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EMPLOYEE COMPENSATION, PERFORMANCE MANAGEMENT, AND THEIR RELATIONSHIP WITH HUMAN RESOURCE AND BUSINESS-LEVEL STRATEGIES

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ABSTRACT

This paper examines the relationship between compensation and reward system for employees and employee performance evaluation system with human resources strategies and business strategy of Islamic Republic of Iran Customs Administration (IRICA). The statistical population of this research included the directors, deputies for financial affairs and experts of human resources of customs administration, among whom 285 participants were selected as statistical sample. This is a descriptive-analytical study. Regression and correlation tests were used to test the hypotheses. According to the results, the obtained first hypothesis of the research was confirmed. Therefore, business strategies have a positive and direct impact on human resources strategies. The second and third hypotheses of the research were also confirmed. On the basis of this result, we can say that the strategies of human resource and business positively and directly influence the employee compensation system. The third and fourth hypotheses of research were confirmed as well; therefore, the business and human resources strategies positively and directly influence employee performance appraisal system. Furthermore, the research showed that, compared with the cost leadership strategy, the differentiation strategy has a stronger and more consistent relationship with the compensation system and the merit-based performance appraisal system.

Keywords: *Business-Level Strategy, Human Resource Strategy, Compensation and Rewards System, Performance Management*

INTRODUCTION

Human resource management(HRM), has been defined as a system for the proper and appropriate use of human resources to achieve predetermined goals in an organization. According to Noe, Hollenbeck, Gerhart, and Wright (2006), HRM is composed of the policies, practices, and systems that influence employees' behavior, attitude, and performance. Organizations make use of human resource strategies because they are different (Armstrong, 121: 2007). One of the most important and fundamental issues in strategic management and human resource management is the need to achieve a strategic alignment or to ensure the most suitable fit between HR strategy and business strategy (Armstrong, 2009: 26). With an emphasis on the importance of a competitive strategy at the business level, the majority of scholars have benefitted from Porter's (1980, 1985) or Mills and Snow strategic typology (1978, 1984) (Bamberger and Meshoulam, 2010: 83). Michael Porter introduced two generic competitive strategy to outperform other companies in a particular industry: "Lower cost strategy" is the

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ability of a company or a business unit to design, produce and market a comparable product more efficiently than its competitors and "Differentiation strategy" is the ability to provide unique and superior value to the buyer in terms of product quality, special features or after-sales service. These strategies are called generic, because they can be pursued by any type or size of business company (Wheelen and Hunger, 2010: 255). One of the main goals of Human Resource Management as a science, is to increase the performance of organization and to raise the level of welfare of employees. The focus of the linkages between employees and employers is related to making a compensation shift through a social contract process. Most people tend to stay within an organization to receive higher wages, salaries, benefits and compensation system plays a central role for an organization (Dulebohn and Werling, 2007:191). Effective compensation plans have several benefits. The companies that pay their employees the most will attract the best employees (Cable and Judge, 1994). The employees who are satisfied with payment are more likely to stay within the organization after the hiring decision (Curral, Towler, Judger and Kohn, 2005). A good incentive system clearly inform employees as to what is expected of them to do, so employees know what the organization expects of them to do. To demonstrate appreciation and support employees for their hard efforts and paying higher money or wages increase their motivation and subsequently performance (Petty, Singleton and Connell, 1992). Like other human resource activities, compensation and rewards plans will be most effective once there is a coordination and harmonization between them and the overall human resources strategy. Performance appraisal and giving feedback to employees will improve their performance leading to enhanced organizational performance. Goal setting, performance evaluation and giving feedback give rise to increased organizational productivity (Rogers and Hunter, 1991). Trust in top management increases significantly when an accurate performance appraisal system is introduced and rewards are based on the performance appraisals (Mayer and Davis, 1999). In addition, effective evaluation (especially employee-based evaluation) is associated with increased job satisfaction (Cawley, Keeping and Levy, 1998). The company's performance management fits its changing needs. The behaviors that are emphasized in the appraisal system are those aligned with competitive strategies. Therefore, like other human resource activities, performance management practices will be most effective when they are aligned and consistent with the organization's competitive strategy (Stewart and Brown, 2016).

THEORY AND HYPOTHESES

The strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage (Liaoo, 2005: 295). When addressing the issue of HR management, it is essential to analyze two strategies. First, the competitive business strategy focuses on a set of decisions and actions required to meet customer requirements. And secondly, the human resources strategy focuses on decisions and actions pertaining to the management of individuals within the organization so as to increase the organizational effectiveness. These two strategies must work in concert.

Business Competitive Strategies:

Decisions related to type of business will shape an organization's strategy. A company may have numerous and diverse strategies, but there are two generic strategies that are most commonly used at business unit level. Porter (1980, 1985) identified two types of cost leadership and

differentiation Strategies. Fundamentally, cost-based strategy is aligned with the mass-production method and the differentiation strategy for goods and services seems to be mainly compatible with flexible production methods (Piore and Sable, 1984). These are called "generic strategies," because they can be applied in organizations of all sizes (Wheelen and Hunger, 2010: 255). This organization often has the largest share of market and strongly defends and protects of its own domain (Miles and Snow, 1984). Organizations pursuing differentiation strategy focus on creating value from producing better products than competitors; products that those customers are willing to pay more for them because of their uniqueness. Organizations insisting on application of a differentiation strategy focused their human resources activities on innovation and quality improvement. Highly specialized tasks, emphasis on efficiency at work and flexible working arrangements, individual participation, relative competition between employees, creativity, and little use of rules and procedures have been cited as the indicators of this strategy (Stewart and Brown, 2016: 73)

Human Resources Management Strategies:

Although the human resources supply system encompasses wide varieties of human resource practices, most of them fall under the influence of a major and unique choice, that is, finally an item must be made or purchased (Miles and Snow, 1984). Organizations can lean more toward making their workers (by a high investment in training) or more towards buying their workers from the external labor market (Rousseau, 1995). Bamberger and Meshoulam (2010) call this the 'make-or-buy' aspect of HR strategy. On the one hand, organizations may supply their necessary workforces within the organization context and promote their skills with education and development. On the other hand, labor supply may come from outside the organization boundaries and request existing labor market institutions to do it (Lepak and Snell, 1999). By relying on the contingency approach to HR strategies (i.e., with regard to the cost leadership or differentiation strategy; and the internal labor market or external labor market orientation), Stewart and Brown presented four strategies: Loyal soldier, Bargain laborer, Committed Expert and Free Agent (Stewart and Brown, 2016: 77-82). In what follows, we discuss these strategies.

- ***Loyal Soldier Strategy:***
  Combining an internal orientation with a cost leadership strategy results in a loyal soldier HR strategy. People are recruited and hired because they fit the organization culture and because of their potential to become loyal employees. It focuses on internal talent development. Employees learn different skills and perform a variety of roles and organize their efforts to keep employees satisfied.
- ***Bargain laborer strategy:***
  Combining an external orientation with a cost leadership strategy results in a bargain laborer HR strategy. In this strategy, managers can tightly control employee efforts. Each employee is given clearly defined tasks that can be learned easily. Employees do not demand high wages. Each employee is given clearly defined tasks that can be learned easily. Little attention is paid to meeting long-term needs of employees. The organization has no plans to upgrade their career paths. There is not much emphasis on training and emphasis is merely on improving work practices.
- ***Committed Expert Strategy***
  Combining internal orientation with differentiation strategy results in Committed Expert HR strategy. In this strategy, the organization is seeking for hiring and retaining

employees who specialize in performing certain tasks. There is a potential fit with the organizational culture, employees have a great deal of freedom to innovate and to improve methods of completing tasks. The organization hires young employees and trains them to become expert in their specialized fields. Employees receive long-term training that helps them develop strong expertise.

- *Free agent strategy:*
  Combining an external orientation with a differentiation strategy forms what we refer to as the Free Agent Human Resource strategy. The main emphasis associated with this strategy is hiring people who have critical skills but who are not necessarily expected to remain with the organization for a long period of time. Organizations using this strategy design work so that employees have extensive responsibility within specific areas and substantial freedom to decide how to go about their work. Long-term commitments are avoided and no efforts are made to encourage strong attachments between employees and the organization. Higher-level positions are frequently given to people from outside the organization. Performance appraisals focus on outcomes and results.

Compensation and rewards strategies:

Compensation and reward activities are considered strategic when they persuade employees to make their maximum efforts to produce and deliver special products and services. A variable reward based on performance (versus uniform reward) is the strategy derived from the existing resources (Westerman et. al., 2009; Stewart and Brown 2016:490, Druker and White, 1977). Transactional reward is considered in contrast to relational reward or compensation (Stewart and Brown,2016:491-492; Druker and White, 1977). If one combines the dimensions of the competitive strategies and labor market orientations, there will be four reward strategies: "uniform relational rewards", "uniform transactional rewards", "variable relational compensation", and "variable transactional compensation" (Gerhart and T. Milkovich, 1990; Stewart and Brown ,2016: 491-494). In the uniform relational compensation and reward strategies, employees will be paid equally because of the long-term employment relationships with the organization regardless of their good or poor performance. The aim of assessing the performance is to encourage participation and cooperation rather than competition; these programs are required for the success of the loyal soldier strategy. In the uniform transactional compensation and reward strategy, payments will be kept at its lowest level to let the organization recruit enough staff. By introducing a fair and uniform process, the organization will highlight the perception of equal benefits and rewards among its staff and employees. The organization will not consider a long-term career orientation for its staff. The uniform transactional compensation and reward is in agreement with the bargain laborer. In the variable relational compensation and reward strategies, good performance means better payment; rewards are paid on a long-term basis. Rewards in organizations having committed expert strategies are determined at a level that can attract staff having the required skills and expertise. In the variable transactional compensation and reward strategies, rewards are paid on a short and long-term basis but on a higher level; those who are have performed high-risk activities successfully, will receive considerable rewards. For this category of staff, reward is the main source of motivation. A large number of organizations are looking for the unique skill and knowledge of these individuals. The variable transactional compensation and reward strategies are coordinated with the bargain laborer strategies.

Strategic Performance Management

In assessing the performance, organizations usually have specific objectives. Snell and Bohlander (2010), Noe, Hollenbeck, Gerhart, and Wright (2008) have divided the objectives of the staff assessment into two categories of developmental and administrative objectives. There are various methods to assess the staff performance that can be categorized under either of these approaches (Byars and Rue, 2008: 218); but organization's objectives for staff assessment determines the most appropriate and best method. Snell and Bohlander have categorized the performance assessment methods into three general categories; methods based on individual characteristics, methods based on behaviors, and methods based on results (Snell and Bohlander, 2007; 384). In an effort to consider new approaches for human resource management and meet organizational needs, many state organizations and agencies are currently moving towards merit-based systems (Abdullah and Sentosa, 2012). Organizations can use two aforementioned approaches to assess performance. Some organizations emphasize staff differences (merit-based), and others put value on equality among the staff (Stewart and Brown,2016: 348-351). In merit-based systems, the emphasis is placed on the results and the best and poorest performance is determined using the relative assessment method and mandatory distribution (putting the staff into performance related groups by assigning the pre-determined percentages) (Bamberger and Meshoulam, 2000). The merit-based system is applicable to organizations with bargain laborer and committed expert strategies. In parity-based system, staffs are assessed based on the specific standards rather than comparisons. Staffs will not be distinguished into good or bad categories, but all the staffs are motivated to observe with established standards. The parity -based system is applicable to organizations having the loyal soldier and bargain laborer strategies.

According to the above theoretical issues, the conceptual model of research was shown in Figure 1:

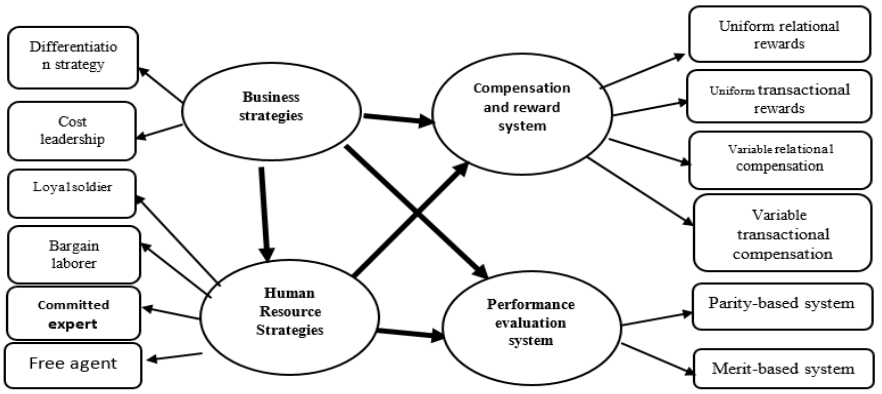

Figure 1. Conceptual model of research

The following hypotheses were made based on theory and conceptual model:

Hypothesis 1: There is a significant relationship between business strategies and human resources strategies in IRICA.

Hypothesis 2: There is a significant relationship between business strategies with compensation and rewards system in IRICA.

Hypothesis 3: There is a significant relationship between business strategies and the performance evaluation strategy in IRICA.

Hypothesis 4: There is a significant relationship between HR strategies with the compensation and reward strategy in IRICA.

Hypothesis 5: There is a significant relationship between HR strategies and employee's performance evaluation strategy in IRICA.

LITERATURE REVIEW

A review of studies in relation to the literature of the research indicates that studies on the human resource strategy and business strategy have often been limited to examining the relationship or level of alignment (consistency) of these two strategic levels with each other or one of the organizational elements such as structure, technology or organizational performance. To the authors' knowledge, there has been no study on examining the impact of business strategies and human resource strategies on compensation subsystems and management of performance evaluation. In a study entitled as Practice of Aligning HRM to Business Strategy and Its Impact on Performance at State Service Sector Organizations, Gebremicael Welderebriel (2016), came to the conclusion that the organizations in the region have their own strategic plan which is derived from the grand plan of the region. HRM actions are related to business strategies and affect organizational performance. The results of a study by Wilson and Osito (2014), entitled as Synergies Created by a Strategic Fit between Business and Human Resource Strategies in Tea Firms in Kenya suggested that achieving a strategic fit between the organization's strategy and HR strategy would result in synergy in organization and increase commitment, staff flexibility and employee productivity, and most importantly, is very important for competitive advantage. The results of this research can be very beneficial for planners, researchers, consultants, management, and management and economics students and government. Anderson, Cooper, and Zhu also found in a study in 2007 that strategic alignment of human resource activities with business goals and strategies will lead to an increase in corporate financial performance. McClendon (2004) in his doctoral dissertation entitled as "Investigating the Relationship Between Business Strategies, Human Resources System and Labor Relations Strategies, and Their Impact on Corporate Performance", from Pennsylvania University explained the alignment of business strategy based on Miles and Snow's typology of strategy, Human resources strategies based on Dyer and Holder's Typology , occupational relationships strategy based on Sisan typology as well as their impact on the performance and has proved the synergy resulting from this alignment. In addition, many researchers have paid attention to two factors of corporate culture and the effectiveness of business strategy in designing compensation strategy (Drucker and White, 1997). Pardakhtchi (2005), demonstrated that in an organization, compensation for services, results from the major management measurements and operations within the organization, especially the role of managers which are of the utmost importance in improving the compensation for services in the organization. Researchers and theorists have also been unable to agree on the implication of the following concepts such as measurement, monitoring, inspection, performance evaluation, and performance management. Theorists such as Van Dooren et al., (2010), Miller (2009), Grote (2002), Faseeh ullah khan (2013), Wouter (2010), Slavic (2014), Halachmi (2005) have separately investigated each of these concepts from different views and perspectives. Thus in conclusion it is inferred that in order to achieve the

missions and goals of the organization in a complex and changing environment, the measurement, monitoring, and management of performance seems necessary for the survival of organization and in the last decade, it has been considered as an effective tool for pathology and improvement of staff performance by managers and researchers.

METHODOLOGY:

This study seeks to examine the relationship between business strategies and human resources with service compensation strategies and performance appraisal in chief and executive customs. This research adopted a descriptive-analytical method. A questionnaire was used to collect data. In this questionnaire, Huang (2001) and Chiang (2004) indicators for business strategies, Stewart and Brown (2016) indicators for human resources strategies and also a researcher made questionnaire for compensation strategies and performance management systems were organized using theoretical foundations within the questionnaire. After obtaining the opinion of the professors, managers and experts in human resource and financial management as well as making modifications, finally a questionnaire containing 55 items, including 12 items for business strategies, 20 items for HR strategies, 13 items for compensation strategies and 10 items for the performance management systems was drafted and its validity was confirmed. Cronbach's alpha was used to assess the reliability of the research, the results of which are presented in Table 1. The statistical population of this study consisted of 1100 managers and experts in administrative and financial affairs of customs. Using a stratified sampling method, a sample (N = 285) was selected based on 95% confidence, 50% success rate and 4% error using Cochran formula in a limited statistical population.

Table 1. Cronbach's alpha values for the reliability of questionnaire constructs

Variables	Number of items	Cronbach Alpha Value
Cost leadership	6	0.716
Differentiation	6	0.724
Loyal soldier	4	0.816
Bargain laborer	6	0.742
Committed expert	5	0.719
Free agent	5	0.806
Uniform relational rewards	6	0.769
Uniform transactional rewards	2	0.758
Variable relational rewards	2	0.763
Variable transactional rewards	3	0.865
Parity-based system	5	0.809
Merit-based system	5	0./819

RESULTS AND DISCUSSION

A linear regression was used to examine the impact of variables on each other.

Hypothesis 1: There is a significant relationship between business strategies and human resources strategies in IRICA.

The linear regression results for the first hypothesis are as follows:

Table 2. The Relationship of Business Strategies with Human Resource Strategies in Iran's customs

Dependent variable	Independent variable	B	Std.Error	Beta	T	Sig
Human Resource Strategies	Business Strategies	1.469	0.030	0.947	49.679	0.000

According to Table 2, the significance level for the impact of business strategies on human resource strategies is less than 0.01, so we can say with 99 percent confidence that business strategies have a significant impact on HR strategies in Iran's customs administration. Moreover, the impact factor is 1.469 and positive; as a result, business strategies have a positive impact on human resources strategies. It implies that the improvement of business strategies can enhance the human resource strategies.

Table 3. Correlation coefficients related to the relationship between dimensions of business strategies and human resources strategies in IRICA.

	Construct	Cost leadership	Differentiation	Loyal soldier	Bargain laborer	Committed expert	Free agent
1	Cost leadership	1	-0.652	0.888	0.911	0.124	0.210
			0.000	0.000	0.000	0.160	0.153
2	Differentiation		1	0.108	0.231	0.726	0.962
				0.204	0.217	0.000	0.000
3	Loyal soldier			1	0.860	0.876	0.590
					0.000	0.000	0.000
4	Bargain laborer				1	0.902	0.656
						0.000	0.000
5	Committed expert					1	0.732
							0.000
6	Free agent						1

According to Table 3, the relationship between business strategy of cost leadership with human resource strategies of loyal soldiers and bargain laborer at a 99% confidence level is confirmed; but there is no significant relationship between business strategies of cost leadership with the human resources strategies of a committed expert. In addition, the results regarding the relationship between business strategy of differentiation and human resources strategies indicate that the differentiation strategy has a positive and significant relationship with committed expert and bargain laborer strategies, whereas it has no significant relationship with bargain laborer and loyal soldier strategies.

Second hypothesis: There is a significant relationship between business strategies with compensation and rewards strategies in Iran's customs administration.

The linear regression results for the second hypothesis are as follows:

Table 4. The Relationship between Business Strategies with Compensation and Reward Strategies in IRICA.

Dependent variable	Independent variable	B	Std.Error	Beta	T	Sig
Compensation and Reward Strategies	Business Strategies	1.233	0.028	0.936	44.570	0.000

According to Table 4, the significance level for the impact of business strategies on compensation and reward strategies is less than 0.01, so we can say with 99 percent confidence that business strategies have a significant impact on compensation and reward strategies in Iran's customs administration. Moreover, the impact factor is 1.233 and positive; as a result, business strategies have a positive impact on compensation and reward strategies. It implies that the improvement of business strategies can enhance the compensation and reward strategies.

Table 5. Correlation coefficients associated with the relationship between business strategy dimensions and compensation and reward strategies

	Construct	Cost leadership	Differentiation	Uniform relational reward	Uniform transactional rewards	Variable relational compensation	Variable transactional compensation
1	Cost leadership	1	-0.652	0.929	0.849	0.302	0.309
			0.000	0.000	0.000	0.084	0.083
2	Differentiation		1	0.146	0.177	0.463	0.938
				0.314	0.320	0.000	0.000
3	Uniform relational reward			1	0.843	0.796	0.693
					0.000	0.000	0.000
4	Uniform transactional reward				1	0.896	0.471
						0.000	0.000
5	Variable relational compensation					1	0.458
							0.000
6	Variable transactional compensation						1

(The first line of the correlation coefficient table indicates the second line of the significant level table)

According to Table 5, the relationship between business strategy of cost leadership with compensation and reward strategies of uniform relational and uniform transactional types at a 99% confidence level is confirmed; but there is no significant relationship between business strategies of cost leadership with the compensation strategies of variable relational and variable transactional types. This result is fully consistent with previous research results. In addition, the results regarding the relationship between business strategy of differentiation and human resources strategies reveals that the differentiation strategy has a positive and significant relationship with committed expert and bargain laborer strategies, whereas it has no significant relationship with bargain laborer and loyal soldier strategies. These results are also fully consistent with previous research findings and theoretical issues.

Hypothesis 3: Business strategies have a meaningful relationship with the performance evaluation strategy of Iran's customs administration. The linear regression results related to the third hypothesis are presented in the following tables:

Table 6. The Relationship between Business Strategies with Performance evaluation strategy in IRICA.

Dependent variable	Independent variable	B	Std.Error	Beta	T	Sig
Performance evaluation strategy	Business Strategies	1.267	0.023	0.956	54.603	0.000

According to Table 6, the significance level for the impact of business strategies on performance evaluation strategy is less than 0.01, so we can say with 99 percent confidence that business strategies have a significant impact on performance evaluation strategy in Iran's customs dministration. Furthermore, the impact factor is 1.267 and positive; therefore, business strategies have a positive impact on performance evaluation strategy. It implies that the improvement of business strategies can enhance the performance evaluation strategy.

Table 7. Correlation coefficients regarding the relationship between the dimensions of business strategies and the performance evaluation strategy in IRICA.

Construct	Cost leadership	Differentiation	Merit-based system	Parity-based system
Cost leadership	1	0.771	0.179	0.950
		0.000	0.254	0.000
Differentiation		1	0.923	0.121
			0.000	0.261
Merit-based system			1	0.872
				0.000
Parity-based system				1

Based on Table 7, the relationship between business strategy of cost leadership with parity-based performance evaluation strategy at a 99% confidence level is confirmed; but there is no significant relationship between business strategies of cost leadership with merit -based performance evaluation strategy. This result is fully consistent with previous research results. Moreover, the results regarding the relationship between business strategy of differentiation and performance evaluation strategy shows that the differentiation strategy has a positive and significant relationship with merit -based performance evaluation strategy, whereas it has no significant relationship with parity-based performance evaluation strategy. These results are also fully consistent with previous research findings and theoretical foundations.

Fourth hypothesis: human resources strategies have a meaningful relationship with the compensation and reward strategy in IRICA.

The linear regression results for the fourth hypothesis are shown in the following tables:

Table 8. Relationship of Human Resource Strategies with the Compensation and Reward Strategy in IRICA.

Dependent variable	Independent variable	B	Std.Error	Beta	T	Sig
Compensation and reward strategy	Human Resource Strategies	0.835	0.009	0.982	88.604	0.000

According to Table 8, the significance level for the impact of human resources strategies on compensation and reward strategy is less than 0.01, so we can say with 99 percent confidence that human resources strategies have a significant impact on compensation and reward strategy in Iran's customs. Furthermore, the impact factor is 0.835 and positive; therefore, human

resources strategies have a positive impact on compensation and reward strategy in Iran's customs administration. It implies that the improvement of human resources strategies can enhance the compensation and reward strategy.

Table 9. Correlation coefficients on the relationship between the dimensions of human resources strategies and the compensation and reward strategy

	Construct	Loyal soldier	Bargain laborer	Committed expert	Free agent	Uniform relational reward	Variable relational Reward	Uniform transactional compensation	Variable transactional compensation
1	Loyal soldier	1	0.860	0.876	0.590	0.903	0.213	0.245	0.251
			0.000	0.000	0.000	0.000	0.138	0.142	0.151
2	Bargain laborer		1	0.902	0.656	0.200	0.859	0.236	0.218
				0.000	0.000	0.134	0.000	0.140	0.143
3	Committed expert			1	0.732	0.246	0.194	0.826	0.171
					0.000	0.135	0.128	0.000	0.114
4	Free agent				1	0.257	0.304	0.189	0.944
						0.131	0.119	0.108	0.000
5	Uniform relational reward					1	0.843	0.796	0.693
							0.000	0.000	0.000
6	Variable relational Reward						1	0.896	0.471
								0.000	0.000
7	Uniform transactional compensation							1	0.458
									0.000
8	Variable transactional compensation								1

As Table 9 shows, the relationship between human resources strategy of loyal soldier with uniform relational compensation strategies at a 99% confidence level is confirmed; but there is no significant relationship between human resources strategy of loyal soldier with uniform transactional relational, variable relational and variable transactional compensation strategies. This result is fully consistent with previous research results. Moreover, the results regarding the relationship between human resources strategy of bargain laborer and compensation strategies shows that the bargain laborer strategy has a positive and significant relationship with uniform transactional compensation strategy, whereas it has no significant relationship with uniform relational, variable relational and variable transactional compensation strategies. These results are also fully consistent with previous research findings and theoretical issues.

The relationship between human resources strategy of committed expert with variable relational compensation strategies at a 99% confidence level is confirmed; but there is no significant relationship between human resources strategy of committed expert with uniform relational, uniform transactional and variable transactional compensation strategies. This result is fully consistent with previous research results. Moreover, the results regarding the relationship between human resources strategy of bargain laborer and compensation strategies shows that the bargain laborer strategy has a positive and significant relationship with variable transactional compensation strategy, whereas it has no significant relationship with uniform

relational, uniform relational and variable relational compensation strategies. These results are also fully consistent with previous research findings and theoretical foundations.

Fifth hypothesis: human resources strategies have a meaningful relationship with the performance evaluation strategy in IRICA.

The linear regression results for the fifth hypothesis are shown in the following table:

Table 10. Relationship of HR Strategies with Performance Evaluation Strategy

Dependent variable	Independent variable	B	Std.Error	Beta	T	Sig
Performance Evaluation Strategy	HR Strategies	0.805	0.017	0.942	47.031	0.000

According to Table 10, the significance level for the impact of human resources strategies on performance evaluation strategy is less than 0.01, so we can say with 99 percent confidence that human resources strategies have a significant impact on performance evaluation strategy in Iran's customs. Furthermore, the impact factor is 0.805 and positive; therefore, human resources strategies have a positive impact on performance evaluation strategy in Iran's customs. It implies that the improvement of human resources strategies can enhance the performance evaluation strategy.

Table 11. Correlation coefficients on the relationship between dimensions of human resources strategies and performance evaluation strategy.

	Construct	Loyal soldier	Bargain laborer	Committed expert	Free agent	Merit-based system	Parity-based system
1	Loyal soldier	1	0.860	0.876	0.590	0.126	0.862
			0.000	0.000	0.000	0.078	0.000
2	Bargain laborer		1	0.902	0.656	0.172	0.904
				0.000	0.000	0.069	0.000
3	Committed expert			1	0.732	0.771	0.128
					0.000	0.000	0.088
4	Free agent				1	0.934	0.133
						0.000	0.093
5	Merit-based system					1	0.872
							0.000
6	Parity-based system						1

According to Table 11, the relationship between human resources strategy of loyal soldier with performance evaluation strategy at a 99% confidence level is confirmed; but there is no significant relationship between human resources strategies of loyal soldier with merit –based performance evaluation strategy. Additionally, the results regarding the relationship between human resources strategy of bargain laborer and performance evaluation strategies show that the bargain laborer strategy has a positive and significant relationship with parity-based strategy, whereas it has no significant relationship with merit –based strategy. The relationship between human resources strategy of committed expert with merit –based performance evaluation strategy at a 99% confidence level is confirmed; but there is no significant relationship between human resources strategies of committed expert with parity-based performance evaluation strategy. This result is fully consistent with previous research results. Also, the results regarding the relationship between human resources strategy of bargain laborer and

performance evaluation strategies shows that the bargain laborer strategy has a positive and significant relationship with merit-based strategy, whereas it has no significant relationship with parity –based strategy. These results are also fully consistent with previous research findings and theoretical issues.

CONCLUSION AND RECOMMENDATIONS

The results of the statistical analysis showed that there is a positive and significant relationship between business strategies and human resource strategies at the customs, so that a high correlation was found between the cost leadership strategy and the loyal soldier strategy and free agent; whilst there was a low alignment between the cost leadership strategy with committed expert and free agent strategies. Having taken into consideration this fact that the customs office has made a dramatic shift in the implementation of the "Comprehensive Customs System" and moved towards the provision of electronic services and distance communication, as well as increasing the efficiency and standardizing of the affairs, it seems to suggest that achieving these results was completely logical and predictable. It was also shown that there is a high consistency between the differentiation strategy with the variable relational compensation strategy and variable transactional strategy, as well as a low consistency between uniform transactional compensation strategy and uniform relational strategy. This result is also in agreement with studies and theoretical foundations implying the alignment between the organization's business strategy with compensation and reward strategy. Since the differentiation strategy entails more payment, these results are also logical. Additionally, the findings indicate that the employee's performance evaluation strategy is influenced by the business strategy of the organization. A merit-based performance appraisal strategy and parity-based performance evaluation strategy are used for the differentiation and cost-leadership strategies, respectively. In the differentiation strategy, there is an emphasis on recognizing high performance, achieving the highest results, and employee's efforts to perform better and more effective than others. Similarly, employee participation and collaboration as well as compliance with specific standards are emphasized in the parity-based performance evaluation strategy. Theoretical foundations are also consistent with these results. The loyal soldier HR strategy is consistent with a uniform relational strategy in which the maintenance of long-term employment relationships requires the payment of benefits and rewards that will persuade employees to remain in the organization. The free agent strategy is also in line with a uniform transactional strategy. In this strategy, short-term employment relationships and levels of payment fell to their lowest levels. The committed expert HR strategy has a high correlation with variable relational compensation strategy and the best rewards are paid to employees who have high performance and unique knowledge and skills as well as long-term employment relationships with the organization. There is a correlation between the free agent's management strategy and variable transactional compensation. These employees do not have longstanding relationships with the organization and do not show a high level of loyalty to their organization. Due to their unique knowledge, especially in support of electronic systems, maintenance of these people involves paying high financial rewards and incentives. The results of the research also reveal that the parity-based and merit-based performance management systems are used for the assessment of employee's performance of free agent and loyal soldier as well as committed expert and bargain laborer strategies, respectively. These results are fully consistent with the theoretical

foundations as well. In conclusion, the results obtained from this study indicate that both compensation and reward systems and employee performance evaluation are in line with human resources strategies and business strategy of the organization. So it is recommended that in a retrospective study, researchers examine the relationship between other human resources subsystems (subsystems of supply, training and development, employee's development and growth, relations with employees and maintenance and dismissal of employees) with HR strategies and business strategies.

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