CHAPTER SEVEN—CONCLUSIONS

7-1 Introduction

Having determined the study’s objectives, questions and assumptions, a number of systematic steps, which formed the framework of the study, were undertaken (see Chapter Four, Figure 4-1). Based on the results achieved by the current study, certain recommendations for future research, as well as implications for the management of human capital resources, performance indicators and the relationships between the two issues, will be presented.

The chapter has, therefore, been structured into the following five sections. The contribution of the current research, its limitations, recommendations for future research, implications for the management for future research, implications for the management of human resources, AFS and the relationship between the HRM and organization performance.

7-2 Contributions of the Current Research

Conducting this research has resulted in a number of findings. They are:-

- Reliably using a survey instrument that was reliably used previously used for the institution industry, in the education industry.
- Identification of significant results relevant to differences in perceptions of managerial staff and employees toward HRM practices in their organization.
- Identification of improvements of AFS over three consecutive years; and
- Identification of a number of a number of consistent pattern of relationships between HRM practices scores and AFS.

Based on these findings, the following are the contributions gained from conducting the current study.

First, the fundamental challenge, which the HRM researchers faced, is to find HRM measures that are linked to organizational performance particularly in the education
industry. This study has tried and tested the reliability of a study instrument that can be reliably used in the education industry henceforth.

Second, existing literature on the management of human resources has focused on employees (non managerial staff) in judging HRM practices (Guest, 2001). Thus, there is, as Guest suggested, "a need for more research comparing the responses of managers responses of managers responsible for developing and overseeing HRM practices HRM practices and employees to identify levels of agreement about the operations of practices". By HRM practices data from both teaching and non-teaching and comparing their perceptions towards such practices in their organization, this study, therefore has filled this gap in the literature.

Third, existing studies focusing on the relationship between HRM practices and organizational performance, particularly in education institution, were limited. Moreover studies conducted in other industries have considered the use of subjective and perceptual performance data as a limitation to the relationship between HRM practices and organization performance indicators (Ngo et al. , 1998). The collection of objective performance data based on well established standards (AFS), as well as the establishment of a link between the performance indicator and the six HRM practices scores, have contributed in diminishing a gap in the literature governing the relationship between the two sets of data. They also confirm a number of consistent pattern of relationships between them across the two levels of analysis, namely education institutional settings and education institution. Thus, the current study has made a contribution to an understanding of how HRM practices and performance indicators in education institution are linked.

Fourth, while the findings of this study are bounded by the context of this research, they are supported by similar findings in other studies conducted in different industries and countries, particularly in the US and the UK. Such supportive confirmation makes the results of this study trustworthy for replication in a number of different contexts.

Fifth, this study might be the first among the very few attempts in the service industry, including education, to relate internally consistent HRM practice factors, each of which consist of a number of interrelated HRM items and objective organization performance indicators (Sisson, 1993). Moreover it may be the first attempt tp apply the HRM practices approach, particularly in education industry, outside its original arenas of the
USA and the UK. Furthermore, this study could be the first attempt to investigate the relationship between the relationship between a number of internally consistent HRM practices and the usage, or performance, of fixed capital resources, at least in the education industry.

Sixth, this study provides academicians as well as the practitioners with empirical evidence supporting a promising new perspective with which to investigate the relationship between HRM practices and organization performance in the education industry.

7-3 Limitations of the Study

Researchers identify specific limitations not only to show the extent to which they are prevented from making their findings more rigorous and conclusive, but also to help others to avoid them to the benefit of their own field of investigation. This study, indeed, is no exception. Thus, the following limitations need to be listed and noted by researchers interested in the investigation of the relationship between HRM practices and organization performance.

First, having only ten education institution in the current study was not sufficient to conduct effectively the correlation analysis. Thus the number of participating education institution needs to be increased, preferably to more than 30.

Second, although a number of consistent pattern of relationships have been detected between HRM practice scores and AFS, the results here cannot be viewed as causal. Fey et al. (200, p16), who investigated the effect of HRM practices in Russia, indicate “causality can only really be tested with data collected at different points of time. Thus, the field would greatly benefit from some time series or longitudinal research in the future”. Lahteenmaki et al (1988), who attempted to explore the nature of the relationship between HRM and performance in Finland, indicate “the impact of HRM on company performance may be too complicated to be revealed by cross-sectional data”. They added, "The effects of HRM are long term, which means that they cannot be identified in the short term, even in those companies with advanced HRM”. Thus, they conclude that there is a need for longitudinal in-depth research designs in order to identify the order of events and the whole network of cause and effects". Moreover, other management thinkers
put the relationship between HRM practices and organizational performance (Huselid, 1995, Kangis and Williams, 2000) that in order to ascertain causality, other methodologies, such as longitudinal data on both measures, are required. Some of the best known UK research in this category has been reported by Patterson et al. (1997) whose focus was on measuring the relationship over time between human resource management and business performance outputs.

Third, the HRM practices data as well as the performance data were collected from a single type of source, that is education institutions. Because students are the main customers of education institutions, their views with respect to the evaluation of the HRM practices and institution performance might play a significant role in the relationship between the two issues. Moreover, teaching factors, such as teaching tools available with the teacher and non teaching factors such as fees are interesting, as intervening and/or moderating variables, in assessing the relationship between HRM practices and performance indicators.

Finally, the lack of similar studies in other education oriented studies has prevented the researcher from integrating his results with such findings. Although this is a limitation, it is, at the same time, one of the strengths of this study, as stated above, for it may be the first attempt to investigate the relationship between a number of interrelated HRM practices and performance indicators. Thus, this study invites the researchers to build on its conclusions.

7-4 Recommendations for Future Research

The following recommendations are directed to researchers interested in assessing the relationship between HRM and organization performance.

First, as stated above the researcher collected objective performance data over three consecutive years, the use of cross sectional HRM data prevented him from creating specific hypothesis about a direct causal link between the two measures for both have to be collected at different points in time (Huselid 1995, Hoque, 1999). Thus, to confirm and refine the findings reached by the present study, researchers are advised to undertake a longitudinal research design to ascertain a direct causal link between the variables.
Second, future research projects focussing on the relationship between HRM and organization performance in education industry may need to incorporate in the research design other organization as either moderating or mediating variables (Guest, 1997). Some of these organizational factors may include teaching factors (e.g., teaching tools available with the teacher), non teaching factors (e.g., fees), students views towards HRM practices and the extent to which education has clear operational policies and procedures (e.g., admission policies). Moreover, HRM practices relevant to other HRM functions such as selection and employee well being may need to be incorporated in the HRM practices survey instrument developed for this study.

Third, researchers may investigate the extent to which the existing policies and practices meet education institution requirements. A potential hypothesis in this connection is that a good fit will be associated with outstanding performance. The researcher believes that this is needed in a country like India where the administrative rules are developed both by the Central and State government.

7-5 Implications for the Management of Human Resources and Education Institution Performance Indicator

Investigating the relationship between HRM practices and organization performance indicators require accessibility to accurate data relevant to these two issues. Such data should reflect specific HRM practices (e.g., training, rewards, selection) as well as principles or standards governing the institution performance indicator.

Finally, not only in India, education institutions can benefit from the finding of the current research in relation to the management of human resources, ASF and how the two sets of data are linked.