

IMPACT OF HRM PRACTICES ON ORGANIZATIONAL PRODUCTIVITY

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Abstract

In this era of highly competitive environment, organizations in Manufacturing sector and Service sector are trying hard to win the mind of customers by providing them value added service and quality innovative products to remain competitive in the market. The objective of this study is to investigate the impact of HRM practices on Organizational commitment of Employees in various sector in India. The study revealed that how HRM practices provide an edge to employee's commitment towards an organization goal in the global competitive market. Through study it is found that HRM practices influence the Organizational Commitment of Employees.

Key words: HRM practices, Organizational Commitment, Employees.

I. INTRODUCTION

HUMAN RESOURCE MANAGEMENT PRACTICES

Success in today's competitive market depends less on advantages associated with economies of scale, technology, patents but are more derived from organizational human resources and high involvement of human resource management practices (Tahir Masood Quresh, Ayisha Akbar, Mohammad Aslam Khan, Rauf A. Sheikh and Syed Tahir Hijazi,2010). For an organization to be more effective it should have skilful and innovative employees to work and should also try to retain them.

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There is not a single HR Practice which a company aspires to retain its employees. There are different HR Practices which a company combines to manage its HR system. A company should always combine "Number of Best HR Practices" which they should implement for the survival and sustainability of the organization. "Best practices" in HR are subjective and transitory.

They enhance internal capabilities of an organization to deal with current or future challenges to be faced by an organization. Good HR practices also energize people working in the organization. The commitment and motivation built through good HR practices can lead to hard work. The culture so built can help to create a sustainable and lasting capability of the organization to manage itself and not only cope with the external turbulence (Aneet, 2006).

There are different HR Practices for the organization to adopt. HR practices contribute to the organization's bottom line, areas such as recruitment, selection, training, development and performance appraisal which should be consistent, integrated and strategically focused. Firms need to build long-term commitment to retain their work force.

The researcher has taken following combination of Human Resource Practices in the study:

HRM Practices-

1. Recruitment & Selection
2. Training & Development
3. Organizational Commitment
4. Job Satisfaction
5. Performance Management

1. RECRUITMENT AND SELECTION

The process of staffing employees in the organization consists of finding, evaluating, and assigning people to work (Harel and Tzafir, 1996). Terpstra and Rozell (1993) found a significant and positive link between the extensiveness of recruiting, selection test validation, and the use of formal selection procedures and firm profits. HRM activities involved in getting the right person on the right place (employee skills and organizational structure) contribute to higher productivity (Huselid, 1995). In addition, research has shown that implementing an effective staffing process (selectivity in staffing) is positively related with organizational performance (Delany and Huselid, 1996). Koch and McGrath (1996) also found that sophisticated recruitment and selection procedures are positively related to labor productivity. Talent Management as the name itself suggests is managing the ability, competency and power of employees within an organization. The concept is not restricted to recruiting the right candidate at the right time but it extends to exploring the hidden and unusual qualities of employees and developing and nurturing them to

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get the desired results.

It is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization (Edwin B. Flippo, 1980). Some organizations like public sector adopt centralized recruitment whereas other organizations resort to decentralized system. There can be different sources of recruitment namely internal sources like vacancies, transfers, promotions, retired and retrenched employees, dependants and relatives of deceased and disabled employees or it can be external sources like education and training institutions, search engines, employment exchanges etc.

Recruitment technically precedes selection. Selection is the process of choosing the most suitable persons out of all applicants. It is the process of matching the qualifications of applicants with job requirements. According to Dale Yodder (1972) Selection involves Test, Interview and Medical examination of the candidates. Referrals of candidates are also checked for predicting their behaviour and performance.

2. TRAINING AND DEVELOPMENT

Training can be treated as an investment in organizational human assets. In addition, "...training is seen as a useful means of with changes fostered by technological innovation, market competition, organizational structuring, and demographic shifts (Knocke and Kalleberg, 1994, cited by Sandra K.K et al.). Training and development encompasses three main activities: training, education, and development. Firms that offer training and employee development are making a visible investment in employees. Among its positive outcomes, this investment increases employability for the individual employee (Waterman et al., 1994).

Training is the process of increasing the knowledge and skills for doing a particular job. The purpose of training is basically to bridge the gap between job requirements and present competence of an employee. Training is aimed at improving the behavior and performance of persons. There are different types of training programs like Orientation training, Job training, Safety training, Promotional training, Refresher training, Remedial training etc. to enhance the skills of employees.

Executive development is a systematic process of learning and growth by which managerial personnel gain and apply knowledge, skills, attitudes and insights to manage the work in their organizations efficiently and effectively. It is necessary for the managerial personnel so as to cope up with the size and complexity of organization, technological changes. It is also necessary to recognize their social and public responsibilities etc.

3- ORGANIZATIONAL COMMITMENT

Organizational Commitment is the great feeling of belongingness, gratitude towards organization, and an employee feels that the organization is his own and he is ready to work in the organization passionately and wholeheartedly. He feels very much attached to the organization and in any circumstances he would like to be a part of his organization. He fully agrees with the vision and mission of the organization and works enthusiastically and wholeheartedly for achievements of his set goals. It is

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the desire of the employee to remain a part of the organization. Organizational Commitment is an unseen bond between the employee and an organization to be continuing in the current organization.

Organizational Commitment is defined as a state in which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. So, high job involvement means identifying with one's specific job, while high organizational commitment means identifying with one's employing organization.”

(Robbins Stephen P., 2005)

4- JOB SATISFACTION

It is well known fact that happy workers are most productive workers and productive workers are likely to be happy in comparison to others who are not. Employee job satisfaction is very essential to face the dynamic or vigorous and ever-increasing challenges of keeping or maintaining highly productivity of the organization by keeping their workforce retaining and constantly engaged and motivated. Besides, environmental forces or pressures, highly competitive environment rising health costs and various needs of the workforce also pose a challenge for the management. This could be overcome by creating a work environment that maintains employee job satisfaction as well as motivates people towards exceptional or extra ordinary performance at the workplace and for achieving work-life balance. This paper outlines the broad delineations of various variables responsible for employee satisfaction and various ways by which one can maximize employee satisfaction.

5 - PERFORMANCE APPRAISAL

“Performance appraisal represents, in part, a formalized process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers” (Shahzad, Bashir and Ramay, 2008, p.304). Performance appraisal, the process of observing and evaluating employees’ performance and providing feedback, is a potentially important method for developing an effective workforce. Performance appraisal is also used as mechanism for improving employee performance. It is widely recognized as the primary human resource management intervention for providing feedback to individuals on their work-related achievements (Waddell et al., 2000). Performance appraisal can be used as an aid in making decisions pertaining to promotion, demotion, retention, transfer, and pay. It is also employed as a developmental guide for training needs assessment and employee feedback. Employee commitment and productivity can be improved with performance appraisal systems (Brown and Benson, 2003).

Performance Management is an integrated approach to deliver successful results in organizations by improving the performance and developing the capabilities of teams and individuals. Employee’s operational performance depends on four intervening factors: Competence, Teamwork, Organizational Commitment and Customer Orientation. Individual performance and organizational effectiveness cannot be achieved without organizational commitment, i.e. readiness to exert considerable effort on behalf of the organization (Becker, 1960; Porter et al., 1974; Mowday et al., 1979; Allen and Meyer, 1996; Mowday, 1998; Beck and Wilson, 2000). Good HRM Practices lead to high organizational commitment and different researches in USA and now Britain justify them.(

Mick Marchington and Adrian Wilkinson,2005).

HRM Practices

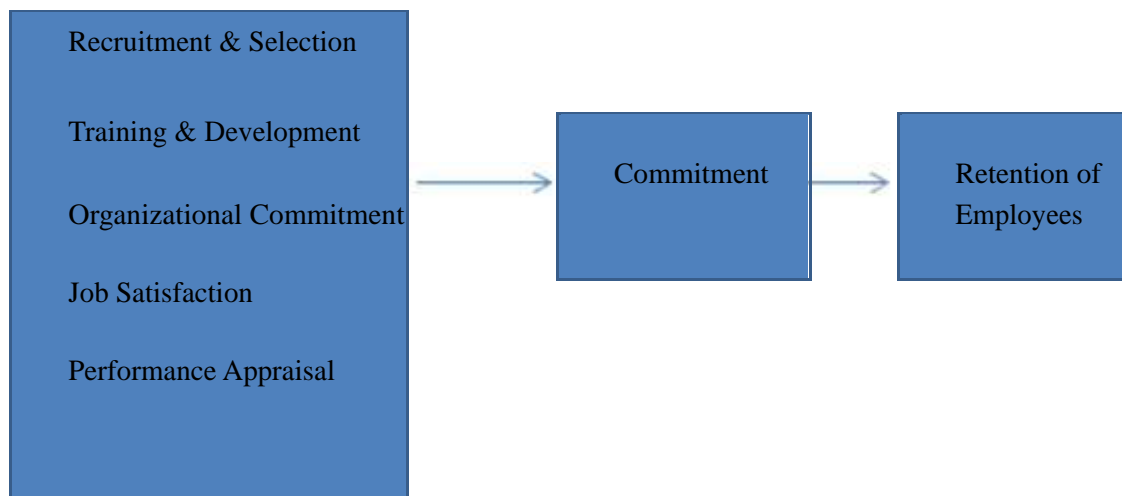


Figure-1

II. RESEARCH METHODOLOGY

The idea of writing this paper is to study, analyze and examine the impact of HRM Practices on Organizational Productivity. So, this research papers aims to develop a research model which can justify this paper and find out the possible ways of influential role of HRM practices on Organizational Productivity . Hence, we have used Secondary data for our research. The source of data was secondary data which has been collected while studying various research paper and result will be analyzed with the help of literature reviews.

III. LITERATURE REVIEW

The survey of literature plays an important role in establishing the backup drop for any research work. It is felt that the justification of the present study can be clarified by reviewing the available literature on the subject to find out gaps in research before finally selecting the objectives of topic for the study.

Recruitment is a very essential & critical part of every organization. Organizations need potential talented, experience, quality applicants to ensure the future success of the organization & also needed to play lead role in the industry. An effective recruitment or we can say right fit candidate on right jobs is the backbone of the organization without this balancing this we cannot get leading position in an competitive organization. Earlier it was the competitive age of technology improvement. Over a decade of period some

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fundamental changes has been emerged like technology advancement is almost comparatively slow or towards saturation as of now. Now day's companies are more focusing on its manpower retention, Training & development, employee engagement, better working environment & liberty to take decision in the interest of organization generally it was not earlier. A skilled manpower or efficient managers can play a vital role in the organization to keep sustain the lead role in the market. It is must for organizations to manage the recruitment process professionally, rationally fairly as managers tries to influence the recruitment process. Customer relationship also plays a vital role about the organizations image for example the negative effect of poor customer relationship can create an negative image in mind of employees or prospective candidate for recruitment. So it is must to be handle all the stages of recruitment in a effective way because ultimately all the essential factors are deciding factors to decide a new company from a candidate point of view like successful Brand, Employee oriented, Growth factors, Leadership development. So we should also focus on the employer and employee relationship or we can say employee and employer relationship plays a vital role to keep sustain the employees in to the organization favor a longer period of time.

The study or analysis of job satisfaction is a topic of wide interest for both of them who work and the people who study them. Job satisfaction has been closely related with many organizational phenomena such as motivation, management performance, leadership, attitude, conflict, moral etc. Researchers have tried to understand the various components of job satisfaction measure the relative importance of each component of job satisfaction and examine what effects these components have on employees' productivity.

Spector (1997) has explained to job satisfaction in terms of how people feel or percept about their jobs and also different – different aspects of their jobs. Ellickson and Logsdon (2002) also support this view by explaining job satisfaction as the extent to which employees like their work. Schermerhorn (1993) defines job satisfaction as an affective or emotional response towards various aspects of an employee's work. C.R. Reilly (1991) defines job satisfaction as the feeling that a worker has about his job or a general attitude towards work or a job and it is influenced by the perception of one's job. J.P. Wanous and E.E. Lawler (1972) refers to job satisfaction as the sum of job facet satisfaction across all facets of a job. Abraham Maslow (1954) suggested human need from a five-level hierarchy ranging from physiological needs, safety, belongingness and love, esteem to self-actualization.

IV. OBJECTIVES & RESEARCH FINDINGS

The purpose of the study was to determine the extent of impact of HRM practices on Organizational commitment can be explained by differences in Training & development, Compensation and Welfare HRM Practices. An integrated HRD system makes significant and visible contribution to the organization's performance. However, there is dearth of empirical evidences regarding what constitute HRD practices and how HRD practices are instrumental in bringing about change in an organization. While it goes without saying that human are the most important resources that energize and direct all other resources for the accomplishment of the goals of the organization, the linkage between practices and performance is somewhere illusive. Also a holistic model showing the interrelation of HRD practices, HRD climate and individual & organizational outcomes has remained a holy grail. The present study is an attempt to fill up this gap. In the light of the above problem identification,

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following research objective has been set forth for the research work:

The main objectives of the research study are

The main objective of this study is to fill up the above mentioned gap in the literature. In accordance with the research problem, the following listed objectives are identified in addition to the main objective to achieve through this research.

1. To identify the HRM practices those are used in Service Sector companies in Delhi NCR..
2. To examine the relationship between HRM practices and HR outcomes of Service Sector companies in Delhi NCR.
3. To explore the impact of HRM practices and HRM outcomes on performance of Service Sector companies in Delhi NCR.
4. To study the conceptual framework of Human resource management and how it impacts the productivity of an organization
5. To identify the HRM practices in the organizations.
6. To study the percentage of organizations. in Delhi NCR area practicing human resource management functions & activities.
7. To study the percentage of organizations. in Delhi NCR area that have adequately fulfilled the human resource management objectives.
8. To study the percentage of organizations. in Pune & Delhi NCR area having human resource development systems in place.
9. To collect data about the human resource management practices in Service.
10. Organizations in the Delhi NCR region, classify, tabulate and analyze it with a view to finding conclusions from the same and assess whether such human resource management practices are being applied.

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11. To suggest HRM policy and practices for enhancing the quality & productivity of employees.

The study found out that HRM practices such as Recruitment & selection, Training & Development, Organizational commitment, performance Appraisal play a significant role on Organization productivity in Service sector. While it is found that HRM practices such as Compensation, Job security and Job performance has significant importance on Affective commitment but same HRM policies cannot be set for two different set of identities among private Universities across globe. In academics sector, HRM practices viz. career development and job satisfaction has significant impact on Organization Commitment. In Hospital industry, supportive reward oriented HRM Practices increases employee commitment towards Organization. In contrast to this, Employees from IT software industry are influenced by HRM policies such as Training, Career development and friendly work environment. In high-tech industries, affective commitment has pivotal role. However, the research on blue collar employees in manufacturing industries found that HRM policies such as job satisfaction and pay satisfaction has significant role in achieving organizational commitment. On the other hand, research conducted on Law firms suggested that Employee welfare and process oriented HRM policies might be the path in achieving better organizational commitment.

V. CONCLUSION

The conclusion builds on previous researches shows that HRM practices such as Training & development, compensation and welfare activities has significant effect on Organizational commitment and are associated with superior organizational performance. Study depicts the result from the various sector viz. Banking, Academics, IT software industry, high tech Innovation Industries, Manufacturing Industries etc. However, it is very difficult to achieve customer-centric strategic management without first achieving employee satisfaction. Also when employees are satisfied, it results to customer satisfaction which ultimately increases the profitability and goodwill of the firm. Therefore, it is proved in the study, HRM practices have significant impact on Organizational commitment and which is further related to Retention of knowledgeable and skilled Employees.

VI. RECOMMENDATIONS

It was found that HRM practices have a significant role on Organizational Commitment of Employees but there need to be improvement in the area like Training & Development, Compensation and Employee welfare. To avoid such gaps, Organization must have to take care of Employees Training & Development, Compensation and Welfare Schemes. Apparently, it has to be on regular interval which not only improve & enhance their skills but increase the productivity of the organization. In an era of cut-throat competition, it is also important to retain resources while offering other benefits like welfare, promotion, skill development, participative approach, two way communications etc.

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