditional human resources management- THRM

1. Introduction

During the last decades many organisations have experienced intense pressure of globalisation, innovation, rapidly changing economical environment, increasing product-market competition and changing consumer demands. All these changes force companies to improve their performance by reducing costs, improving quality and differentiating their products and services (Barney, 2001). However, these can be easily imitated by the competitors. To differentiate the business in competitive environment, companies use Human Resources Management (HRM) as key functions in developing strategic responses to the mentioned pressures. One of the reason for popularity of HRM is the assumption that it is a source of competitive advantage and that it influence the performance of organisation in a positive way. Many organisations aim to manage their Human Resources (HR) strategically in order to turn their employees into competitive advantage, which cannot be copied by their rivals (Chanda and Shen, 2009). Without well-organised, well-trained, well-developed and well-managed HR, modern companies cannot deal with challenges of globalisation age.

According to Farazmand (2004), HR that act both as labor and business function, usually considered to be as cost centre, however it is very seldom that they are viewed as added value creation. HR has been seen as unique and differentiating asset that plays an increasingly crucial role in different firms. Many researches have driven their interest to Strategic Human Resources Management (SHRM) in the recent years and many studies has proved that companies that use innovative and unique HR practices has better financial performance in comparison to organisations that do not use them. This emphasise the importance of HR in organisational performance and, hence, identifies the relationship between these two (Budhwar and Debrah, 2000). According to Mitchell (2002), organisational performance can be classified into different performances, such as: financial, customer, internal process, learning and development, social and

environmental. Hence, all these performances are affected by a set of SHRM, as several studies has proved.

There are three perspectives about impact of HRM on organisational performance, and these are: HRM system, HRM practices and Strategic HRM. Research on HRM system considered HRM as a system where each element of HRM interacts with each other, and thought these interactions HRM influences the performance of the company (Katou, 2008). Theory on HRM practices includes research on the influencing factors of organisational performance, verification of the impact of HRM practices on organisational performance and considering the most important factors associated with HRM practices (Katou, 2008). In the last theory, as per Ulrich and Lake (1990), strategic HRM is described as a linkage of HR factions with strategic objectives of a company in order to improve business performance and cultivate the culture of a company that would lead to innovation, flexibility and, hence, to organisational successes.

This research paper will examine the impact of organisational performance from a perspective of the third theory, which is Strategic HRM.

2. Objectives and Methodology

The following chapter will describe the objectives of the research and was it the primary goal of the study step by step. Further, methodology will be explained, how the research will be undertaken, which strategy and approach will be followed. The list of research questions and research hypotheses will be demonstrated in this chapter. In addition, importance of reliability will be discussed here together with limitations that occurred during the research.

2.1. Objectives

The purpose of this study is to determine the impact of SHRM practices on organisational performance. The objectives of the research are:

- To critically review of theoretical framework associated with the role of SHRM within an organisation.
- To identify variables that represent HRM and have impact on Organisational Performance.
- To evaluate the perception of employees on SHRM practices within the company they work.
- To determine the relationship between SHRM practices and Organisational Performance.
- To analyse to what extend SHRM practices affect Organisational Performance and which variable is the most crucial dimension in explaining performance of organisation.

This research will examine the null and alternative hypothesis based on the relationship of SHRM and Organisational Performance. Whether it is necessary to support these practices to achieve success in a company or not. This paper will

focus on this issue and will add to the body of knowledge literature review regarding the impact of SHRM implementation on organisational performance, which will be supported by empirical evidence. To conduct practical part of this thesis Anheuser-Busch InBev company will be taken as an example, and its employees will be questioned regarding the research question. Moreover, several statistics will be used in order to evaluate gathered data.

2.2. Methodology

2.2.1. Research Purpose

The purpose of this paper is to formulate and evaluate the influence of elements of SHRM on organisational performance as well as investigate reachable strategies of data collection. For this purpose, secondary and primary data will be used. Secondary data refers to various case studies, journals as well as books, and will be used for information acquisition. According to Vartanian (2011), secondary data is usually collected by government and research institutions to provide researches with resources to examine characteristics of different hypothesis. In this thesis survey will be used as a source of primary data that will be collected specifically for the purpose of the research paper. As per Adams *et al* (2014), the advantage of primary data is that it is specifically tailored to the concrete research needs.

Academicians argue that traditional HRM has no longer positively impact and contribute to the success of the business and, therefore, HRM has been developed into SHRM and adopted by many international organisations. Harris and Ogbonna (2001) say that SHRM impacts the performance of organisation and that successful organisations pay special attention to adopting concrete HRM practices and link them with their organisational strategies. SHRM is becoming more popular, however, there have been very few evaluations that it directly affects organisational performance. For this reason, the purpose of this research will be to study how SHRM configurations such as recruitment and selection, training and development,

internal labor market, incentives and rewards, as well as employee retention affect organisational performance. Many studies show that HRM directly impacts the performance of a company, however the question, whether SHRM impacts organisational performance, is still remains open.

This study will be focused on evaluation of SHRM practices that has been adopted by one of the successful international organisations Anheuser Busch InBev (AB InBev), whose office is located in Prague, and the impact of these practices on the performance of AB InBev.

2.2.2. Research Question and Research Hypothesis

SHRM plays an important role in every organisation because success of the business lies in its people. Nowadays there are many literature related to the effectiveness of SHRM, however it is still unclear which SHRM practices directly impact organisational performance. The first question of the research is:

Do SHRM practices affect Organisational Performance?

Research question is divided into sub-questions and the following null and alternative hypothesis will be tested:

RQ1: Does recruitment and selection affect organisational performance?

H0: Recruitment and Selection affects organisational performance.

H1: Recruitment and Selection does not affect organisational performance.

RQ2: Does training and development affect organisational performance?

H0: Training and development affects organisational performance.

H:2 Training and development does not affect organisational performance.

RQ3: Does internal labor market affect organisational performance?

H0: Internal labor market affects organisational performance.

H3: Internal labor market does not affect organisational performance.

RQ4: Do incentives and rewards affect organisational performance?

H0: Incentives and rewards affect organisational performance.

H4: Incentives and rewards do not affect organisational performance.

RQ5: Does employee retention affect organisational performance?

H0: Employee retention affects organisational performance.

H5: Employee retention does not affect organisational performance.

The second research question will be:

Which SHRM practice affects organisational performance the most?

The responses for the above questions will be provided in the chapter 5 with findings and results.

2.2.3. Research Approach

To examine how recruitment and selection, training and development, internal labor market, incentives and rewards, and employee retention impact organisational performance, it is important to identify the relationship between

these variables. Strategic SHRM configurations will be considered as independent variables and organisational performance will be considered as dependant variable.

This research will conduct quantitative study. According to Adams *et al* (2014), quantitative research is based on the methodological principles of positivism and neo-positivism. It is applied for quantitative measurement and, therefore, statistical analysis will be used. Self-created questionnaires will be designed after the literature will be reviewed, and will be used to collect quantitative data.

A deductive approach will be suitable for this research. Deductive concept establishes hypotheses, which are based on the existing theory, and designing a research strategy in order to test these hypothesis. According to Gulati (2009), deductive approach means reasoning from particular to the general. After the set of hypothesis are formulated and tested, the right or wrong formulation is provided through consistent methodology.

2.2.4. Research Strategy

Research strategy refers to a methodology that helps to investigate research issue. As per Creswell (2009), research strategy is a generalised plan that helps researches to have research questions answered in a systematic way. The research strategy of this paper includes the analysis of literature review and analysis of survey that will be conducted in AB InBev company. In order to collect all the data that is necessary for the research, self-created questioners were distributed to the employees of Anheuser Busch InBev. Employees of HR department as well as team leads of each sub-department were asked to participate in the survey as they do HR functions on a daily basis. After the data is collected, it will be analysed and concrete findings will be reported.

2.2.5. Primary and Secondary Data

To help answer specific research questions researchers must collect data that is relevant to particular research problem (Coghlan and Brannick, 2014). Primary data, which is also known as raw data, unique and original data, is collected from a source according to the research requirements (Vartanian, 2011). When choosing how primary data will be collected, it was decided to create self-made questionnaires because to achieve research objectives it was necessary to gather opinion of employees from a company. Topic objectivity, accuracy in answered questions and high speed are the advantages of conducting a survey. Before collecting primary data, secondary data has to be reviewed. Secondary data refers to the use of existing research data and literature to find answer to the research questions (Vartanian, 2011). Many information was gathered from different resources on the topic of the research in order to create an accurate questionnaire (appendix 8.8.2).

2.2.6. Time Horizons and Reliability

Time horizon refers to the time period during which the research will be done and data collected. Cross-sectional study has been chosen for the following research. As per Babbie (2010) cross-sectional study assumes that evaluation of data of a population is done at a specific point in time or over a short period. This research is based on descriptive studies, which are often cross-sectional, therefore the data was collected from each sub-department over a short period of time.

Reliability is a crucial characteristic of any research which shows its quality. According to Bailey (1994), research can be considered reliable if the concept that is being measured remains constant in values and measurements do not change. In order to avoid threats of reliability, questionnaires are stated in simple words and very readable and understandable for the participants. In addition, people who

participated in the survey are different nationalities and cultures, and consistency in replies proves that data is reliable and can be analysed for the further research.

2.2.7. Limitations and Ethics

Ethics within research refers to the morality of human behaviour and to moral carefulness during the research process. The questionnaire follows ethical and moral principles and were designed in a way that no emotional or cultural harm could be done to the respondents. Moreover, full anonymity has been promised to the participants and no personal data has been collected. Nobody was forced to participate in the survey and data has been collected on voluntary basis.

Polonsky and Waller (2010) state that limitation refers to unpredictable issues that might occur during the research process or that results and findings are not very informative. One of the limitation of the research was the difficulty of evaluation each variable and designing questionnaire that would contain necessary information and be understandable and simple at the same time. Another limitation is related to the sample size, it was necessary to collect enough respondents in order for data to be reliable and to establish strong relationship between variables.

3. Literature Review

The following chapter is presented on the basis of literature review related to HRM, SHRM and its development, concept of Organisational Performance and relationship between SHRM and Organisational Performance. During this chapter several variables will be identified that represent SHRM and could have an impact on Organisational Performance. These variables will be taken into consideration in the further chapters in order to do the analysis so that aims and objectives of the research can be achieved.

3.1. Human Resource Management

HRM is a relatively new field, however it evolved at a rapid pace. According to the literature dedicated to HRM, there is still no consensus when it comes to definition of this term and its function as it varies wildly in contemporary literature. Many authors describe it as a formal system devised for the management of people, but some concentrate on HRM in terms of effectiveness, while others focus on HRM in terms of skills, knowledge and competences (Hitt *et al* 2001). Traditionally, HR as a people resource and as management function has been considered as cost centre that concentrates on record keeping, employees' welfare and recreation, which may seem to be irrelevant to the business. Hence, HR managers are considered harmless people who spend the time organising social activities and creating policy manuals. However, in the recent years, researches are establishing a link between investments in HR and its subsequent contribution to the performance of a company. Many argue that companies should concentrate on what they are good at as means of differentiating them from their rivals and use human asset as competitive advantage to enhance organisational performance (Chanda and Shen, 2009). Firms are focusing on knowledge, which is considered as "invisible asset". This asset can be managed at individual level, small groups, whole organisation and cluster of organisations. In order to manage this asset effectively, it is required to create environment that

enables high performance as well as provides possibility to create, share, create and use knowledge.

According to Paauwe *et al* (2013), HRM concentrates on policies as well as practices that affect employees behaviour and performance. These practices, such as HR planning, recruitment and selection, training and development, compensation, employee relations and others, should positively impact the performance of any organisation. Way (2002) states that one of the most essential practices are: staffing, communication, teamwork, flexible job assignment, compensation and training.

The majority of conducted studies and researches concentrate on the link between HRM and organisational performance. As per Pfeffer (1994), this HRM-performance link is focussing on the sixteen best HR practices, which he reshapes into seven practices that are expected to enhance the organisational performance of a company. The greater use of these practices, the greater the productivity of people and, hence, productivity of a company. These seven practices that Pfeffer (1994) mentions are:

- Attentive recruitment and selection of new employees
- Extensive training of employees
- Self- managed teams (decentralisation of decision making)
- High compensation
- Reduce status distinctions across levels (dress-code, language, wages, office arrangements)
- Constant and extensive sharing of financial information within organisation
- Excellent employee security

Paauwe *et al* (2013) mentions, that when examining the impact of HRM on organisational performance, researches use different practices and it is very rare to find two studies that use the same HR practices. Due to this use of different HRM categories, there is an absence of consensus on what exact HR practices should be

used for enhancement of organisational performance, which fill the most important gap in HRM-performance link.

3.2. Strategic Human Resource Management

In the last couple of decades significant contribution have been made towards issues that are concerned with the management of people, which are well documented in the literature. HRM attracts much of attention as a unique approach when it comes to the management of employees in the most effective and efficient way. However, the initial research in HRM field has been criticised and called “micro analytic ”, because it focused on concrete issues of organisation (Delery and Doty, 1996). During the last decade researches produced many other literature associated with theoretical and empirical work linking HRM with business strategies. The impact of this link on overall performance of company, rather than on employees performance only has been measured. As a consequence, researches in this field developed the interest to the SHRM and its impact on overall organisational performance (Chanda and Shen, 2009).

Despite of the increasing interest towards SHRM, the concept still remains vague, not very clear and undiscovered to a certain extend. Ulrich and Lake (1991) describe SHRM as a tool that has a link between HR and business strategy. Truss and Gratton (1994) describes SHRM as a process that align HRM practices together with strategic goals and objectives of a company that boost organisational performance. Moreover, Wright and McMahan (1992) define SHRM as a pattern of strategically planned activities that help company to achieve its goals and objectives. Huselid (1995) states that SHRM represents practices that affect employees, to be concrete, their motivation, skills and the way they perform their work. Finally, as per Shuler *et al* (2001), SHRM is a link between HRM and strategic management process that emphasise coordination between HR activities.

Various definitions of SHRM are based on four different approaches: strategy-focused, content-focused, decision-focused and implementation-focused (Kazmi and Ahmad, 2001). Strategic-focused approach represents HRM where all the elements have strategy linkages. Content-focused approach supports that SHRM occurs only if HRM practices meet organisational strategy. Decision-focused approach represents three decision-making levels and these are: operational, managerial and strategic. The approach considers SHRM as HRM at strategic decision-making level. As per implementation-focused approach, SHRM emerge when HRM support formulation and implementation of business strategies. The most important approach in SHRM is the process-based approach, therefore the process aspect must be considered when defining SHRM (Paauwe *et al*, 2013). Summarising all the definitions and focusing on process aspect, the definition for SHRM can be as following:

SHRM is defined as a construct of HRM strategy, practices and systems that are formulated in line with the corporate strategy and is made to support the business process with alternative HRM solutions in order to provide competitive advantage and improve organisational performance.

3.3. Development of SHRM

SHRM has shown considerable grow in the last 20 years. According to Schuler *et al* (2001) SHRM evolved from personal management in two phases. Firstly, it developed from personal management to traditional human resources management (THRM), and secondly - from THRM to SHRM. In order to create a competitive advantage for a company HR should concentrate more on business and strategic oriented priorities, rather than traditional factions, such as starting, training, appraisal and compensation. Flexible workforce, team-based job design, employee empowerment and intensive compensation represent strategic and businesses

priorities that a company should focus on. Huselid (1995) state that SHRM was created as a tool that diagnose strategic needs of organisation and plan development of a talent in a company so that competitive strategy can be developed the corporate goals are achieved .

3.4. The Concept of Organisational Performance

For a company to be successful and stay competitive, its it important to focus on continuous performance, because only through performance organisations can improve, develop and grow. Therefore, performance of a company is considered as one of the most crucial variables used in management research and the most important indicator of how a company is doing. Even though organisational performance is an extensively-used dependent variable, it is still loosely-defined in the literature. According to Salameh and Burtonshaw-Gunn (2013), organisational performance is a set of financial and non-financial indicators that provide information on the degree of achievement of company's objectives and results. Some authors, when defining organisational performance, focus more on financial measures of performance. Venkatraman and Rmaanujam (1986) mention that performance centres on the use of outcome-based financial indicators that supposed to represent the fulfilment of the economic goals of the company.

It has been many years since researches are trying to establish a clear and concrete definition of organisational performance, which extends to many fields, including HRM. HRM-performance link has also not been determined well and do not have a precise meaning for organisational performance. The literature reveals that some studies used behavioural aspects to evaluate performance of a firm, such as employee and customer satisfaction, employee commitment measures, etc. Others used objectives measures, such as financial and market indicators. Consequently, there is no common theory regarding organisational performance and different variables are used to measure it (Paauwe *et al*, 2013). Spangenberg and

Theron (2004) say that the performance of the company can be measured by the speed of development of their products and services, satisfaction level of employees and customers, and also by financial performance.

In HRM-performance classification of performance outcomes can be viewed differently. As per Dyer and Reeves (1995) outcomes are considered as follows: HR-related outcomes (job satisfaction, turnover, commitment), financial accounting outcomes (return on investment, profit, sales), organisational outcomes (efficiency, quality, service) and capital market outcomes (stock price, market share).

As per Dyer and Reeves (1995) HR strategies directly impact HR-related outcome, which are followed by financial, organisational and capital market outcomes. To be concrete, employees' attitude as well as behaviour is affected by HR practices, which can result in high satisfaction rate and low turnover. If people are satisfied and valued, their performance can generate high organisational and financial outcomes.

Paauwe and Boselie (2005) mention multi-dimensional concept of organisational performance in case of future research, which mean that researches may use multiple measures of performance to fulfil multiple goals of HRM and different parties that have been involved within or outside the organisation. Moreover, they have affirmed the role of financial measures as strong indicators of organisational performance.

3.5. The Link Between SHRM and Organisational Performance

People use their abilities, skills and experience it the interest of the organisation they work for. This is a main source of competitive advantage and makes a significant contribution to organisational success. According to Farazmand (2004) SHRM practices such as selection and recruitment, training and development,

employee relations and reward management are related with how people are selected for a company and managed within it, so that a competitive advantage is gained through strategic deployment of a capable workforce. Cole and Kelly (2011) mention, that effective HRM strategy systematically manages all HR measures in order to directly influence employee behaviour and attitude in a way so that it leads a company to the achievement of its business strategy. The goals of each competitive strategy of a company are different, therefore the management of HR should align their practices with the overall corporate strategy. This way a company is able to gain competitive advantage and, in its turn, reach superior performance (Kelliher and Perret, 2001).

When examining the relationship between SHRM and organisational performance, two research streams have been developed. The first one is concerned with the direct relationship between HR practices, systems and organisational performance, and the second one is about indirect relationship. Some HR practices directly lead to competitive advantage and, thus, enhance organisational performance. However, when it comes to indirect relationship, HR practices can directly impact some mediating variables, which can affect organisational performance.

After extensive review of literature, three types of perspectives have been identified when theorising the impact of SHRM on organisational performance. The first perspective is about “best practices” of SHRM policies. The researches that support this perception mention that there are certain HR practices that are always better than others and that all companies should adopt them in order to improve organisational performance (Delery and Doty, 1996). The second group of researches adopting “contingency approach”. These researches argue that HR practices should be organised in a way that it is match with other aspects of organisation. It is most likely that different HR policies might be required at different stages in organisational’s life cycle (Bird and Beecher, 1995). The third perspective that researches support is about “configurational approach”. This

approach is more complex and represent unique patterns of factors that are posited to be maximally effective (Bach and Edwards, 2013).

All these three theoretical perspectives emphasise the the link between SHRM and organisational performance. However, while there is a lot of literature dedicated to SHRM linkage to performance there is very little empirical evaluation has been done. Hence, a better understanding about the impact of SHRM practices on organisational performance can be achieved through deeper theoretical development, which is supported by empirical evidence.

A resource-based view of a company considers internal resources as a source of generating a sustainable competitive advantage. Several authors emphasise the relationship between SHRM and organisational performance. Resource-Based view focus and analyse on the internal resources instead of concentrating on the external ones. This view link organisational performance to internal resources based on core competences. Therefore, researches consider SHRM as one of the most important internal resources that can be used in order to gain competitive advantage of a firm and improve its performance.

Delery and Doty (1996) state few HR practices that are referred to as strategic HR practices impact organisational performance. The practices that expected to make a difference to organisational performance are: recruitment and selection process, training and development system, internal career opportunities, formal appraisal, incentives and rewards. These are the most important strategic HR practices that have proved their positive effect on organisational performance through the course of the literature. Though these practices a company can improve and positively impact skills, abilities and knowledge of employees, increase motivation, gain high-performance and enhance retention of valuable employees.

For the further research this paper will be focusing on combined effects of five practices, such as recruitment and selection, training and development, internal

labor market, incentives and compensation, and employee retention on organisational performance.

3.6. Recruitment and Selection

According to Dessler and Teiche (2004), recruitment is a way that HR department attracts people from whom the selection will be made. It is a core function in HRM, which is responsible for obtaining a pool of potential candidates with the desired skills, knowledge and experience, so that the most appropriate people can be selected to fill job vacancies (Bach and Edwards, 2013). The strategy of recruitment aims their efforts to reach better pools of candidates and at the same time to sell the company as an employer of choice. According to Sims (2002), there are several factors that affect recruiting effort: attractiveness of the job, reputation of a company, cost of recruitment, recruitment goals and philosophy.

When it comes to selection, Dessler and Teiche (2004) state that it is about choosing the right job candidate. Selection is a partner of recruitment and is a very crucial process for a company. Good selection decisions ensure the organisation of their financial investments in their employees. Selection process is about how to make accurate evaluation of the strengths and weaknesses of the candidates and identify which person can perform concrete job in the best way. The purpose of selection is to find a perfect match between the person and the job, in order to avoid employee-organisation mismatch (Chanda and Shen, 2009). This perfect match is the most important element in any organisation when it comes to management of people.

Accurate and good selection of employees have never been more crucial to organisational success. Companies need well-qualified staff who will be able to smoothly operate in changing environment. People who work at the company are the ones who create and sustain competitive advantage of organisation. Paauwe et al (2013) states that recruitment and selection process make significant contribution

to organisations, to be concrete, selecting the right people for the right job contributes to higher productivity of a company and better market value. Koch and McGrath (1996) mention that the process significantly contribute to organisation when investment in recruitment and selection were found to be positively related to the productivity of the labor force. Moideenkutty *et al* (2011) states that the overall effectiveness of recruitment and selection process on the bottom-line issues, create a positive affect on subjective and objective indicators in relation to organisational performance. The literature shows that this HR practice is identified as one of the core, one of the most important and has always been included in the mixture of HR practices that are chosen by HRM researches. Paauwe *et al* (2013) claims that if organisations ensure that they recruit the right people for the job, they can generate and even expand their profits. The right people means employees with appropriate skills, knowledge, abilities and qualifications that meet the specific job requirements and approach to the market.

As per Bach and Edwards (2013), it can be very costly if the the wrong person has been hired. The expenses associated with advertisement, agency fees, interviews, financial and non-financial implies actions as well as time spent for hiring the wrong person make recruiting and selecting the right person critical. Organisations have to focus not only on the skills and experience of the potential employee, but also on his to her attitude as well as motivational fit, which Paauwe and Boselie (2005) call a key differentiation in the selection process.

Bach and Edward (2013) say that recruitment and selection process often appears as “Cinderella” aspect of HRM policy and practice. It helps to reduce turnover and absenteeism. In addition, assessment of the fit helps companies to increase satisfaction and morale of employees that would definitely lead to better performance. Chanda and Shen (2009) say that motivated employees are trying to perform their best and are more likely to find ways to improve the work process, products and services, which also contribute to the success of a company. On the other hand, if an employee is not satisfied with the job, does not feel valued, he or

she loses motivation and this leads to high turnover and low productivity. Thus, the importance of values and values integration throughout the recruitment process is imminent.

3.7. Training and Development

According to Chanda and Shen (2009) appropriate training and development is crucial for organisational success. Barrett and Connell (2001) identify training and development as a field associated with organisational activity that aim to improve performance of individual employee and group of employees. Training and development is the process of systematic development of individuals for the purpose of improving performance within organisations.

According to Swanson (1995), implementation of training and development practice regularly improves existing employees' skills and knowledge for the current job and prepares fresh employees for their future positions. Barrett and Connell (2001) also mention that this practice not only helps employees to gain knowledge about their job and progress professionally, but also to improve personal and organisational skills. Training and development practices include employee training, career and personal development plan, coaching, mentoring, tuition, assistance as well as organisational development. Training can be considered as a valuable investment in the human asset of organisational. Success of the company lies in its people, who create a competitive advantage, therefore it is important to invest in them so that employees always progress and improve as individuals and bring the company forward. Hazel and Tzafrir (1999) say that according to exchange theory, investment in training and development can create in employees a moral obligation to see that the company gets its money worth in return and it increases the performance of organisation.

Chanda and Shen (2009) state that many researches have reported a positive association of training and development on organisational performance. Integration of training and development is done through the involvement of line managers in preparation of training plans, training needs analysis, imparting training and training audit. It is also crucial to identify training needs periodically as it helps synergy training and implementation of corporate strategy.

It is necessary for a company to design training carefully as it should be made according to the needs of employees and organisations, so that it can lead to good results. Moreover, Breiter and Woods (1997) emphasise that it is crucial to provide employees on the job training because people learn better in a practical way. This practice reduces costs, saves time and helps firms to create a better corporate image. Training your employees improves organisational development, as it gets better and more effective in decision-making and problem-solving situations.

Designing training and development program can be divided into five phases such as: training need assessment, instructions objectives, design, implementation and evaluation. All trainings must have needs assessments as the first step in the process in order to identify which gaps needs to be filled and where training is needed. Breiter and Woods, (1997) identify need assessment as process of determining the gaps between optimal and actual performance. It will help to push resources to the areas of the greatest need, which are related to the achievement of organisational goals, improvement of products, services and overall productivity. Good need assessment helps in identifying instructional objectives, the selection and design instructional programs, and the evaluation of the whole training.

As per Hazel and Tzafirir (1999), training activities can influence performance in at least two ways. They can improve skills, knowledge and abilities, and increase satisfaction of employees with their jobs and workplace. Numerous studies have

shown that training and development play vital role in gaining and maintaining competitive advantage and positively affect employee retention.

3.8. Internal Labor Market

Many organisations faced a dilemma whether to use external or internal labor market. The concept of internal labor market represents the mobility and promotion of people within the company. It refers to the use of internal sources of recruitment to fill a vacancy with an existing employee of a company. Such organisations focus on recruiting internally rather than externally. According to Ariga *et al* (2010), internal labor markets are employment systems that can be described in four ways: long-term employment relationship, new hirings occurring at designated ports of entry, allocation of labor after entry based on internal promotion and individual pay influenced by administrative rules. Companies that provide internal career opportunities concentrate on promoting their people, obtaining commitments from the employees and rewarding seniority. These organisations make hiring decisions with a long-term outlook in mind. Employees are hired with the idea that they will be working with a company for a long time, and, therefore, the hiring decision is made more accurate and careful (Noe, 2000). By recruiting internally, the management is already familiar with the capabilities of employees, the fit between these employees and the work culture, and also have a better idea of how the candidate will perform in a new role.

Internal labor market benefits both employees and management. For organisations it allows to create motivated and specialised workforce, by promoting knowledge, experience and satisfaction within a company. Management can reduce dependence on external labor market, which would lead to a better efficiency when it comes to selection and recruitment of people. It decreases recruitment, selection and training cost, as well as provides a more stable employment system. In addition, it provides great loyalty and reliability from employees. As per Ariga *et al*

(2010), for workers internal labor market can provide great security, stability, confidence that they are valued and recognition that their hard work is being rewarded. Internal promotion acts as an incentive to perform better and if employees feel they are rewarded for dedication and hard work, they are far more likely to take ownership of their position and give to it their best efforts. Hence, increased performance can be expected in return.

Studies that were conducted on the topic of the role of internal labor market within organisation showed that there is a positive effect on company when employees are recruited internally. The opportunity for career development offered within organisation connects positively with performance of organisation. For example, Delery and Doty (1996) talk about importance of internal labor market and its impact on financial indicators. Furthermore, Verburge (1998) argues that internal promotions positively related with market share, perceived profit and future investment. Paauwe *et al* (2013) also found positive correlation between internal career opportunities and measures for organisational performance, such as sales, profit growth, market share as well as quality of products and services. Internal career opportunities can lead to facilitation of succession planning, which aims to ensure that the right people are at the right positions and at the right time to achieve business goals of a company. Moreover, internal labor market negatively impacts employee turnover, as it increases satisfaction level of workers.

Regardless of all the benefits that internal carer opportunities provide, companies should use both labor markets, internal and external, depending on the degree of specialisation. In case a worker's skills are easily replaceable and highly portable, then external labor makes can be considered. However, when a company requires high degree of specialisation, an internal labor market should be used, means that organisation must try attempt retain the particular employee because these skills cannot be replaced easily.

3.9. Incentives and Rewards

Incentives and rewards are essential factors that affects employees performance and, therefore, organisational success. These are crucial drives of employee behaviour and motivation. Dessler (2005) defines incentives as any form of payment or reward given to employees that arise from their employment. Chanda and Shen (2009) argues that if a company provides desired rewards to their employees, they are more likely to perform in a manner that will bring them these rewards. According to Bach and Edwards (2013), incentives act as a persuading factor that encourages motive, which directs employees into working hard and matching the required performance in the company. Incentives are defined as practices to do both, encourage employees to work better and with high spirits, and to satisfy their moral and material desire. Incentives are also defined as all the concrete and moral methods that positively impact employees in a way that it increases the production rate and enhance employees performance, which has its importance in satisfying employees desires and guarantee a loyal attitude towards the organisation.

Incentives and rewards can include pay increase, any sort of valuable benefits, promotions, job security, appreciation for good performance, interesting job tasks and supportive, helpful and friendly colleagues. DeCenzo and Robbins (2005) divide incentive and rewards into two parts: intrinsic incentives and rewards, and extrinsic incentives and rewards. All the practices are included in extrinsic incentives and rewards are related to pay increase, promotions, cost-of-living increase, merit plans, benefits and work prestige. Intrinsic incentives and rewards consist of practices related to personal growth, social activities, interesting and challenging job, pleasant work environment and freedom. Chanda and Shen (2009) divides incentives into concrete ones that are called direct incentives and moral incentives, which are related to so-called indirect incentives. To direct compensation system refers salaries, rates and bonuses, and indirect compensation

refers to participating in decision-making, commitment, security and stability at work, appreciation of employees performance and promotion.

According to many HRM literature, the effectiveness of incentives and rewards practices positively impact variety of organisational outcomes and productivity. In addition, Lee *et al* (2005) discovered a positive relation between employees incentives and performance indicators, such as production cost, product quality, product delivery and production flexibility. Razouk (2011) also talks about positive association between incentives and performance indicators, namely innovation, profitability and quality of social climate.

Incentives and rewards is one of the most important HR practices that helps employees to feel valued and satisfied. Its importance originates from the need for employees to be valued and appreciated for their efforts and hard work. Chanda and Shen (2009) says that appreciating people is a very crucial factor in satisfying internal desires of an individual. Loche and Braver (2008) state, that employees' skills are not enough for them to work with high productivity, unless there is an involvement of incentive program that satisfy their internal motives and that leads to hardworking efforts. Hence, it is necessary to pay a good attention to incentive and reward programs in order to have positive impact on organisational performance through satisfied and motivated employees.

3.10. Employee Retention

As per Gberevbie (2008), retention refers to the ability of the company to use the means that are used to retain competent workforce. Employee retention should be high on every company's priority list, as effective retention strategies decrease staff turnover. Noe (2000) identify employee retention as the ability of organisation to maintain a working environment that supports current staff. Many retention policies are addressing the various needs of employees that enhance their job

satisfaction and at the same time reduce the substantial cost that is spent on hiring and training of new staff. Retention means a long-term relationship between employees and employers. Moreover, Martocchio and Ferris (2003) mention that retention practices increase employee loyalty, commitment and minimise turnover cost. The most important purpose of employee retention is to find out a way of how to prevent valuable workers from quitting, otherwise productivity and profitability of a company can be affected negatively.

Researches have found that when appropriate retention strategies are applied in the organisation, employees are more likely to remain and work for successful achievement of company's goals (Taplin *et al* 2003). According to Naris and Upper (2009), effective and appropriate retention strategies are considered as motivator to employees that improve their job performance, which leads to attraction of more qualified people for the organisation. Job satisfaction is the factor that leads to employee retention. As per Chanda and Shen (2009), satisfaction of employees arise from high wage rate, organisational image, appropriate rewards, good training and career development, creation of social community at work that enhance social ties, such as encouraging siblings employment, job security, participation in decision-making and information sharing. All these aspects serve as catalyst in retaining employees for organisational performance. Moreover, employees are less likely to leave the organisation if there is a system of socialisation practices. Izzo and Withers (2002) mention, that many employees look for a balance in their work and personal life as one of the most important needs that defines their willingness to be loyal and stay within an organisation. Flexible working schedule and environment leads to employee satisfaction as they can balance work requirements and family needs through flexibility.

Sohaillet (2011) states that employee retention is an important process for a company, as it provides a competitive advantage. To maintain retention competitive organisations should have employees who are happy with their job, obtain effective skills and are committed to work. Hence, implementation of retention strategies is a

core of any HRM. The first thing companies should do to retain their employees is to concentrate on recruiting retainable workers and find the fit between employee and employer. Then, training and development should be supported, because if there is no appropriate training people tend to leave as they do not see career growth and personal development. Compensation, reward and high wages enable to keep people within organisation and not look for another place to work in. Giving bonuses and, for example, offering stocks to workers make them own a part of organisation, which result in them being more loyal and committed to work. A good point that Martocchio and Ferris (2003) mention is that organisations should ensure friendly and favourable environment when it comes to relationship between line managers and employees. Study shows that many people leave organisation due to the frustration and conflicts with their managers or other team members (Noe, 2000)

4. Practical Part

The following chapter will describe the company that is taken as an example in the study, explain research model and instruments that were used, design of questionnaire and how the data was collected. The list of statistics used for the analysis will be also reflected in this chapter.

4.1. Company Profile

Anheuser-Busch InBev (AB InBev) is a Belgian transnational and brewing company, whose headquarters located in Leuven, Belgium. AB InBev is the biggest beer producer in the world and have many main offices spread around the world: London, St. Louis, New York, Mexico City, São Paulo, Johannesburg, Prague and others. After acquisition of SABMiller in 2016 AB InBev concluded a merge of two organisations and is considered now as one of the largest fast-moving consumer goods companies in the world. It offers approximately 500 beer brands to the market, among which global brands such as Stella Artois, Budweiser and Corona, and operates in more than 100 countries.

The reason why AB InBev company has been chosen for the research is because it is a very people-oriented company, who pays great deal to their employees as well as HR functions, and believe that their success lies in its people. Since I am currently an employee of this company it was interesting for me to see what people think about HR practices that AB InBev adopted, the way they are managed, and to measure if they have any impact on performance of AB InBev. In appendix 8.1 can be found 10 principles of the company where they emphasise importance of their people.

The Business Service Centre of AB InBev that is located in Prague was opened in 2006 and is responsible for the functions of some departments that were based in Western Europe before. There are around 500 people from 28 countries working in

the Prague's office and the average age of employee is 30 years old. 55% are Czech nationality and 45% are multinational employee. 61% are woman and more than 75% have university degree (appendix 8.2). The main departments of Business Service Centre are:

- Domestic Logistics
- Global Export/Import Logistics
- Order to Cash
- Procurement
- Procure to Pay
- People Business Services
- Project Team
- Human Resources (People Team)
- IT / IS

AB InBev is very careful and attentive when it comes to recruitment and selection of new people. Candidates have to go through three-phase interview if certain test are successfully completed. During each interview different people are present from AB InBev's side in order to know the opinion from different people about the candidate. They also arrange neighbour hour if the candidate successfully passed all three phases. At the neighbour hour candidate will have to seat next to the employee of AB InBev and see what he/she does. It gives the company an opportunity to see how the person reacts to the daily tasks, how interested he is in the job and how quickly he absorbs the information given.

The company has its own online university which is called "ABI University" in order to make sure that all the employees conduct certain trainings within certain deadlines. Personal Development Plan is a must in the company and every worker must update it on a daily basis, set different goals and achieve them through various trainings, session and practices.

AB InBev provides certain benefits to its employees, which can be seen in appendix 8.3. The company organises different events to bring their people together and to show appreciation for a hard work (appendix 8.4). In addition to these, every employee receive a target for each six months, and after successful completion can receive a big monetary benefit.

The following information the research will be related to data collection and data analysis that was gathered from AB InBev employees.

4.2. Research Model and Research Instruments

The objective of this study is to determine the relationship between strategic human resources management and organisational performance. After reviewing the literature related to the topic, dependant and independent variables has been identified in order to complete statistical analysis and answer research questions (Coghlan and Brannick, 2014) independent variable is changed and controlled in a scientific experiments in order to test the effects on the dependant variable. Self-created research model that reflects correlation between these variables can be found in appendix 8.5.

Dependant and independent variables are considered as instruments of the research. Independent variables that considered to capture the key dimensions of SHRM system are: recruitment and selection, training and development, internal labor market, incentives and rewards, and employee retention. Dependant variable represents organisational performance.

To measure each independent variable (recruitment and selection, training and development, internal labor market, incentives and rewards, employee retention) the scale of Edgare and Geare, (2005), Bishop and Bowra, (2003), Cassel *et al* (2002), Wright *et al* (2003) and Collins, (2000) was employed. The 5-items of each variable were measured on a 5-point Likert scales rating from strongly disagree to

strongly agree. The reliability of estimates for each variable are reported at $\alpha = 0.83, 0.85, 0.82, 0.83$ and 0.72 respectively (appendix 8.6).

The dependable variable (organisational performance) was adopted from Spangenberg and Theron, (2004) with the reliability scaled at $\alpha = 0.87$. The 5-items of variable were measured on a 5-point Likert scales rating from much worst to much better (appendix 8.7).

4.3. Population and Samples

A research population refers to a set of individuals who have common characteristic or trait (Coghlan and Brannick, 2014). The population of this study consists of employees of AB InBev company, particularly from the office located in Prague. 24 employees from Human Resources department were asked to participate in the survey as the topic is related to Human Resources Management. Team leads of each sub-department also took a part in the survey. The reason why team leads were asked to participate is because each of them is involved in HR tasks on a daily basis. According to Dessler (2008), every manager is a Human Resources manager who carries out activities such as recruitment, interviewing, selection, as well as training. Team leads of AB InBev are very much involved in all the mentioned activities, plus they help their employees to create a Personal Development Plan that helps them to grow and move forward within the company. One of the biggest monetary benefit of AB InBev is a target that is given to every single employee that has to be completed within 6 months. This represents the part of compensation and reward, where again team leads are the ones who control it and have Target Tracking Tool. The questionnaires were distributed to 104 employees to obtain accurate and reliable data. After 13 days 97.2% of questionnaires collected, means 101 questionnaires, were successfully completed and could be used for further data analysis.

4.4. Questionnaire Design

A well structured questionnaire helps to achieve the goal of the study and answer research questions. The questionnaire design of the following research followed general guidelines that are used to produce standardised and simple data collection tool. The full survey, which can be found in appendix 8.8, includes cover letter that explains the purpose of the studying and is followed by questionnaire itself. The questionnaire was developed based on the secondary data. All the participants were guaranteed confidentiality.

The questionnaire consists of 34 questions that are written in English, as it is the official language of the company. It is divided into three sections, namely A,B and C. Section A has 4 questions about demographic information of the respondent, such as age, gender and the number of years working in AB InBev company. The second part B consists of 25 questions regarding independent variables of the study that represent SHRM (5 questions related to recruitment and selection, 5 questions about training and development, 5 about internal labor market and 5 questions about incentives and rewards). Part C was designed to assess organisational performance of AB InBev and consists of 5 questions.

The questionnaire is based on ordinal scale as it is the most suitable for this research. The scale of questions of section B uses a 5 point Likert scale ranging from strongly disagree (1) to strongly agree (5). In section C questions were measured on Likert scale as well, but ranging from much worst (1) to much better (5).

4.5. Data Collection

This quantitative research was conducted to establish a relationship of SHRM factors on organisational performance, which factor impact the most, and for this reason primary and secondary data were collected.

Firstly, many literature, academic articles, and studies of other researchers and authors were reviewed in order to determine factors that represent HRM and impact the performance of a company. Secondary data addressed factors that affect performance, such as recruitment and selection, training and development, internal labor market, incentives and rewards and employee retention.

Primary data was collected from employees of AB InBev company using a survey. The survey provides quantitative description of opinions of a population by studying a sample of this population (Creswell, 2009). The survey in this research was conducted to gather perception of AB InBev employees from HR department and Team Leads of each sub-department on SHRM and to evaluate its impact on company's performance. The data collected from the company was tested on reliability, which will be showed in details further in the next chapter.

Data coding and analysis provides tests of hypothesis and analysis of the results. Factor analysis and correlation analysis are quantitative statistics methods that was employed on the survey data. All the data was evaluated by using Statistical Package for Social Science (SPSS) to test the hypotheses.

4.6. Statistic Selection

After all the successfully completed questionnaires were collected, as mentioned previously in total 101 (97.2%) questionnaires out of 104 (100%), Statistical Package for Social Science (SPSS) Version 23 was used to evaluate all the gathered data.

- Reliability test was carried out by using Cronbach's alpha
- Descriptive statistics was used to present and evaluate the demographic profile of each individual who participated in the survey
- Pearson correlation analysis was used in order to identify the relationship between independent variables (recruitment and selection, training and

development, internal labor market and incentives and rewards) and dependent variable (organisational performance)

- Multiple regression was used to determine which independent variables are the most important when it comes to enhancement of organisational performance.

5. Findings

The following chapter illustrates the results of analysed data that was collected from respondents. Reliability test was applied on research instruments using Cronbach's alpha and descriptive analysis was conducted to describe the profile of respondents. Pearson correlation was used to find the existence of relationship between independent and dependant variables. In addition, regression analysis was conducted in order to find which independent variables impact the dependant variable the most.

5.1. Overview of Data Collected

104 questionnaires were distributed to the respondents and 101 or 97.2% of the total number were returned. It took a long time to get all the questionnaires back as all the respondents, especially the ones on managerial positions, were very busy and found it difficultly to dedicate some time to the survey. 3 questionnaires, which represents 2.8% of the total data, were not collected and therefore were excluded from the analysis. The overview of survey responses can be found in Table1.

Table 1. Survey Respondents

	Total	Percentage
Distributed Questionnaires	104	100
Collected Questionnaires	101	97.2
Uncollected Questionnaires	3	2.8
Usable Questionnaires	101	97.2

Source: self-created

Table 2 illustrates the summary of profile of respondents. 36 man and 65 woman participated in the survey from which 82 have managerial position and 19 non-managerial position. The youngest employee who participated in the survey was 24 years old and the older was 38 years old (Mean = 30.69231, Std. deviation =

2.96607656). The data showed that the shortest length of experience of respondent was 6 months and the longest - 10 years (mean = 4.271635, Std. deviation = 2.080337496).

Table 2. Profile of Respondents

Profile	Frequency	Percentage
Male	36	35.6
Female	65	64.4
Non managerial position	19	18.8
Managerial position	82	81.2

	Mean	Std. Deviation
Age	30.69231	2.96607656
Length of experience	4.271635	2.080337496

Source: self-created

5.2. Reliability Test

To test reliability of research instruments (independent and dependant variables) Cronbach's alpha was used. Table 3 represents the reliability test results together with the number of items for each variable. According to Creswell (2009), α coefficients that are less than 0.5 are considered unacceptable. α coefficients that are more than 0.6 are considered acceptable. Many methodologists recommend α coefficient to be from 0.65 to 0.8 or even higher. As per Table 3, α coefficient of all the variables (recruitment and selection, training and development, internal labor market, incentives and rewards, employee retention, organisational performance) is higher than 0.6, which means that they are acceptable and reliable instruments for further analysis. Appendix 8.9 provides evidence of reliability test from SPSS for each variable

Table 3. Reliability of Variables

Variables	Items	α coefficient
Recruitment and Selection	5	.74
Training and Development	5	.87
Internal Labor Market	5	.71
Incentives and Rewards	5	.79
Employee Retention	5	.60
Organisational Performance	5	.64

Source: Self-created

5.3. Descriptive Analysis

Descriptive statistics for dependant and independent variables represented below in Table 4. The table includes mean and standards deviation of each variable.

Table 4. Descriptive Analysis of Variables

Variables	Mean	Standart Deviation
Recruitment and Selection	3.52	0.24045
Training and Development	3.54	0.42853
Internal Labor Market	3.46	0.09427
Incentives and Rewards	3.36	0.54385
Employee Retention	4.13	0.56008
Organisational Performance	3.52	0.32478

Source: Self-created as per data from SPSS (appendix 8.10)

As was mentioned previously, each item of the variable was evaluated on a 5-point scale. The mean value for incentives and rewards is 3.36, which means that

respondents think that this activity is favourably carried out compared to others. The mean for Internal Labor Market is 3.46, meaning employees of AB InBev are a bit more satisfied with this practice than with incentives and rewards. The mean value for recruitment and selection, and training and development is 3.52 and 3.54 respectively, meaning that employees are generally satisfied with the way these activities are carried out in their company. The mean for employee retention is 4.13, which means that respondents are happy with what the company does in order to retain them (appendix 8.10).

The mean for dependable variables, which is organisational performance, is 3.52. That means that employees of AB InBev feel that the company is doing a bit better than 2 years ago.

5.4. Hypothesis Testing

Hypothesis will be tested using Pearson Correlation to identify if there are any relationship between variables and then Linear Regression will be conducted in order to see which independent variable explains most organisational performance.

5.4.1. Pearson Correlation

Pearson Correlation test was conducted to determine the relationship between variables: five SHRM configurations, such as recruitment and selection, training and development, internal labor market, incentives and rewards, employee retention and organisational performance. Table 5 shows the correlation matrix of the variables, which illustrates whether they correlate or not.

Table 5. Pearson Test Matrix (Correlation)

Variables		Organisational Performance
Recruitment and Selection	Pearson Correlation	0.503**
	Sig. (2-tailed)	0.000
	N	101
Training and Development	Pearson Correlation	0.709**
	Sig. (2-tailed)	0.000
	N	101
Internal Labor Market	Pearson Correlation	-0.230*
	Sig. (2-tailed)	0.21
	N	101
Incentives and Rewards	Pearson Correlation	0.767**
	Sig. (2-tailed)	0.00
	N	101
Employee Retention	Pearson Correlation	0.909**
	Sig. (2-tailed)	0.00
	N	101
Organisational Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	101

** . Correlation s significant at the .01 level (2-tailed)

*. Correlation is significant at 0.05 level (2-tailed)

Source: Self-created according to the data from SPSS (appendix 8.11)

According to the data from Table 5 the hypotheses that were mentioned in the beginning of study will be either accepted or rejected and research questions answered. The main research question is:

Do SHRM practices affect Organisational Performance?

Research question is divided into sub-questions and the following hypothesis:

RQ1: Does recruitment and selection affect organisational performance?

H0: Recruitment and Selection affects organisational performance.

H1: Recruitment and Selection does not affect organisational performance.

The relationship between variables is tested and results show significant relationship with moderate correlation ($r = 0.503, p < 0.05$), therefore H1 is accepted.

RQ2: Does training and development affect organisational performance?

H0: Training and development affects organisational performance.

H2: Training and development does not affect organisational performance.

The relationship between variables is tested and results show significant relationship and strong positive correlation ($r = 0.709, p < 0.05$), therefore H2 is accepted.

RQ3: Does internal labor market affect organisational performance?

H0: Internal labor market affects organisational performance.

H3: Internal labor market does not affect organisational performance.

The relationship between variables is tested and results show relationship with weak negative correlation ($r = - 0.230, p < 0.05$), therefore H3 is accepted.

RQ4: Do incentives and rewards affect organisational performance?

H0: Incentives and rewards affect organisational performance.

H4: Incentives and rewards do not affect organisational performance.

The relationship between variables is tested and results show significant relationship and strong positive correlation ($r = 0.767, p < 0.05$), therefore H4 is accepted.

RQ5: Does employee retention affect organisational performance?

H0: Employee retention affects organisational performance.

H5: Employee retention does not affect organisational performance.

The relationship between variables is tested and results show significant relationship and very strong correlation that is close to a perfect positive correlation ($r = 0.909, p < 0.05$), therefore H5 hypothesis is accepted.

5.4.2. Multiple Regression

Regression is used to determine the strength of the relationship between one dependant variable and a series of independent variables. Further, multiple regression analysis will be used to identify which among SHRM practices affect organisational performance the most. The analysis will be illustrated in Table 6.

Table 6. Regression Analysis of SHRM configurations and Organisational Performance

Variables	Beta (Standardised coefficients)	Sig.
Recruitment and Selection	-.502	0.000
Training and Development	-.721	0.000
Internal Labor Market	-.419	0.000
Incentives and Rewards	6.83	0.000
Employee Retention	1.006	0.000

Dependant variable : Organisational performance

Source: Self-created according to the data from SPSS (appendix 8.12)

Table 6. Represent the summary of regression test that can be found in appendix 8.12. The value of Adjusted *R* Square is 0.998, meaning that 99.8% of the variance in the dependant variable organisational performance is explained by five the independent variables recruitment and selection, training and development, internal labor market, incentives and rewards and employee retention.

All variables are statistically significant as it can be seen in the table. The beta (β) value for recruitment and selection $\beta = -.502$, training and development $\beta = -.721$, internal labor market to $\beta = -.419$, incentives and rewards $\beta = 6.83$ and finally employee retention $\beta = 1.006$ explain the significance of these variables to organisational performance. Looking at the Table 6 it can be said that employee retention is the strongest variable and explains organisational performance the best. Employee retention is followed by incentives and rewards, training and development, recruitment and selection, and the last that has the least effect is inertial labor market.

The findings show that all five SHRM configurations adopted in AB InBev are significantly correlated to organisational performance, however only employee retention followed by incentives and rewards have the most influence on performance of AB InBev company.

6. Recommendations and Conclusion

This chapter will conclude all the findings and results of the study. It will also include several recommendations for the further researches and for AB InBev company.

6.1. Recommendations

For the further studies researches can emphasise and study more deeply the relationship between single HR function and organisational performance. For example, the impact of recruitment and selection can be determined on organisational performance and how the recruitment and selection practices should be performed in order to contribute to the organisational success. Moreover, the scope of SHRM practices can be broaden and other practices can be included in the study to evaluate the relationship with organisational performance. These can be: performance evaluation, strategic information sharing, participation in decision-making and others.

Based on the results of the study several recommendations can be suggested to AB InBev company:

- Improve support for the use of SHRM practices within the company.
- Enhance and recruitment and selection process.
- Improve employee's knowledge and experience by implementing more trainings that will support business strategy of the company.
- Make their employees aware of any new openings and encourage them to develop personally and professionally within the company and move forward in terms of career.
- Enhance bonus system and give people the opportunity to earn individual benefits.

6.2. Conclusion

Research aims and objectives have been achieved throughout this study, all research questions has been answered and a set of hypothesis has been accepted. The research was conducted within AB InBev company and the results of the study showed that all SHRM configurations that are used in AB InBev (recruitment and selection, training and development, internal labor market, incentives and rewards, employee retention) impact organisational performance of AB InBev and the configurations that impact it the most are employee retention and incentives and rewards as it is proved by the study. From these findings HR practitioners can make better planning of recruitment and selection process, internal labor market and training and development practices in order to achieve a better performance and make HR competitive advantage of the company.

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8. Appendixes

8.1. 10 Principles of AB InBev

ABInBev

10 Principles

DREAM

- 1 Our shared Dream energizes everyone to work in the same direction: Bringing people together for a better world.

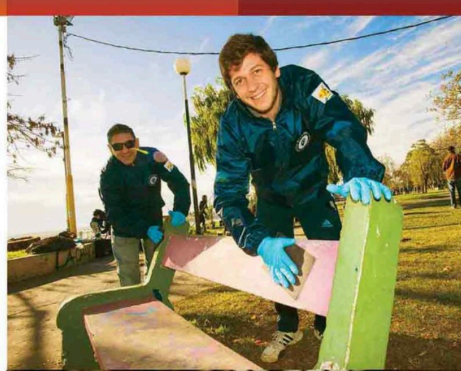
PEOPLE

- 2 Our greatest strength is our people. Great people grow at the pace of their talent and are rewarded accordingly.
- 3 We recruit, develop and retain people who can be better than ourselves. We will be judged by the quality of our teams.

CULTURE

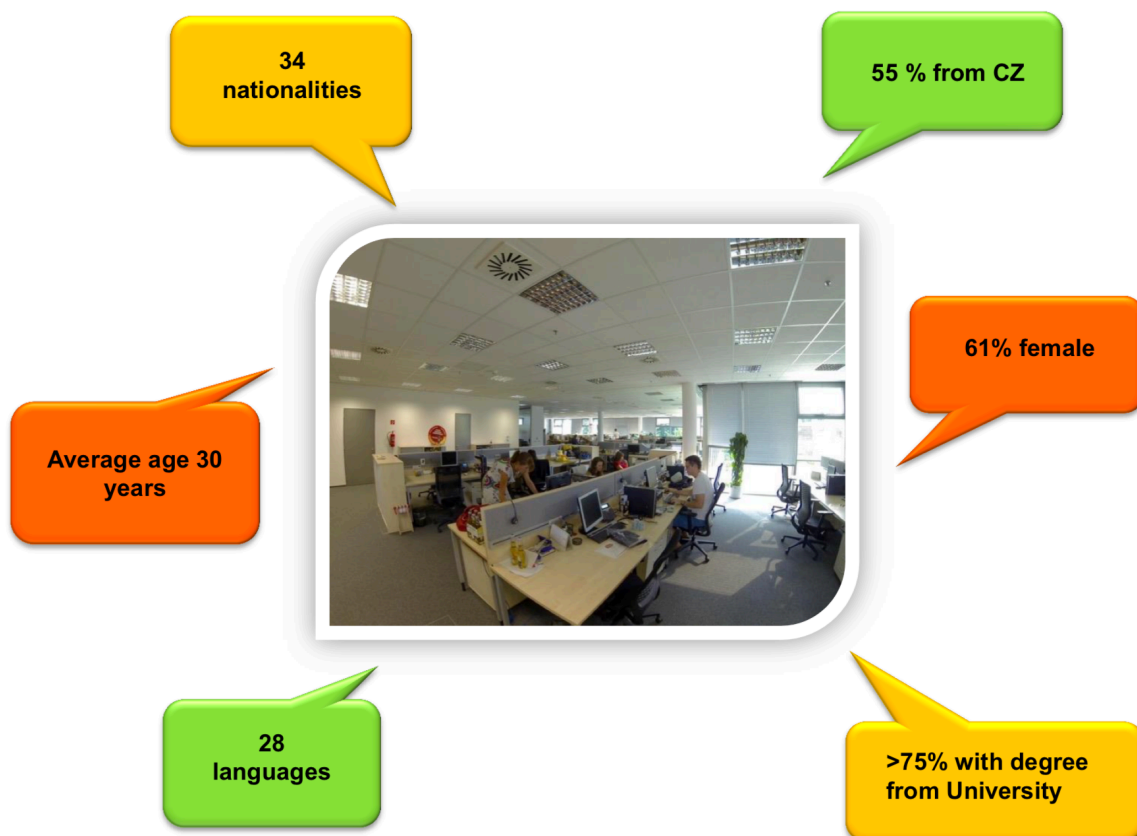
- 4 We are never completely satisfied with our results, which are the fuel of our company. Focus and zero-complacency guarantee lasting competitive advantage.
- 5 The consumer is the boss. We serve our consumers by offering brand experiences that play a meaningful role in their lives, and always in a responsible way.
- 6 We are a company of owners. Owners take results personally.
- 7 We believe common sense and simplicity are usually better guidelines than unnecessary sophistication and complexity.
- 8 We manage our costs tightly, to free up resources that will support sustainable and profitable top line growth.
- 9 Leadership by personal example is at the core of our culture. We do what we say.
- 10 We never take shortcuts. Integrity, hard work, quality, and responsibility are key to building our company.

Our Dream:
Bringing people together for a better world



Source: Ab-inbev.com. (2018)

8.2. Overview of AB InBev



Source: personal file provided by the company

8.3. Benefits provided by AB InBev

Benefits
One week of extra holidays
Meal vouchers
Company contribution to supplementary pension insurance with State contribution
Benefity Café program – support for leisure time activities
Beer vouchers for Company products
Equalization of income during long-term working immobility up to the amount of 80% of the net wage
Entry and Periodic medical examination
Travel insurance in case of illness or injury during foreign business trip
Human Dynamic
3rd party provided
HP Market
O2 Family
Ticket Junior
GS Program
Lionsport – Adidas discount
Multisport card

Source: personal file provided by the company

8.4. Events Organised by AB InBev

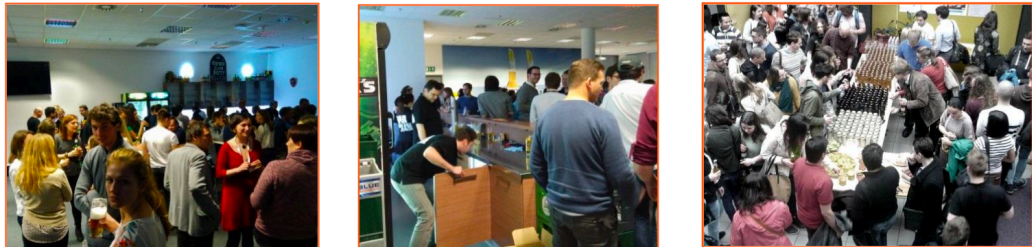
4 BIGGEST EVENTS:

- ✓ We go to an external location to have a great time together, thus chat, eat, drink our nice beers and possibly dance.



EVENTS IN EVERY MONTH:

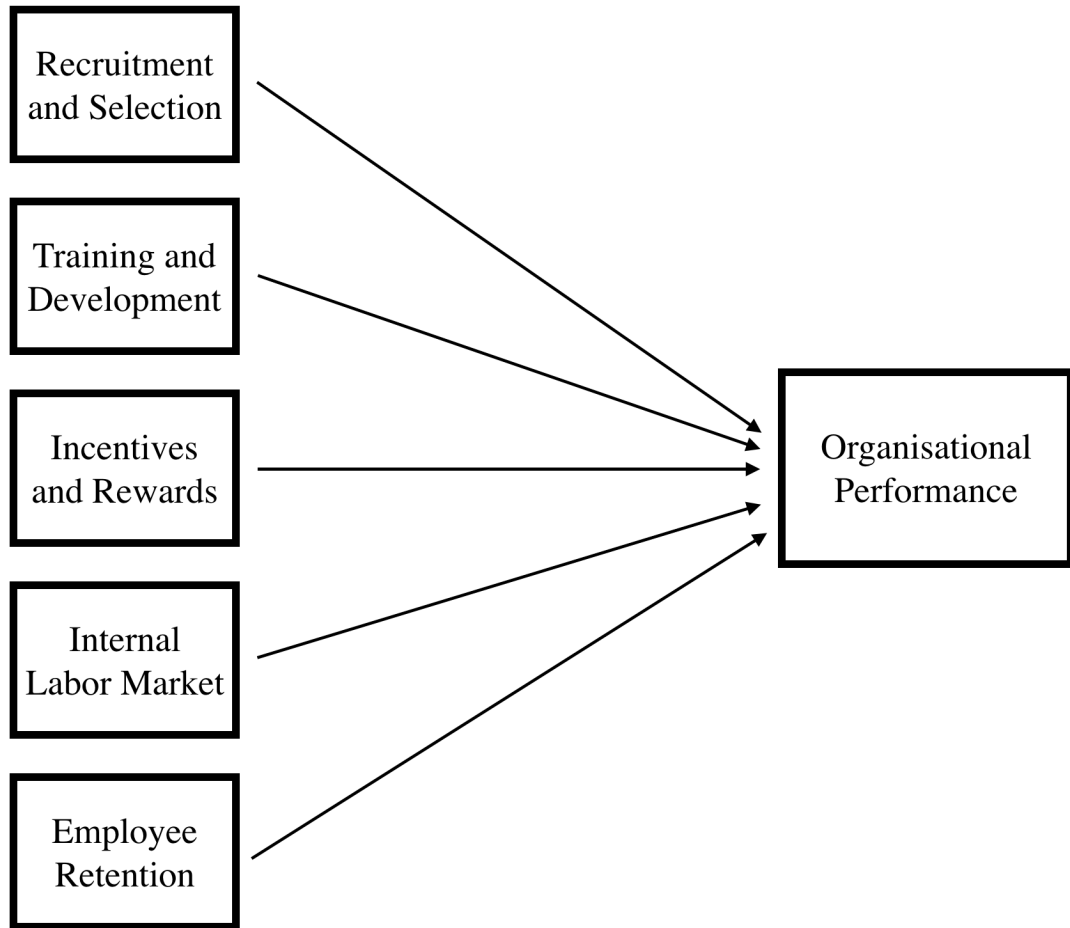
- ✓ **Open bar every Thursday** – everybody can drink some beer and have fun
- ✓ **Shared Challenge Meeting** – a monthly meeting (around the end of the month) when the whole Prague BSC comes together to learn more about, among others, company results, learning & development opportunities, any upcoming events and many more interesting topics
- ✓ **Leadership Meeting** – a monthly meeting (around the end of the month) for the leadership population



January February March April May June July August September October November December

Source: personal file provided by the company

8.5. Research Model



Source: Self-created

8.6. Summary of Independent Variables

Variables	Items	alpha	References
Recruitment and Selection	<ul style="list-style-type: none"> • Employee selection is an extensive and complex process • The right person is selected for the right job • Open position is filled in as soon as it becomes available • Enough money and time are spent to find the right candidate • Multiple candidates are considered before selecting the one that fits an open position the best 	0.83	Edgare and Geara, (2005)
Training and Development	<ul style="list-style-type: none"> • Extensive and regular training for each member of the company • Trainings are the key priority • Different types of trainings are offered to the employees • Enough money are spent on various trainings for the employees • There are certain working hours that must be dedicated to training of employees 	0.85	Bishop and Bowra, (2003)
Internal Labor Market	<ul style="list-style-type: none"> • Internal movement and promotions motivate employees • All open positions are immediately available to the internal employees • The wages in the organisation are competitive compared to other companies from the same field • Priority is given to internal employees over external candidates when choosing the person for open position • Internal employees are chosen for managerial positions 	0.82	Cassel et al., (2002)
Incentives and Rewards	<ul style="list-style-type: none"> • Increase of salary depends on job performance • Employees can earn individual bonuses • Rewards and compensations are mainly based on job performance • Good incentive program • Money (benefits) earned are determined by an incentive plan 	0.83	Wright et al., (2003)
Retention	<ul style="list-style-type: none"> • Selected employees believe in the core value of the company • Many different people involved in the selection process in order to ensure the candidate fits the culture of organisation • Casual dress code is offered at work • Flexibility is provided (working hours, home office) • Many events, team buildings are supported by the company 	0.72	Collins, (2000)

Source: Self-created

8.7. Summary of Dependent Variable

Variables	Items	alpha	References
Organisational Performance	<ul style="list-style-type: none">• The quality of products and services provided• The development of products and services provided• Satisfaction of employees, ability to retain them• Satisfaction of customers• Profits growth	0.87	Spangenberg and Theron (2004)

Source: Self-created

8.8. Survey (Cover Letter + Questionnaire)

8.8.1. Cover Letter

Dear Participant,

My name is Alexandra Khritova and I am currently obtaining a Master's Degree in Czech University of Life Sciences. I am conducting a research in order to determine the impact of Strategic Human Resource Management on Organisational Performance. The findings of this study will help organisations to identify the specific components of Human Resource Management that affect performance of the company.

I would greatly appreciate if you could complete the questionnaire attached, which should not take more than 10-15 minutes of your time.

The information you share will be kept confidential as well as absolute anonymity is guaranteed.

Your participation will greatly help to this project and help to advance Human Resource Management practices within an organisation.

Thank you very much for your time.

Sincerely,

Alexandra Khritova (Senior UK Order Management Analyst)

Source: Self created

8.8.2. Self-Created Questionnaire

Questionnaire

Impact of Strategic Human Resource Management on Organisational Performance

Part A

Demographic Information:

Please tick applicable or fill in the required space

1. Gender

- Male
 Female

2. Please state your age

_____ years old

3. Type of Position

- Managerial
 Non managerial

4. Please specify how long you have been working at AB InBev

_____ months / years

Source: Self-created

Part B

PLEASE RATE ALL THE STATEMENTS

HRM Practices:

Please tick the box that best describes AB InBev:

	I. Recruitment and Selection	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Employee selection is an extensive process in your company (tests, interviews, surveys, neighbour hours)	1	2	3	4	5
2	All efforts are directed to hiring the right person for the right position in your company	1	2	3	4	5
3	Position is filled in as soon as it becomes open in your company	1	2	3	4	5
4	AB InBev spends enough money on recruitment and selection of new employees to find the right candidate	1	2	3	4	5
5	Many candidates are taken into consideration before selecting the right person who fits the position the best	1	2	3	4	5

	II. Training and Development	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	There is an extensive and regular training for all employees in your company	1	2	3	4	5
2	Training is one of the key priorities in your company	1	2	3	4	5
3	There are different training offered to the employees in your company	1	2	3	4	5
4	AB InBev spends enough money on different trainings	1	2	3	4	5
5	There are certain hours that are dedicated to the training of employees	1	2	3	4	5

Source: Self-created

	III. Internal Labor Market	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Internal movements and promotions motivate employees in your company	1	2	3	4	5
2	All the employees are aware of all the job openings	1	2	3	4	5
3	AB InBev provide competitive wages compared to other companies from the same field	1	2	3	4	5
4	Priority is given to internal employees over external candidates when choosing a person for open position in your company	1	2	3	4	5
5	Most of the managerial positions in AB InBev are filled by internal employees	1	2	3	4	5

	IV. Incentives and Rewards	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	There is a good incentive program in your company	1	2	3	4	5
2	AB InBev employees can earn individual bonuses	1	2	3	4	5
3	Rewards and compensations in your company depend on job performance	1	2	3	4	5
4	Increase of pay in AB InBev depends on job performance	1	2	3	4	5
5	All benefits earned in AB InBev are determined by an incentive plan	1	2	3	4	5

Source: Self-created

	V. Retention	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Hired candidates strongly believe in AB InBev's core value	1	2	3	4	5
2	Many different people are involved in recruitment process in order to ensure the candidate fits AB InBev's culture	1	2	3	4	5
3	AB InBev offers casual dress code	1	2	3	4	5
4	AB InBev offers flexible working hours and ability to work from the distance (home office)	1	2	3	4	5
5	There are many events and celebrations organised by AB InBev	1	2	3	4	5

Source: Self-created

Part C

PLEASE RATE ALL THE STATEMENTS

Organisational Performance:

Please tick the box that best describes AB InBev. Compare the performance of the company to other companies from the same field over the last 2 years:

	I. Organisational Performance	Much Worse	Worse	Same	Better	Much Better
1	The quality of products and services provided are	1	2	3	4	5
2	The development of products and services provided are	1	2	3	4	5
3	Satisfaction of employees and ability to retain them is	1	2	3	4	5
4	Satisfaction of customers is	1	2	3	4	5
5	The profits are	1	2	3	4	5

Source: Self-created

8.9. Reliability Test for Each Variable

→ Reliability

Scale: Recruitment and Selection

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.729	5

→ Reliability

Scale: Training and Development

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.866	5

→ Reliability

Scale: Internal Labor Market

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.708	5

→ Reliability

Scale: Incentives and Rewards

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.786	5

→ Reliability

Scale: Employee Retention

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.604	5

→ Reliability

Scale: Organisational Performance

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.637	5

Source: Statistical Package for the Social Sciences (SPSS)

8.10. Descriptive Analysis

Descriptive Statistics

	Mean	Std. Deviation	N
OP	3.5248	.32478	101
RS	3.5168	.24045	101
TD	3.5406	.42853	101
ILM	3.4653	.09427	101
IR	3.3624	.54385	101
ER	4.1347	.56008	101

Source: Statistical Package for the Social Sciences (SPSS)

8.11. Pearson Correlation

Correlations

		RS	TD	ILM	IR	ER	OP
RS	Pearson Correlation	1	.301**	.136	.251*	.654**	.503**
	Sig. (2-tailed)		.002	.174	.011	.000	.000
	N	101	101	101	101	101	101
TD	Pearson Correlation	.301**	1	-.319**	.855**	.724**	.709**
	Sig. (2-tailed)	.002		.001	.000	.000	.000
	N	101	101	101	101	101	101
ILM	Pearson Correlation	.136	-.319**	1	-.069	.014	-.230*
	Sig. (2-tailed)	.174	.001		.495	.893	.021
	N	101	101	101	101	101	101
IR	Pearson Correlation	.251*	.855**	-.069	1	.681**	.767**
	Sig. (2-tailed)	.011	.000	.495		.000	.000
	N	101	101	101	101	101	101
ER	Pearson Correlation	.654**	.724**	.014	.681**	1	.909**
	Sig. (2-tailed)	.000	.000	.893	.000		.000
	N	101	101	101	101	101	101
OP	Pearson Correlation	.503**	.709**	-.230*	.767**	.909**	1
	Sig. (2-tailed)	.000	.000	.021	.000	.000	
	N	101	101	101	101	101	101

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Statistical Package for the Social Sciences (SPSS)

8.12. Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.930	.081		85.218	.000
	RS	-.071	.010	-.052	-7.408	.000
	TD	-.547	.010	-.721	-57.028	.000
	ILM	-1.444	.021	-.419	-68.338	.000
	IR	.408	.006	.683	63.661	.000
	ER	.583	.006	1.006	99.500	.000

a. Dependent Variable: OP

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.999 ^a	.998	.998	.01611	.998	8107.994	5	95	.000

a. Predictors: (Constant), ER, ILM, RS, IR, TD

Source: Statistical Package for the Social Sciences (SPSS)