

Impact of human resource policies on labour productivity: the case of the National Institute for Productivity

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The impact of human resource management (HRM) policies and practices on organization performance is an important topic in the fields of human resource management and organizational psychology which has connection with labour productivity. The argument that the use of human resource policies and practices, including human resource planning, comprehensive employee recruitment and selection procedures and human resource development can improve knowledge, skills and abilities of an organization's current and potential employees while encouraging non-performers to leave the organization holds water. Despite the consistency with which the theoretical and normative connections between human resource management policies and practices and organization-level performance outcomes are made, empirical studies that link the two are sparse. This paper presents results from a study of the National Institute for productivity that addresses this gap. Hypotheses are derived from a resource-based perspective on strategy. Positive and significant effects on labour productivity are found for the organization as it utilizes more sophisticated human resource planning, recruitment, and selection together with human resource development strategies.