

## **IMPACT OF HRM ON EMPLOYEES FINANCIAL PERFORMANCE**

**Rahul Kumar Sharma**

Research Scholar, M.Phil (HRM)

### **ABSTRACT**

One of the primary goals of Human Resource Management (HRM) is to increase organizational performance. Nonetheless, few studies have specifically discussed the multidimensional complexity of success and related HR activities with different outcomes. This study therefore adds three outcome dimensions to the literature by referring to HR practice: financial, organizational and employee (HR) outcomes. HR is used to describe the people working for a company or agency as well as the group responsible for handling services relevant to the workers. The word "human capital" was first coined in the 1960s, when attention started to be drawn to the importance of industrial relations. HR plays a critical role in helping businesses cope with a rapidly evolving market climate and a higher demand in the 21st century for high-quality workers. Human resource management is a fairly new way of managing people at any organization. For several of the major corporations the idea of social capitalism dealing with staff members has been adopted. Widespread unemployment during the 1930s Great Depression is widely held responsible for curtailment in the planned cooperative climate. Industry-wide deals could push up labor costs to the point that companies were vulnerable to foreign markets in the increasing international competition. They will also examine how HR strategies affect these aspects of performance, concentrating on the mediating role of work satisfaction.

The study is done to evaluate the impact of HRM on the performance level of the employees in the organization. The literature review of the study consists some of the parts that are essentially need by an employee for a better performance in an organization. The link is on detailed analyzed for various other components that are illustrated on the conceptual framework of performance evaluation.

It is clarified in this research work that For many of the major corporations welfare capitalism was implemented in the form of Personnel Management. Human resource management is a fairly new way of managing people at any organization. HRM has been described by Scott, Clothier and Spriegel as 'a management division that is responsible, on a staff-based basis, for focusing on

certain aspects of operations that are primarily concerned with the management relationship between employers and employees. It is also concerned with human development and the alignment of the interests of the company with certain of the employees.

It is also clarified that human resource management is not something which could be isolated from the basic managerial function. French Wendell defines the management of human resources as hiring, choosing, increasing, allocating, compensating and promoting human capital for the company. Human resource managers place the highest priority on resolution of labor disputes than anything else. The importance of managing human capital in industry is demonstrated by the world's complex and competitive environment in which the new, large-scale industries work.

For most large companies the HR manager performs both managerial and organizational functions. The boss needs to take on the basic task of choosing people who will be employed under him. Yet he will take advantage of the expert services of the personnel department to perform this task. The HR manager's position can be attributed to research on human interaction, which has given considerable importance to the human element. The Human Resources department is established under the guidance of a personnel member with specialized expertise and skills.

## INTRODUCTION

An organization's most valuable resource is its PEOPLE or Human Resource this is an undeniable and mostly accepted fact worldwide. Around the same time much of the company's corporate mission statements and financial reports also show the same message. People are the most valuable resource for business within a company.

Recognizing the importance of and managing its Human Resource is a key factor which gives any organization the competitive advantage. This also gives high status of company and increased employee efficiency to the professionals working in the HR functional areas. Putting a right person at the right job is the most important for an organization's sustainable success, too, at the right time.

However, HR Management recognition presents a professional working in this field with new challenges and a lot of change of role. For example, the HR functions, with an understanding of highly structured strategic positions, generate perceptions that it is not enough for HRM to merely collaborate with the top management. This has to steer an organization's progress with better performance of its employees. It has become a proven and accepted fact by both companies and academics that an organization's human capital is the real source of competitive advantage when people management policies and practices are mad and strategically implemented.

Employees are considered to be the key strategic asset for every company. Workers may also be a competitive advantage if their employer pays more attention and invests in improving the skills of employees on the job. Similarly, universities are striving to attract talent, well-trained and enthusiastic employees and dedicate themselves to their work by conducting human development research and training. Previous empirical studies revealed that successful and effective implementation of certain Human Resource Management Practices (HRMPs) empowers university employees and improves their performance positively.

In today's business world, global competition is the basic element that affects the minds of CEOs and researchers, and as a result, industrial economy has been experienced to move toward this. All researchers and practitioners' efforts in the last two decades have focused mostly on human resource management (HRM) practices, considering the employee's perceived emotion, the state of well-being and job satisfaction is a high priority for top managers and HR managers, knowing that human capital is the most essential part of any company, and organizational goals can be achieved through them.

The Human Resource Management (HRM) field has traveled a long way from its simple staff management where the staff manager's job was only about job vacancies, recruitment, tracking employee payrolls, promotions and other mundane staff issues. Human Resources Management (HRM) is a term used to describe the part of the activities of an company involved in hiring, creating, and managing its employees (Wood & Wall, 2002).

Today's new area of Human Resource Management (HRM) is gaining a lot of attention due to its possible effect on the sustainability and success of an enterprise. Today there is a growing perception that if companies want to succeed and thrive in today's talent-based global economy, they need to obtain, develop and implement expertise and strategies in managing human resources world-class. (Under Darwish, 2013). In the last 50 years , higher management has come to the conclusion that people are the key differentiators of every company, not goods, markets, money, buildings or machinery. Every organisation's assets require human intervention to produce their value. Higher management, industrialists and academics, being aware of this realization, have been in a state of constant quest for methods to increase the degree of employee commitment and activities relevant to his / her job, which eventually boost organizational efficiency. (Shaukat et al., 2015) As per (Dessler, 2013).

HRM applies to the policies and procedures involved in the implementation of a management position's human resources aspects including human resource planning, role analysis, recruiting, selection, orientation, compensation, performance evaluation, training and development, and labor relations. In today's knowledge organizations, these Innovative HRM practices need to be implemented in order to attract, retain and add value, where value is based on the talents and

skills of the workforce, best HRM practices can only ensure continued success of business organizations. (Shaukat, 2015 et al.).

Proper HRM policies and practices are essential to build a happy, active, and effective workforce for every company. Satisfied and efficient human resources are essential factors for any company to face the demands of the ever-changing world of today. In addition, the organization's growth, progress, and expansion are highly dependent upon its success.

However, the efficiency of the workforce is related to employee satisfaction. (Haquec, et al . , 2013) Our research aims to examine how the HRM activities impact the satisfaction of the workers. Management of human resources is concerned with providing services and programs to improve and promote employee satisfaction and development, and to achieve full satisfaction from the job and to give the company its best efforts.

The secret to maintaining a productive business or a stable economy is therefore the efficiency of the workforce which can be accomplished by enhanced HRM practices

One of the main objectives of Human Resource Management (HRM) is to enhance organization's efficiency. Prefer acknowledged the significance of obtaining strategic benefit by staff, and acknowledged the value of various human resource (HR) activities required to achieve this benefit. Huselid emphasized the use of an integrated and coherent 'bundle' of mutually strengthening HR practices over separate practices.

Despite the substantial volume of research on the link between HRM and performance, the exact nature of this relationship remains unclear within the healthcare sector. This can be considered troubling because the study of HRM in the health care sector and its impact on performance has

both practical and academic significance. Performance, however, is not a term that can be easily described and conceptualized.

According to Guest, rather than performance it's better to use the concept of 'outcomes.' Then one can discern three different outcomes:

- 1) Financial results (profits, net margin, market share),
- 2) Organizational outcomes (productivity, quality, performance, consumer satisfaction) and
- 3) HR outcomes (attitudes and actions of the employees).

Dyer and Reeves observed that HR and organizational outcomes are more proximal outcomes, for example, closely related to an organization's HR practices, while financial outcomes are less likely to be directly influenced by HR practices. In addition, common HR outcomes are also seen as intermediate outcomes bridging the 'black box' between HR activities and the financial or organizational outcomes.

This multidimensional outcome perspective seems particularly relevant to health care organizations, since financial outcomes are certainly not the only-or even primary-objective. Despite the large amount of research on HRM in health care, few studies specifically discussed the multidimensional character of results, and connected HR practices to different dimensions of outcome.

Therefore we add to the literature in this article by analyzing various outcome aspects of health care organizations. The research question we will be addressing is as follows: 'To what extent are HR practices related to multiple outcome dimensions in health care organizations?' First, we will give a brief background on the link between HRM and outcomes with a particular focus on the healthcare sector. We'll then establish a few hypotheses. The methods and results of the data analysis will be presented later. The article ends with a thesis on the impact of HRM on different health-care outcomes.

As Beer, Spector, Lawrence, Quinn, Mills, & Walton (1985) said, "Nowadays, both in the corporate and academic world, it is common knowledge that an organization's human capital can

be a source of competitive advantage, given that policies for managing personnel are combined with strategic business planning and organizational culture."

Recent research has focused on the links between human resource management and employee performance by Guest (2003, 2004); Purcell (2002, 2004), and much of the international literature available and growing in this field denotes that HRM is directly linked in a very close way to the strategies that are evolving, particularly in the larger private or public organizations. Number of studies has produced data and results to evaluate the facts in public sector organizations during the time when this field has grasped the application of private sector management strategies and principles.

There is always a need to question the genuineness of associating SHRM activities with employee efficiency, and whether a statistical analysis of data defining the relationship between Strategic Human Resource Management (SHRM) and performance of employees will prove the direction of the correlation. Is it possible where a performing organization can attribute their worthy performance to the value of their HRM practices, or is their performance due to some other unidentified factors? There is another question that comes up when it comes to the importance of being proactive in handling human capital. What are certain variables or a strategy that helps a business enterprise to follow 'Strategic' HRM practices?

## **THEORETICAL BACKGROUND**

Over several years, there has been proliferation among scholars and practitioners in the assumption that individual employee success has consequences over firm-level results. Nonetheless, interest in this field has recently increased, as academics have begun to argue that collectively workers of a company can also have a unique source of competitive advantage that its rivals find difficult to duplicate. For example, Wright and McMahan (1992), building on the

company's resource-based theory of Barney (1991), argued that human resources can be a source of sustainable competitive advantage while meeting four basic criteria.

Next, they need to add value to the manufacturing processes of the firm: individual output standards have to matter. Second, the qualities that the company is searching for must be unique. Because human output is usually distributed, noted Wright and McMahan, all human capital meet each of these requirements. The third criterion is that it cannot readily replicate the cumulative human capital assets embodied by the employees of a company. Whereas human resources are not subject to the same degree of immutability as equipment or facilities, investment in firm-specific human capital can further reduce the risk of such replication by qualitatively differentiating employees of a organization from those of its competitors.

Finally, if a company's human resources are to be a source of sustainable competitive advantage, they must not be subject to substitution by technical innovations or other alternatives. Although labor-saving technologies can reduce the returns on certain forms of human capital investment, the continuing shift to a service economy and the already high rates of automation in many industries make these forms of substitution increasingly less possible. The research carried out by Wright and McMahan points to the value of human capital in building a firm-specific competitive advantage. The question then is how businesses can capitalize on this growing source of productivity or how to do so.

Bailey (1993) concluded that human resources are frequently "underused" because workers frequently perform below their full capacity and that organizational attempts to extract discretionary effort from workers are unable to produce returns above any applicable costs. Bailey argued that HRM practices can influence such discretionary effort by affecting employee skills and motivation, and by providing organizational mechanisms that enable workers to monitor how their roles are performed.

HRM activities affect the capabilities of the workers by gaining and improving the intellectual resources of a company. Recruitment procedures to include a large pool of eligible candidates, coupled with a consistent and credible selection scheme, would have a major impact on the quality and type of skills new employees possess. This will also impact the development of



workers by offering structured and informal training opportunities, such as basic skills training, on-the-job learning, coaching, and mentoring and management development.

Nonetheless, if they are not driven to succeed, the productivity of even highly qualified workers will be reduced and HRM strategies will impact employee morale by motivating them to work both harder and smarter.

Examples of firm attempts to guide and encourage employee actions include using performance evaluations to measure individual or working group results, a close relation between these evaluations and incentive compensation programs, the use of internal promotion systems that rely on employee merit, and other types of rewards designed to match employee priorities with shareholder interests (e.g. Finally, Bailey (1993 ) noted that even a highly skilled and motivated workforce 's contribution will be limited if jobs are structured or programmed in such a way that employees, who presumably know their job better than anyone else, will not have the opportunity to use their skills and abilities to design new and better ways to perform their roles.

As such, HRM strategies can also affect firm efficiency by creating organizational frameworks that promote employee engagement and allow them to change how their jobs are done. Definitions of these systems include cross-functional teams, work rotation, and consistency circles. Thus, the theoretical literature clearly suggests that the behavior of employees within firms has important implications for organizational performance and that human resource management practices can affect individual employee performance through their influence over employees' skills and motivation and through organizational structures that allow employees to improve how their jobs are performed.

If so, the HRM activities of a company should be at least linked to two dimensions of its efficiency. First, if superior HRM strategies improve the discretionary effort of workers, I would expect their usage to impact directly on intermediate results, such as turnover and efficiency, of which workers have direct influence.

Second, if the returns from investments in higher HRM practices outweigh their true costs, then lower employee turnover and higher efficiency will in turn increase the financial performance of the company. Therefore, in preparation of an estimation model that focuses on these dependent variables, my analysis of the empirical literature focuses on prior research exploring the impact of HRM strategies on employee morale, efficiency, and financial performance of the company.

## **WHAT IS HUMAN RESOURCE?**

HR is used to portray both the individuals who perform for a corporation or organization and the department responsible for managing employee-related resources. The term "human resources" was first coined in the 1960s when the value of labor relations began to attract attention and notions such as motivation, organizational behavior and evaluations of selection began to take form.

Managing human resources is a contemporary, umbrella term used to describe employee management and development within an organization. Often known as staff or talent management (though these concepts are rather antiquated), human resource management entails supervising all aspects related to managing the human resources of an enterprise.

Human Resources ( HR) is the division of a organization that is responsible for identifying , assessing, hiring and educating work candidates as well as conducting employee-benefit programs. HR plays a key role in helping companies deal with a rapidly changing business environment and a higher demand for quality employees in the 21st century.

Consequently, human resource management focuses on a range of main areas including:

- Recruitment and Personnel
- Compensation and Rewards
- Education and Learning
- Employee and labor relations

- Production of organization

Formally it can be said that HR is the backbone in any industry / company, as if he / she is responsible for recruiting the right staff with the right space of mind who will execute their job duties to the fullest of their skills and qualifications. HR can perform the following functions in an organization:

- Human Resources ( HR) is the division of an organization responsible for identifying , evaluating, hiring and educating work applicants and implementing staff-benefit programs.
- Additional human resources main duties include compensation and benefits, recruitment, firing, and keeping the company and its employees up to date with any laws that may affect them.
- Many businesses have stepped away from the conventional administrative roles of in-house human resources ( HR) and outsourced functions such as payroll and benefits towards other businesses.

It is common for professionals in this field to have unique experience in one or more fields, due to the multiple aspects of human resource management. There are only a few related career titles for HR professionals which include:

- Specialist in business skills
- HR Chef
- Benefits Professional
- Generalist on human capital
- Head of employment services
- Specialist in offsetting and job research
- Managing Director of training and development
- Retriever

- Benefits Adviser
- Human Resources Consultant
- A closer look at how to manage human resources

Management of human resources involves the development and administration of programs designed to increase the efficiency of an organization or business. This covers the entire spectrum of employer-employee relationship formation, management, and cultivation.

## **UNDERSTANDING THE HUMAN RESOURCE DEPARTMENT (HRD)**

An HR department presence is an integral component of any company, irrespective of the size of the organization. An HR department is charged with optimizing the efficiency of workers and defending the company against any issues that may occur within the work force. HR duties include wages and benefits, recruiting, firing and keeping the company and its staff up to date with any legislation that could affect them.

The Human Resources department is responsible for most organizations, agencies, and businesses:

- Manage job training, selection and promotion
- Create and supervise workplace health and wellbeing programs
- Develop, promote and enforce human resources policies
- Fostering career growth and work preparation for workers
- Providing program orientation for new recruits

- Giving guidance on disciplinary measures
- To function as the main source for injuries or incidents at work
- Managing human capital is about:

There has been a drive for strategic strategies within HR departments starting in the 1980s. This campaign was based on research on the effect of worker-related problems on the long-term market performance of a company. Collectively, such approaches are sometimes called methods for managing human resources (HRM). HRM is a holistic approach to workplace training, and the atmosphere and climate of an enterprise. It focuses on hiring, overseeing, and general direction to people working in an organization.

Typically, an HR department that adopts HRM strategies plays a more active role in improving the workforce of an organization. They can suggest for management processes, strategies, and business solutions. Google is one example of a company that, through their HR department, has taken a more positive approach to workplace relations. The company provides plenty of employee benefits and the company headquarters has a wide range of employee amenities, including wellness centers, roller hockey rinks, and horseshoe pits. Google sees satisfied workers as being similar to productive employees.

Addressing existing employee issues: Unlike corporate administrators who supervise employee day-to-day jobs, HR departments discuss employee problems such as compensation, wages, employee savings, pension plans and training. They may also be trying to resolve disputes between workers or between employees and their supervisors.

**Acquiring new employees:** The human resource management team recruits potential employees, oversees the hiring process (background checks, drug testing, etc.) and provides new orientation to the employees.

**Managing the workplace dismissal process:** When an employee quits, is fired, or is laid off, the HR management team needs to perform a particular set of tasks. Paperwork has to be done to ensure the process is legally done. Severance compensation can be provided or negotiated, benefits have to be agreed, and access to client resources has to be cut by employee collection of keys, badges, computers, or confidential content.

**Improving morale:** Strong HR departments inspire workers at the organization to do their best, which leads to the overall business performance. Often their job includes rewarding workers for good results and maintaining a supportive work environment.

## **THE CHANGING PROCESS OF MANAGEMENT OF HUMAN RESOURCES**

Managing human resources encompasses both pragmatic and systematic approaches to people management, as well as culture and climate in the workplace.

The task of human resources professionals is to ensure that the most valuable asset of a company — its human capital — is nurtured and maintained through the development and management of initiatives, policies, and procedures, and through successful employee-employer relationships promoting a positive work atmosphere.

The idea behind human resource management is that workers subject to successful human resource management are able to contribute more efficiently and productively to the overall development of an organization, thereby ensuring the achievement of company goals and objectives.

The human resource management department today is much more accountable than conventional staffing or administrative roles. Rather, members of a human resource management team are

more focused on bringing value to employee strategic usage and ensuring that employee activities positively and measurably affect the company.

An article in Forbes in August 2014 discussed the changing target of the human resource management teams today. More precisely, the article found that HR teams are frequently considered reactive, uncreative and lacking basic market understanding based on issues that do not bring true value to the company. HR professionals who want to be known as true business partners, on the other hand, need to see themselves as business people working in HR, not as HR people who advise a company.

Today's human resources managers / business associates need to grasp the company's workings and be able to speak the business leaders' language confidently to have a measurable and proven effect on business goals.

## **A CONCEPTUAL FRAMEWORK: HUMAN RESOURCE MANAGEMENT**

Being inspired by the concept of welfare capitalism dealing with staff members was introduced in many of the large companies in the form of Personnel Management. Widespread unemployment during the Great Depression of the 1930s is held largely responsible in the expected cooperative climate for curtailment.

Collective bargaining was established as a standard for regulating the employee-employer relationships. And the technological structure was rigid enough and less sensitive at the time when the markets changed where consumers demanded the personalized and better quality of the goods.

Higher demands from a young, better-skilled and well-qualified workforce often raised challenges to the management's motivational perceptions that securing higher wages and salaries was a real benefit for the monotonous dead-end employment.

There was also an additional impact on the industrial system that industry-wide agreements could drive up labor costs to the point that firms would become powerless in the growing international competition to global markets. The management of human resources is a relatively novel method for managing people in any company.

In this approach, people are seen as the significant resource. This is concerned with the role of people in an organization management. Because an organization is a community of individuals, all essential tasks are their recruitment, skills growth, encouragement for advanced levels of achievement, as well as ensuring that their engagement and commitment level is sustained.

These tasks fall within the Human Resource Management context. HRM is a process involving four key activities, namely acquisition, growth, motivation and HR maintenance. HRM has been defined by Scott, Clothier and Spriegel as "a management branch that is responsible on a staff-based basis for focusing on those aspects of operations that are primarily concerned with the management relationship between employers and employees and with the development of the individual and the group."

It is also concerned with human growth and achieving amalgamation of the organization's priorities and those of the employees. Northcott views human resource management as, "An extension of general management, that of urging and encouraging each employee to make their fullest contribution to the function of a company."

Human resource management is not something that could be separated from the basic managerial position. It is a key component of an integral managerial function. French Wendell describes 'Human resource management as the organization's recruitment, selection, growth, allocation, compensation and encouragement of human capital.'

According to Edwin B. Flippo, 'Human resource management is the preparation, organization, management and control of acquisition, production, capital for the purpose of achieving individual and social goals. The emergence of human resource management ( HRM) can be



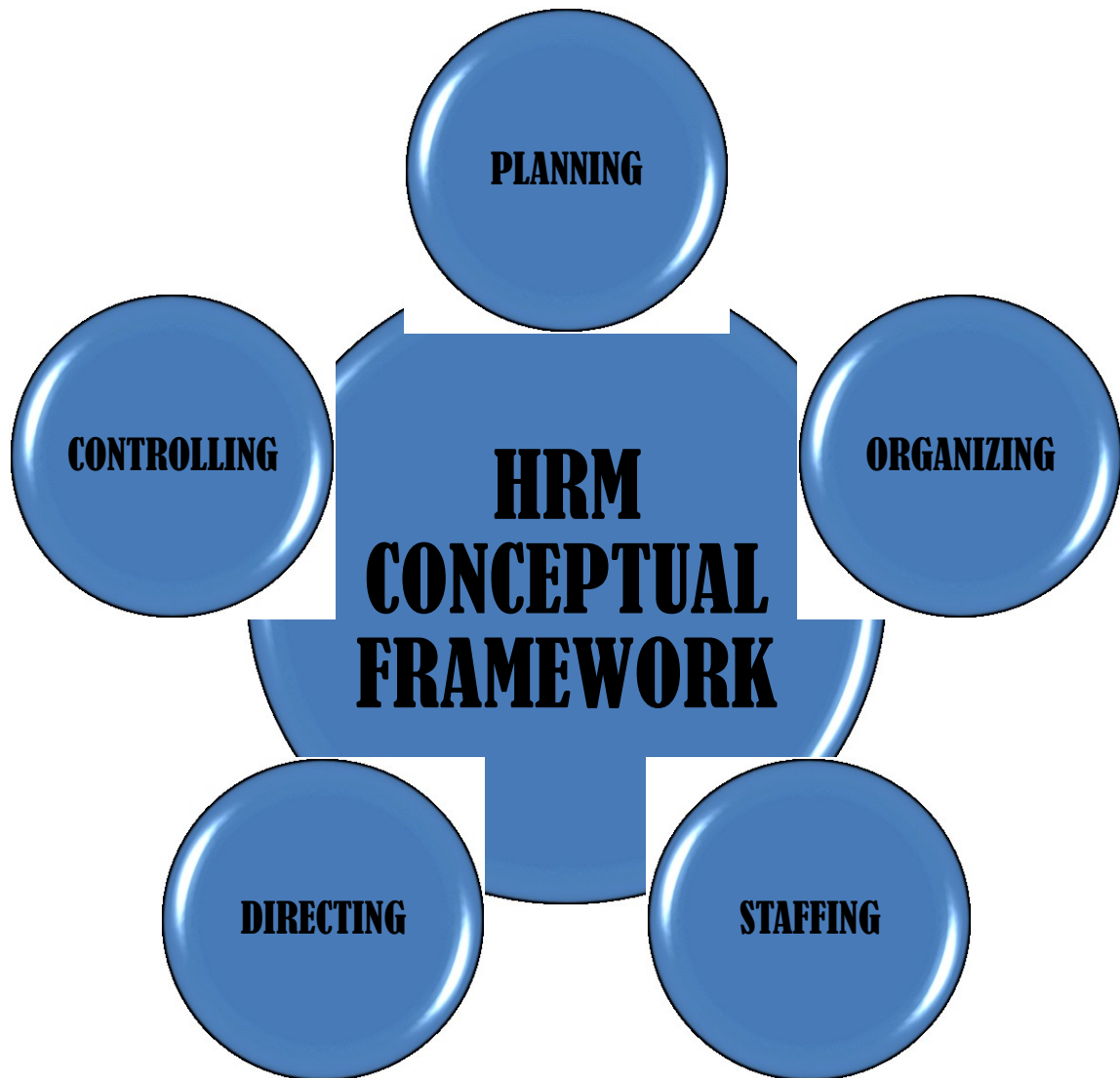
attributed to the human interaction research that has given tremendous importance to the human element. Lawrence Appley said, "Management is Personnel Planning."

This view is somewhat valid considering that management is concerned with managing human and non-human capital efficiently and effectively. And the management of human resources is just a part of the management process. At the same time, it must be understood that management of human resources is central to the management process.

All the managers perform this task. A manager must undertake the basic responsibility of choosing people who will work under him and helping them grow, inspire and guide to get the best of his people. He should, however, take advantage of the personnel department's specialist resources in discharging this duty. Human resource department is formed in most large organizations under the leadership of personnel manager who has advanced experience and skills.

The head of HR handles both administrative and operational roles. Since he is a manager, he carries out the basic management functions, such as planning, organizing, directing and controlling his department. He also has to conduct other organizational recruitment, collection, training, placement, etc. functions.

Human resource managers attach the highest priority to industrial dispute settlement than anything else. The importance of managing human capital in industry is highlighted by the complex and dynamic nature of the world in which the large-scale modern industries operate.



**Fig.1 HRM CONCEPTUAL FRAMEWORK**

The effect of technology on the structure of the organization, the politicization of workers ' unions and the consciousness of industrial employees regarding their rights and privileges have made the role of personnel management in industrial enterprises increasingly more important.

The challenge was also eased by a greater understanding of the importance of human capital in industry and the application of production of human capital (HRD).

As a fundamental understanding it should always be clear that human resource management, as a theory, has emerged as a strategic approach to people management. HRM requires the use of a wide variety of resources to meet an organization's strategic goals, which include the application of these resources for this purpose.

Key tools are:

- Planning workforce
- To recruit and pick
- Exercise and progress
- Encouraging and empowering workers
- Communication
- Roles and responsibilities (Organizational Structures).

Considering the above, companies need to develop human resources policies and strategies, whether related to selection / recruitment, training and growth, employee health, organizational culture, and overall performance management, which not only reflect their vision and values, but also aim to establish an effective partnership between management and staff.

It is noted, however, that certain departments of human resources merely formulate strategies that deal with existing issues or requirements, Delery and Doty (1996); Jackson and Schuler (1995).

## **STRATEGIC HUMAN RESOURCE MANAGEMENT**

The HRM term has gone through a long journey beginning with a modest start as staff management in which the roles and responsibilities of staff managers were limited to recruiting and selection, keeping payroll records, monitoring promotions and handling certain routine staff issues etc.

In the field of human resource management, however, contemporary development is sprouting and pointing towards strategic human resource management (SHRM). Due to its potential impact on the functioning and hence overall performance of the organizations, SHRM has gathered attention.

Shifting from thinking that profitability and the survival of business enterprises are the product of technology and material management, there is only that credence that if companies expect to live, succeed and make profits in the global scenario, they must follow such successful HR practices in order to attain, improve and thus manage the competencies of the world-class Human Resource.

Due to its contribution and impact on the bottom-line issues within the organizations, the subject area of HRM has gained considerable consideration across many disciplines over a period of many- many years.

"Obviously, compared to earlier forms of people management, HRM 's essence was a closer alignment of work and employment relationship procedures and processes with overall organizational goals," Bratton and Gold (2012).

Strategic HRM can be defined in the way its business goals are to be achieved by its people through the intentions and plans of a firm or organization. It is concerned with three fundamental propositions:

1. People should be treated as capital since they constitute the main source of competitive advantage;
2. People implementing the strategy plan, and
3. A systematic approach should be adopted to define where and how the organization wishes to reach it.

But the SHRM as a concept is still on the way to evolving as an acceptable concept, so a suitable definition of SHRM may not yet be reached. In a wider context, SHRM is all about consistently

linking the human resources priorities and results with those of the company. This seeks to combine the HRM approaches clearly and directly with the organizational strategies.

Organizational human resource strategies are basically the policies and programs which can address and resolve some very basic human resource management issues on a well-defined strategic basis. We focus on collaboration and vertically integration with the HR processes, services, strategies and initiatives for corporate and business unit organizations.

Strategic human resource management offers a strategic and analytical viewpoint that discusses the significant human resource-related problems or causes. SHRM promotes strategic decision taking that can have a long-term effect on corporate strategies and procedures, accountable for progress.

It can be understood as SHRM's fundamental aim is to create a strategic ability in an organization by ensuring that the business can afford the skilled, experienced, dedicated and self-motivated employees who are a prerequisite for achieving sustainable competitive advantage.

It seeks to provide a sense of direction in an unpredictable situation where it is difficult to meet the needs of the company and the needs of individuals or employees as a whole by designing the realistic coherent HR policies. SHRM's core aspects are as follows: one is that HRM's integration with business and corporate strategies is given importance, and another is delegating HRM to line managers rather than staff executives.

Here integration is "the degree to which HRM problems are regarded as part of the development of business strategies" and participation is "the degree to which HRM activities include and assign accountability to line managers rather than staff specialists."

Different work in this field has highlighted a range of benefits of incorporating HRM with corporate strategy, few of them being:

- Such integration provides a forum where a wider range of approaches to the complex organizational challenges and problems are available;
- Ensures companies efficient execution of the Business Strategy;
- Ensures a crucial element in achieving successful individual and organizational efficiency and maintaining it;
- Ensures fair treatment and equal consideration of human capital in setting targets and measuring and analyzing potential for execution as technological and financial tools;
- Ensures reducing subordination and neglecting strategic consideration of human resources issues;
- Creates a dream that provides HRM with a long-term focus;
- This allows a company to achieve a competitive advantage over others.

Therefore, Strategic HRM is a multidimensional process with multiple consequences that blends business strategy and HRM and emphasizes the alignment of Human Resource with business environment.

This is believed that the integration of HRM and corporate strategy subsidizes the efficient management of human resources, the enhancement of organizational efficiency and, ultimately, the achievement of a specific business' objectives. It also helps companies gain competitive advantage by building inimitable HRM structures that others cannot copy.

## **STRATEGY**

Strategy is where you'd like to go, and the direction to get to your objective. Strategy is the method of value development. A successful approach is one that produces expected outcomes and is ready to get a definitive work plan with intent. Several Writers have described strategy to get a clear understanding. Some of the good meanings are: Boy, (1972) says "Strategy is a collection of essential or vital choices about the ends and means of a company." According to

Johnson and Scholes, (1993), "Strategy is ideally the long-term course and scope of an organization that suits its resources to its evolving environment, and in particular to its markets, customers and consumers to satisfy stakeholders."

Wickens (1987) notes "how the company means to 'go from here to there.'" According to Hamel and Prahalad (1989), "The strategic aim is referred to as the meaning of the leadership role, an organization wishes to achieve and sets out a specific standard for how to evaluate progress towards achieving it. The strategic aim could be a very broad vision statement or mission might more clearly set out the long-term objectives and priorities to be accomplished. The systematic approach to formulating strategy widely understood as Strategic Management includes environmental scanning, formulating strategies, implementing strategies, evaluating and controlling them.

## **HUMAN RESOURCE MANAGEMENT AND STRATEGY**

Initially, it is more useful to comprehend the term business strategy as this word has been more extensively discussed and clarified in the literature available. Boxall and Purcell (2003) suggest that "it's possible to find strategy in any sector because it's rooted in the company's essential choices that managers and workers make on what to do and how to do it." They've referred to it as strategic choices or approaches that businesses follow to tackle strategic issues. Another reason for this is that policy is either aimed at sustaining organizational stability and/or achieving sustainable market advantage.

There is a crucial question that needs to be addressed if HRM is defined as an integral part of a firm's strategic decision practice, does it play a role and influence the course and shape of the changing plan, and how, if anything, can it do so? With business strategy, it is very likely that HRM can be used as a contributing factor to strategic choice within the company by either preserving profitability or delivering a sustained profit.

Therefore, Strategic HRM stresses the need to develop HR policies within the context of their overall organizational objectives and strategies, while at the same time being responsive to the complexities of the external environment.

Unlike every other model, it is also a concept that managers need to recognize and modify only to ensure that HR and organizational strategies create the most suitable analogy. That's how the whole SHRM definition is the convergence of all human resource management roles with specific organizational objectives that retain receptivity to the external world.

Tompkins (2002) discussed unresolved issues related to the definition of SHRM and its application to public sector organizations and suggests that "making it too close to strategic planning undermines the concept's importance."

His opinion is that "most strategic planning discussions struggle to identify what the word strategic means in a public context. Since public entities are rooted in networks of authority rather than private markets, it is much less clear what it means to select a 'business strategy.'

Strategies are produced in response to a variety of competing signals that emanate not from markets but from complex political, economic, legal, and organizational structures processes, and relationships." As the term strategy explains the both, processes and the consequences of chosen long-term orders, it may either be a deliberate and scheduled activity or a series of happenings, which leads to achieve the predetermined objectives.

It essentially includes an assessment of the possible effects of the external environment and the internal environment of the organization, the goals of the organization set for long-term and the ways and means by which HR policies will ensure the adaptation of these policies by people for achieving these goals. Nankervis, Compton and Baird (2005) identified that "There are three types of associations between HR and business strategies which are given as follows:

1. Accommodative type, where HR strategies simply follow organizational strategies, accommodating the staffing needs to already made business strategies. So strategic HRM, in this sense, is just to follow the organization's business strategy.



2. Interactive type, which exists a two way communication process between HRM and corporate planning wherein HRM contributes to, and then reacts to, overall business strategies. By this type, strategic HRM means an active contributor to strategy development and its execution.
3. Fully integrated type, when the HR specialist, through both formal and informal interactions, is intimately involved in the overall strategic process it is a real reflection of strategic human resource management in practice.”

The strategy as a concept has evolved to be a significant aspect of management as the dynamics and complication of the business environment have been continuously increasing. It is fairly clear that various schools of thought are not entirely complete and debates over their virtues exist as they are grounded on diverse paradigms.

There are key differences between theories which perceive strategy as deliberate and intended approach designed by top management and those which view strategy as growing, actions arising from discourse and linkages of people within the organization. This leads to an understanding that the concept of strategy is not neutral and depends on how it is defined and used in organizations and will influence the conceptualization of human resource management.

Although detailed discussion over the importance of human resource and HR policies to business has been done through researches and other literary contributions but still there is an eternal debate is on over whether HR or HRM are really contributing factors to the competitive advantage of for business. There are empirical evidence that strategic HRM within the private sector is quite limited and almost non-existent in the public sector. Various studies provide most support for the practice of Strategic Human Resource Management.

Martell and Carroll (1995), for example, reporting on a small survey, suggested “two thirds of their sample had integrated HRM and strategic planning systems within their organizations.

Further, HRM executives were involved in planning processes and were strategic partners. However, they also concluded that, while considered important, HRM was not seen as important as other business functions, e.g. marketing and finance, in its contribution to overall organizational success.”

Some international including two current Australian studies suggested that the association that connects the Strategic Human Resource Management theory and SHRM practice is still slightly fragile. “While advances have been made towards the alignment of HR and business plans and the alignment of all HRM processes and integration of HRM within organizations, HR managers still have to demonstrate their credibility and the contribution they can make to the business” is concluded by Tebbel (2000) and Kramar (2000) Experts raise doubt on the underlying theories and practicable applications of popular HRM models, similar type of apprehensions also arise for SHRM. As Guest (1997) and several other writers have also questioned managerial focus, strategic perspectives and ‘realities’ of HR practice for SHRM.

## **HIGH PERFORMANCE MANAGEMENT**

High-performance management seeks to influence the company's output through its people in areas such as profitability, efficiency, customer service rates, growth, income and, eventually, production of increased shareholder value.

High-performance management strategies include robust recruiting and selection policies, comprehensive and applicable training and development programs in management, competitive compensation structures and processes in performance management. High-performance work system features can be described as:

- a) It is a careful and extensive HR functionality of the system, i.e. recruitment, selection, and training.
- b) This is a framework systematically structured to exchange knowledge with the individuals working within the company.
- c) Has a clear design for the job;
- d) It's developing processes of high-level participation.
- e) It involves attitudinal monitoring.
- f) It emphasizes appraisals of daily performance.
- g) It develops properly functioning grievance handling procedures.
- h) It designs and implements policies for recognition and financial reward to high-performing employees for promotion and compensation.

## **HIGH DEDICATION MANAGEMENT**

A strong focus on strengthening collective engagement is one of the key characteristics of HRM in an organization. High commitment management sets at creating an environment of mutual commitment from both sides, so that conduct is predominantly self-regulated rather than governed by sanctions and pressures the person from outside forces and the relationships within the organization are based on high level of trust. The strategies to achieve high engagement have been identified by Beer et al . ( 1984) & Walton (1985).

They may be mentioned as:

- 1) The creation of career ladders and emphasis on trainability and dedication is taken as highly valued characteristics of employees at all levels of the company.
- 2) A high level of functional flexibility with the elimination of theoretically static job descriptions is adopted.
- 3) An ecosystem is established where the elimination of hierarchies and the removal of status differentials are done.
- 4) A heavy reliance is built on team structure for disseminating information, structuring work through team work and problem solving by quality circles.
- 5) Employment designing is performed in such a way that provides workers that have a significant degree of intrinsic satisfaction;
- 6) New forms of appraisal and payment systems are developed and, more precisely, merit pay and profit sharing programs are introduced.
- 7) A high involvement of employees in the management of quality is ensured.

High-commitment management approach involves treating its employees as business partners whose interests are protected and whose suggestions are respected on matters that are related to them. The purpose is to build a environment in which there is an ongoing and open conversation

between managers and staff, from time to time, to exchange aspirations and knowledge about the task, values and objectives of the organization.

It creates shared awareness of what to do, and a process for handling employees to ensure that it is accomplished.

## **PERFORMANCE**

If one cannot identify performance one cannot evaluate and control it. The fact that output is a multidimensional construct is generally recognized, and its calculation depends entirely upon a variety of features. However, identifying whether the measurement objective is to evaluate performance outcomes or to evaluate behavior is essential.

Different perspectives on what success is. It can be considered, essentially, as the record of results achieved. It can be described individually as a record of one's own accomplishments. The success is a thing of the past, that is, something that an individual leaves behind. Latham, Sulsky and McDonald (2007) stressed that a output is a prerequisite for the processes of input and setting goals.

$$\textit{Performance} = \textit{Skill to do} + \textit{Willingness to do}$$

Oxford English Dictionary described performance as: 'Achievement, execution, performance, function out of something ordered or undertaken.' It refers to outcomes or achievements but also explains that success is more about doing the work and the results achieved. Therefore, performance can be characterized as actions by which individuals, teams, and organizations do their work. Success is not inevitable or merely out of luck; it is the result of a series of organized and integrated activities that lead to individual, team and organizational objectives being achieved. The performance of an employee depends mainly on three factors , i.e., skill, expertise, and motivation.

Campbell (1990) explained that performance is action, and it should be differentiated from outputs or results because different system variables can manipulate them. A more detailed performance view is that it's described as accepting both actions and results. Brumbach (1988) also defines performance as Performance includes both behaviors and results. The performer demonstrates actions which transforms performance from concept to practice. Therefore, all inputs, i.e. actions and outputs, i.e., outcomes, need to be considered when determining the success of individuals and teams.

## **PERFORMANCE AND HUMAN RESOURCE MANAGEMENT**

Researchers have made efforts to understand whether or not HRM practices affect employee performance and hence organizations for which they generally take into account one of two perspectives. This is the viewpoint of the processes and the other is the theoretical perspective, the former aims to research the impact of common HRM activities, such as:

Bartel (1994) preparation and Morishima (1991) knowledge sharing. Delery and Doty (1996) note "However, the discussion has now moved to a more holistic management approach to examine how the overall collection of HRM strategies will eventually contribute to the organization's competitive advantage."

The above change emphasizes the paramount importance of human resources in achieving enhanced employee efficiency and improved competitiveness. A long-standing debate that is embedded in the relevant literature is about what exactly performance means. Analysis in this area is faced with the task of identifying the factors and variables that can be used for such an analysis. Definitions of performance assessment distinguish between the actions of workers, their results, their effects and the effectiveness.

Berman, West & Wang (1999) performed work in a number of the U.S. counties and sought to examine the use of human resource efficiency measurement. Although the findings of their research say "performance measurement" is commonly used, several measurements reflect conventional enforcement issues; measurements are often used to evaluate recruiting and compensation reforms. Importantly from a public sector viewpoint, this study also shows that

task focus and broad support influence the use of performance metrics in HRM, as well as the technological capacity to collect these data.

"Lynn (1998) outlined some of the vital issues at the macro level, especially in the public sector, not unlike what Purcell (2004), Guest, Michie, Conway & Sheehan, suggested. For the public sector, the concerns posed by Lynn (1998) read in the following lines:

- "How do we conceptualize policy success in terms of the many forms of outputs and results, results and processes, adding value to democratic constituencies?
- How do we determine the contribution to policy efficiency of current and planned administrative changes, such as those focused on competitiveness or outcome measurement?
- What are the constructive and ethical consequences of various approaches to motivating public capital to distribute and take risks?
- How do we place the power to distribute public resources and take risks?

"Arthur (1994) researched steel mini mills in the United States and analyzed the impact of different HRM approaches on productivity in those mills, the results of this study highlighted that mills with higher engagement systems had advanced productivity levels along with lower scrap rates and lower employee turnover than those mills with rigid controls. The relationship between turnover and efficiency in manufacturing has also been moderated by human resource programs.

In Youndt's early research, Snell, Dean, & Lepak (1996) highlighted the link between HRM strategy and performance, and their findings supported HRM's approach to contingency. They were researching a collection of potential strategic-performance relationships by formulating hypotheses. This research addressed two facts, one on measurement and variables that could be

used, and another deals with whether a study at a functional level is better than a study at a business level. The themes of this research hoist related to those of Hutchinson, Kinnie, & Purcell (2001).

Guest et al . ( 2003) conducted a study of three hundred and sixty six companies using subjective and objective performance measures that confirms a correlation between HRM and performance but was unable to demonstrate a cause-effect relationship between HRM and performance.

Purcell (2004) examined the impact of human resources management on the efficiency of the company. He said, "While some have been able to demonstrate a relationship between human resource policies used and performance outcomes, it was always difficult to clarify why, where, and how this correlation occurred, and describe the interconnections."

He also concluded that the effect of people management on the performance of the company is short-term. Gollan (2005) established that through high involvement management, there are multiple concerns that company should address when achieving sustainable extraordinary workplace outcomes. He also noted that corporate survival and productivity are seen as a variable but are also included in the equation that fulfills the aspirations and needs of employees at work.

Hutchinson, Kinnie and Purcell (2001) published a study of why and how people management activities influence the efficiency of the organization. In addition to people management and performance theory a number of features are described reflecting the complexity of demonstrating performance impact.

- Firstly, the correlation between human resource practices and business performance was established at different levels, from the level of the plant to the level of the business.
- Second, there is a lack of agreement about what an HR package formulates.
- Thirdly, there are different methods of assessing HR activities and a selective use of success metrics.



- Fourthly, complex measuring methods are used in a variety of situations and these are difficult to comprehend.
- Finally, a few studies often take into account employee reaction, so it was hard to understand how the HR activities contribute to increased performance levels.

## **CHAPTER-2**

### **LITERATURE REVIEW**

This chapter offers an in-depth and thorough analysis of current literature arising from the research on the importance of HRM and its possible effect on the performance of employees. There was an attempt to review that the relevant literature is accessible offline and online via different outlets, i.e. research papers, documents, and other materials published in journals. Within this chapter some of the important part of the examined literature is discussed as follows.

#### **2.1. HRMP's**

HRMPs are necessary if the global business climate is to be effectively incorporated for success. Through the years, HRMP's problems and developments have been revolutionised. Therefore, HRMPs are vital for the effective and efficient implementation of HR policies to achieve the organizational goals (Mathis and Jackson, 2008).

Likewise, HRM activities are important for the company to take realistic steps to increase employee productivity and promote collaboration among them (Deb, 2006).

In fact, introducing HRMPs successfully leads to inspiring, attracting workers to maximize efficiency at the individual and organizational level (Pablos and Lytras, 2008).

There is increasing concern based on the assumption that human capital should be viewed as an important asset rather than an organizational expense, and as a strategic element that supports and gives sustainable competitive advantage (Delaney and Huselid, 1996; Wright et al . , 2001; Sun et al., 2007).

Furthermore, effective HRMPs result in an improved degree of person and organizational efficiency (Chang and Huang, 2005).

Several scholars have been researching the HRMP concept and its connection to individual and organizational outcomes. For instance (Kehoe and Wright, 2013) explored the effect of high-performance HR practice on attitudes and behaviors of the employees. He reported that this high-performance HR approach relates positively to the attitudes and actions of the employees that influence the organizational commitment and completely mediate the relationship between retention of employees and HR practices.

In addition, Vanhala and Ahteela (2011) studied the relationship between HRMPs and trust; they found that the expectations of HRMPs' fairness and functioning are related to the trust of their employees. After evaluating the previous studies that addressed the definition of HR activities in the enterprise and its relationship with variant variables.

The researchers concluded that HR activities vary from business to firm and from country to country, as well as factors influencing HRMPs. Such factors may be internal (e.g., size of organization, structure of organization, business strategy, organizational culture) or external factors (economic, technological changes, characteristics of industry, national culture, legalization and regulations, competitors and globalization). These HRMPs affect several variables within the organization, directly or indirectly.

## **2.2. EMPLOYEE'S PERFORMANCE, SELECTION, TRAINING AND DEVELOPMENT (HRMP's and EMPLOYEE PERFORMANCE)**

Recruitment and selection are among the HRMPs that are most relevant. It is a method of finding, assessing, and getting the right people in the right job. A positive relationship has been recorded among recruitment, selection, and other procedures that are effectively used to select applicants who have a major impact on the income of the companies (Hausdorf and Duncan, 2004). It is also the process of seeking job applicants and encouraging potential candidates to apply for jobs (Jain and Saakshi, 2005). The recruiting process for Carroll et al. (1999) was split into four stages.

- (A) A summary of the need to employ new workers for an unoccupied post,
- (b) Role analysis,
- (c) Position description,
- (d) Requirements and qualifications of the applicant.

This selection process influences the staff and the efficiency of the organization.

The internet is considered the most popular and effective advertising tool for hiring managerial / senior candidates, used by 76 percent of the organization surveyed (Rioux et al., 2006).

More critical than having the exact people in the right position at the right time, however, it is crucial to ensure that the workers are active in achieving organizational goals (Bloisi, 2007).

The employer's or organization's aim is to build a wide pool of applicants during the recruiting process to choose the best applicant for the competitive job role process available (Beardwell and Claydon, 2004; Rogelberg, 2006).

When reviewing the literature, three variations were found in the recruiting process between small and large firms:

- i. The number of work openings,
- ii. The number of candidates, and
- iii. The recruiting funds available (Hausdorf and Duncan, 2004).

Recruitment and selection are the basic HRMPs after evaluating the previous research, which will be used as an independent variable in this analysis. Consequently, ensuring the company has a successful and efficient recruiting and selection process contributes to better performance of the employees.

A corporate organization's primary goal is better financial efficiency or asset maximization for stakeholders, Becker and Huselid (1998); Horngren, Foster and Datar (2000). Nevertheless, the accomplishment of the organization's goals depends on the degree to which Katou and Budhwar (2007) meet their organizational results. Organizational success is usually defined by productivity (whether an organization can accomplish its goals), efficiency (whether an company uses resources properly), employee satisfaction and customer loyalty, creativity, product or service quality and the ability to sustain a diverse talent pool Delaney and Huselid (1996); Dyer & Reeves (1995); Guest (2001); Katou and Budhwar (2007);

It is generally accepted that strategic human resource management ( SHRM) has made great strides in the past few years. Several factors such as economic, technological and demographic changes have contributed to this while pushing companies to reconsider HR 's place, as well as to change their management mode and, in particular, their HRM practice. Weakening structural constraints have helped to establish agile activities in HR.

Historically, the field of human resource management has been concerned with the study of particular HR functional areas often defined by the field of industrial and organizational psychology Boxall and Purcell (2001) as selection, preparation, evaluation and compensation;

The study of these different HR functional areas as means and ends within themselves was included in past studies.

For example, training was studied in isolation from other functions with a focus on processes and outputs of inputs or outcomes unique to the training function. Not much research attention was given to how training could work in combination with other HRM functions such as compensation or selection, or how individual level HR functions could affect performance at the firm level. This emphasis on specific HR functional areas contributed to knowledge of different HR functions emerging in isolation from each other without much interaction between the various Wright & McManan (1992) functional areas.

The emergence of the philosophy of strategy and strategic management Miles and Snow (1984); Porter (1985) generated a heightened interest in how businesses should strategically position themselves to succeed. This was immediately followed by renewed interest in how Wright and McManan (1992) could relate to the cycle by HRM.

Initial research dealing with HRM and its relationship to business strategies tended to concentrate on particular functional areas of HRM such as compensation and its individual impact on business strategy achievement. The findings from these initial studies indicated that HRM functions such as preparation or compensation may be associated with firm strategy and proper coordination between these individual HRM functional areas and strategy led to the Schuler and Jackson (1987); Miles & Snow (1984) sustainable competitive advantage.

For example, Russel, Terborg and Powers (1985) analyzed human resource training at an organizational level and related education to organizational success. While this work addressed the issue of individual HR practices and performance as well as aligning particular HR practices with policy, it did not address the alignment of individual HR practices with each other, or the impact on firm performance of the entire HRM system.

HRM role has historically been in charge of mainly administrative human resource management, managing them to reduce their costs. SHRM supporters disapprove of this dream. They find that human capital is a resource in which the development of a collection of strategic

practices requires investment. These practices contribute to attracting, developing and retaining skills which improve firm performance. Strategic human resource management (SHRM) researchers have increasingly relied on the firm's resource-based view to understand the role of human resource practices in firm performance.

Indeed, theoretical research on SHRM has suggested that HR practices systems can lead to higher firm performance and be sources of sustained competitive advantage, as these practices systems are often unique, causally ambiguous and hard to imitate. HR strategies, however, can only be a source of sustainable competitive advantage if they endorse resources or competencies that offer a firm interest. Thus, Wright, Snell and their colleagues, e.g., Snell, Youndt, and Wright (1996); Wright et al . (2001) argued that SHRM research should identify resources that are critical for advantage in a given competitive context and the HR practices for building and supporting those resources.

Evidence on SHRM suggests that HR strategies will boost company efficiency when they are strategically coordinated to handle staff in a manner that contributes to Delery and Doty's (1996) competitive advantage. In addition, the appropriateness of a collection of HR practices can depend on the competency a organization is attempting to establish.

Huselid found that the strategic HRM has a positive correlation with firm success, while it was found that there is no link with technical HRM effectiveness. Chew and Sharma (2005) are helping SHRM to attain competitive advantage. Researchers agree mostly that HRM systems have an impact on the organizational outcomes, rather than single HRM practices. Researchers in this stream argue that companies should create a high degree of internal consistency for better results among their HR activities.

Around the same time, several studies support the theory that the alignment between HRM and other functional areas helps to boost the efficiency of the organizations. Coordination with line managers in HR problems helps boost the efficiency of the organization. SHRM's sector has progressed rapidly since its inception. To date, it has relied on several theoretical insights and provided a large collection of empirical findings.

In the ongoing HRM discussion it continues to play an significant role and there is consensus that it has the potential to do so in the future. HR divisions and services have become a component of the company's income equation to be reduced as a expense and maximized as a value-added aspect of business strategy. SHRM will play a crucial role in transforming organizational HR operations into a profit center and improving its policies.

Wright and McMahan (1992) defined strategic human resource management as "the pattern of planned deployments of human resources and activities designed to enable the company to achieve its objectives" (1992). This description suggests two assumptions. First, organizations can impact firm-level outcomes through their human resource management and second, it is the integration or system of HRM pursuits that work in concert rather than single practices that defines HRM's ability to impact the company at a strategic level.

While there has been some criticism, past and future work in SHRM suggests that handling human resources does also have an effect on both the business and other types of performance. A growing number of studies have discovered major associations between various human resource management and performance measures.

Measures of HRM used in these studies include: high performance and high involvement work systems Huselid, (1995); Batt, (2002); Arthur (1994), HR orientation Snell & Youndt, (1995); Welbourne and Cyr (1999), Work life balance: (Perry-Smith & Blum (2000); Konrad & Mangel (2000) and single HR practices: Shaw, Gupta and Delery (2002); Gerhart and Milkovich (1990). Delery and Doty ( 1996) argued that the effect of HRM on performance was likely to depend on the existence of another variable or variables, such as the Youndt, Snell, Dean and Lepak (1996) strategy; Delery and Doty (1996).

Global competition, technological advances, the shortening of the business cycle and the transition from a manufacturing to a knowledge-based economy have all influenced the business community in its search for sources of sustainable competitive advantage Dyer and Reeves (1995). These developments are putting pressure on businesses to find new sources of competitive advantage. Wright, Dunford, and Snell (2001) increasingly view employees and the practices systems set up to manage them as a source of this competitive advantage.



Number of authors have published the systematic studies that connected HRM practices and performance, some of them being Gerhart and Milkovich (1992); Arthur (1994); Huselid (1995); MacDuffie (1995) and Guest (1997). Thereafter they conducted a large number of researches on different sectors of different countries.

Some research showed substantial impact of HRM practices on the performance of employees. Employee performance is directly linked to the organization's results. The successful organizations regard the HRM practices as a crucial factor which directly affects the performance of the employee.

Boselie et al. (2005) reported that HRM was taken as a collection of workplace management activities in 104 research studies. Delery and Doty (1996) identified seven HRM activities related to the overall success of the organizations. Pfeffer (1994) argues that in order to be successful in today's global environment, organizations need to hire skilled and capable workers. Actual HR practices are applied on a daily basis by line managers and have a positive effect on the perception of employees regarding HRM practices applied to them by Purcell and Kinnie (2007). Successful implementation or failure of HRM practices depends on the Guest (2011) managers' skills.

Guest (2002) showed that HRM's impact on performance depends on the worker's response to HRM practices, so the impact will move towards employee perception through HRM practice. Ghebregiorgis and Karstan (2007) said employee experience offers a wider evaluation of the HRM systems. He also evaluated a good image of HRM activities that included recruiting and selection, training and development, and compensation. Qureshi et al. (2007) concluded that the HR activities have a strong connection with the success of the employee.

Huselid (1995) submitted that the effect of HRM on employee actions results in employee productivity.

Patterson et al. (1997) explained that HR selection and training practices have an effect that the employee's performance has provided appropriate skills.

Verbeeten (2008) indicated that success in quality and quantity is positively linked to specific and measurable goals; rewards are also positively linked to results.

Medlin & Green ( 2009) said target setting, employee engagement and high-level workplace motivation collectively boost an organization's individual's performance.

Lyons (2006) clarified that team member participation in the design of team leader training enhances leadership experience, learning skills and performance.

Various scholars have defined the HRM practices as a concept in many ways. Schuler and Jackson (1987) defined HRM practices as the organizational activities aimed at managing employees and ensuring that they are used to achieve organizational goals.

Similarly, Delery and Doty ( 1996) conceptualized HRM practices as a set of policies and practices specifically designed and implemented to ensure that the employees (human capital) of organizations contribute to the achievement of organizational goals. Simply put, building on the concepts above, HRM practices include a set of specific strategies, principles and formal policies developed by organizations to attract, empower, develop and retain human resources (employees) for the effective organizational functioning.

HRM practices are a process of attracting, motivating, and retaining employees to ensure that the Schuler and Jackson (1987) organizations survive. HRM practices are designed and implemented in such a way that human capital plays a major role in achieving the organization's goals, Delery and Doty (1996).

Purcell 's level of employer and employee involvement (2003) is positively influenced by the correct use of HRM practice. HRM practices such as training and development , performance assessment encourage employees to work better to enhance Snell and Dean (1992); Pfeffer (1998) organizational performance.

Over the last 20 years or so, human resource management ( HRM) as a discipline has developed across various stages. HRM has moved from being seen as a cost center responsible for plugging

parts into roles to seeing human resources as individually important assets and critical revenue and profit streams. The dominant focus on HRM literature recently has been to explain the importance of managing human resources effectively within organizations, Ahmad & Schroeder (2003); Ichniowski et al . (1997).

Storey (1995) defines HRM as a distinctive approach to employment management that aims to gain competitive advantage by using a variety of techniques to deploy a highly committed and skilled workforce. Several scholars have noted that it is more difficult to manage people than Barney's technology or money (1991); Lado and Wilson (1994).

In fact, Pfeffer (1998) reported that at that time approximately half of all executives assumed that human resources really mattered and that only half of these executives actually acted on their beliefs. At least one of these views can be due to the fact that it can be readily noticeable to invest in human capital (such as training sessions and reward programs), although the return on these investments is far more difficult to measure.

Researchers interested in HRM have spent considerable amounts of time and energy trying to understand just how much and under what circumstances various investments in HRM increase the performance of the employees. HRM can help organizations improve their organizational behavior in areas such as employee engagement, skills, and flexibility, which in turn leads to better employee performance, Koch and McGrath (1996).

A number of researchers reported that HR practices are positively linked to Wright et al . (2003); Tessema and Soeters(2006); Park, et al.(2003). Most of these studies were conducted in the private sector but Gould Williams (2003) was scarce in research into HRM's contribution to supporting these developments in the public sector.

The lack of research carried out in organizations in the public sector seems to suggest that improving organizational performance is not seen as being of strategic importance to public

organizations. The question which remains unanswered is to what extent HRM practices influence human capital or, specifically, the performance of employees in other contexts, Katou and Budhwar (2006).

Aguinis (2009) explained that "the concept of performance does not include the effects of the actions of an employee but only the behaviors themselves. Quality is about actions or what workers are doing, not what workers are generating or what their job results are. In addition, work-related employee attitude was also found to be the feature of a variety of HRM practices; they concluded that HRM practices have the ability to provide the greatest performance result for both the employee and the employer.

Porter and Lawler (1968) may thus divide the output into three forms. Firstly, it involves the calculation of production levels and the amount of transactions over a given period of time. The second type of performance measurement and assessment includes assessing individuals by someone other than the person being considered in the performance; this type of measurement will be used in this research. The third type of measuring and evaluating the performance is self-assessment. Human resource practices have positive impacts on individual performance.

Huselid (1995) suggests that the impact of transition on employee actions is a function of controlling human resources, which also appears to have a beneficial relation. In addition, Tessema and Soeters (2006) performed a report on eight HR practices and found that those HR practices had positive and important associations with employee performance.

The organization should have effective HRM practices, in order to develop a sound HRM system. HRM strategies apply to organizational activities aimed at maximizing the human resource pool while also ensuring that resources are used to achieve the Schueler & Jackson (1987); Wright & Snell (1991) organizational goals. HRM practices may differ from one organization to another, and may differ from country to country. Various researchers have made many attempts, from time to time, to define the various forms of HRM activities in the different sectors. Several researchers established essential relationships between HRM activities and performance of the employees.

One example is Horgan (2003), who studied HRM systems and their effect on employee performance; they found that performance was indeed affected by different HRM measures. Literature relevant to HRM practices and performance of employees has identified various factors that directly impact the performance of the employees. There are a variety of HRM procedures that can be checked in relation to success of the employees. To reiterate, Tessema and Soeters (2006) studied eight HR practices and their relation to perceived performance of employees.

Such eight practices include: recruiting and selection practices, placement practices, training practices, compensation practices, practices of assessment of employee results, promotion practices, grievance practices, and practices of pension or social security.

In addition, Huselid (1995) used in his research eleven HRM methods, specifically: staff selection, performance evaluation, incentive compensation, work design, grievance procedures, knowledge exchange, attitude appraisal, labor management participation, recruiting activities, employee preparation, and promotion requirements. He found a significant connection between high work practices such as salaries and the performance of the workers.

Wright, Garden & Moynihan (2003) used survey questions in a separate study and defined four domains of HR practices: selection and hiring, preparation, performance pay, and involvement. In addition, Baloch et al.(2010) described the following three HRM activities: promotion, performance assessment and compensation practices, with a major effect on perceived performance of employees in the banking industry in NWFP Pakistan. Recently, the study conducted by Soomro, Gilal & Jatoi (2011) found that certain HRM activities (including: preparation, selection, career planning, employee engagement, job description, compensation, and performance assessment) were positively associated with the performance of the employees.

Cunningham, I. (1999) and Lynch & Smith (2010) recommend that recruitment and selection be the process which facilitates immediate staff assessment. Recruitment and selection is an

important and extensive process that is carried out in order to identify, attract the appropriate candidates and then make a selection to fulfill the job requirements within an organization.

Qureshi & Ramay (2006) notes "HR activities are positively associated with employee efficiency, while selection and training influence efficiency more than other activities." Through their research,

Chand & Katou (2007) demonstrated that the introduction of recruiting and selection as part of the HR system has a clear correlation with an organization's productivity and indicates that hiring and selection is an important part of HR system. Stewart & Carson (1997 ) indicated that "the organization's recruiting activities must be compatible and aligned with HRM functions such as the organization's human resource growth, compensation , benefits and business strategy."

In their findings on job analysis, O'Meara & Petzall (2009) concluded that the respondents agreed in a survey research that job analysis has a particular role of work analysis. Analysis of job indicates a good match between the correct applicants and the company. The questions put in the interview by the expert panel during the selection process, based on selection criteria set. In their report, Hsu & Leat (2000 ) found that "line managers were more involved in the final hiring decisions than was suggested for the entire staffing process."

Heraty & Morley (1998 ) claimed that "staffing is something that cannot be achieved on its own, participation of HR professionals and line management is necessary to complete it. Zhu & Dowling (2002) line managers could help achieve a better match between job and applicant by selecting the correct applicant for positions in the respective departments.

"Wickrama Singhe, (2007) clarified that" it is important to have information on job selection as it helped to shortlist the list of candidates and conduct interviews. It is observed that if the definition and individual requirements are not available, then it is the duty of the department concerned to prepare the document with the aid of the HR department, staffing activities can not be initiated without any reference to document. Line managers are active in the final selection of applicants and HR preparation at the departmental level, while HR personnel are more engaged

and involved in topics such as decision development, interviewing candidates and their early screening processes. "

Marques (2007) may be helped by the participation of the HR department in the hiring process by improving workplace expertise and skills needed. Such participation often promotes cohesion among the workforce through a synergy effect through the production of effective communication, resulting in a more fruitful and productive atmosphere in which the efficiency of the workforce is further positively influenced. The selection process is a sequence of precise steps used to make decisions on personnel hiring.

Werther (1996). Identification of the right candidate, with the requisite skills to perform the job and achieve organizational success, is the efficiency expected of the sophisticated selection processes, this shows the value of HRM to Pfeffer (1994) organization. Importantly, a mismatch between the individual and the work will slow down efficiency, Lado & Wilson (1994); while a sophisticated method of selection will ensure a better fit between the skills of the employee and the requirements of the organization.

### **2.3. DEVELOPMENT, TRAINING WITH EMPLOYEE PERFORMANCE**

Training is one of the organization's main HR activities, and helps the company achieve its objectives. According to Grossman and Salas (2011), in a specific situation, training is a structured process of knowledge, skills, and attitudes leading to improved results. Consequently, the next step follows recruitment, and the selection is employee training and development.

This process should involve employees newly recruited and existing. Nevertheless, careful selection of workers does not guarantee that the new employees can execute the tasks efficiently, so companies should plan and implement adequate training programs for these employees to accomplish their assigned tasks (Dessler, 2009).

Training and development are designed to improve employee performance, skill level and ultimately lead to fostering performance in the organization. Training also refers to a systematic

approach to learning and development to improve the effectiveness of individuals, teams, and organizations (Goldstein and Ford 2002).

Training and development activities allow organizations to adjust, compete, advanced skills, innovate, develop, enhance the safety of employees, expand service and achieve the goals of the company (Salas et al., 2012).

Consequently, any organization that strives to compete in the global economy must realize the importance of training and development and its impact on employees and organizational performance on the basis of the skills, knowledge and motivation of its workforce (Aguinis and Kraiger, 2009).

To stay competitive, companies need to ensure that their workforce is continuously learning and improving irrespective of the learning cost (Salas et al., 2012).

Similarly, Della-Torre and Solari (2013) identified a positive relationship between the perceived employee and organizational success and successful training practices. Prior scholars have found empirical evidence of the influence of training and development on employer and employee organizational productivity and mutual benefits (Conti, 2005; Ballot et al . , 2006; Dearden et al., 2006; Konings, 2008; Rugimbana and Akong'o Dimba, 2010; Ayanda, 2011; Georgiadis & Pitelis, 2012; Omolo et al., 2013).

Within the Palestinian context, there are a few studies examining the impact of the training provided by firms on performance in Palestine (e.g., Al-Madhoun and Analoui, 2002; Al-Madhoun and Analoui, 2003; 2004; Al-Madhoun, 2006).

Training and development are essential for the performance and organizational success of the employees, based on the discussion above. Organizations therefore need to realize the importance of training and development and take a continuous learning perspective; the organization should constantly update the knowledge and skills of its employees to stay on the cutting edge to maintain a competitive edge.



Inadequate or unwell-designed trained employees are thus significant barriers to the success of the firm. In addition, the way the training is planned, delivered, and conducted has greatly affected the organizational efficiency. Learning and growth was used as an independent variable in this analysis to analyze its impact on employee efficiency.

Training is an orchestrated process that enables workers to develop information and expertise to efficiently accomplish their tasks with the resulting behavioral change (Armstrong 2006).

Training leads positively to productivity and development of organisation. Education refers to the method used to build the skills needed by the workers to do the job (Dessler, 2008).

Many companies regarded training and growth as an significant part of human resources operation. Training can be used as an tool for increasing the efficiency of workers by enhancing their awareness and skills. Training can be described as an effort to learn new skills that are required today or in the future to improve the productivity level of the employee (Jackson and Schuler, 2000).

Training can also be used as an tool for increasing employee productivity and effectiveness to improve organizational performance (Cook and Hunsaker, 2001).

Employers implement rigorous training programs to boost the efficiency of the employee, in order to achieve competitive advantage (Brown, 2005).

Education programs play a crucial role in achieving corporate goals (Dobson and Tosh, 1998). In employees success a desired improvement can be accomplished by providing them with adequate training (Huselid, 1995).

Latham (1988) defined training & development as "the systematic process of acquiring and developing the knowledge, skills and attitudes that employees require in order to perform a given task or job adequately or to improve performance in their work environment." Education encourages workers to facilitate the development of new skills and behaviors combined with the encouragement to adapt those skills and behaviors to their mission and contextual activities at work (Sels, 2002; Way, 2002).

The effect of training on employee performance was illustrated by prior research (Jagero, Komba, & Mlingi, 2012; Nadarasa, 2013; Tabiu & Nura, 2013; Tiwari, 2011). Extensive empirical work has shown a strong positive relationship between training and employee success (Amin et al., 2013; Khan & Jabbar, 2013; Sultana et al., 2012).

Moreover, the study conducted by Dysvik and Kuvaas (2008), found that training opportunities in Norwegian service organizations are positively relevant for both job performance and contextual efficiency. Tzafrir (2005), Training is an integral part of creating human capital.

Capitalizing training programs can make the employees feel compelled to enterprise. Training is important for employees to perform specific tasks, because work requires different skills and expertise that will make it easier for employees to achieve their desired goals. Qureshi et al (2007) concluded that Training is a human resource activity that has a positive effect on employee performance, as a strongly positive association between training and results is found in the report.

According to Danviladel Valle et al (2009), "Training provides the skills , abilities and knowledge that the post requires for its employees. Organizations take a keen interest in investing in training for employees and giving them confidence and intend to count on them in the future, it helps employees make more effort and give their best in their work in an effective way. Formal training is more successful than informal training, and is related to success significantly.

According to Denby (2010), "Learning is a continuous process that is continually updated and revised in accordance with individual needs and requirements together with motivation to review the material after the learning. Training needs vary from industry to industry and one cannot be sure whether each year, semi-annually or periodically, the specific industry or company will be undertaking training.

Wilson & Western (2000) stated that training plans are occasionally the same for the subsequent year, which may demonstrate that the manager and the employee, as well as likely needs required to perform a job, are not addressed. The type of trainer depends entirely on the nature of

the training as external trainers bring diverse knowledge of the multi-corporate environment to share with trainees as well as internal trainers. Thus, gaining knowledge is beneficial for them to make jobs easier and more efficient.

Human resources are a crucial but expensive resource and therefore it is important to optimize their contribution to the achievement of the organization's goals and objectives through training and development in order to sustain economic and effective performance of this resource. Therefore training is necessary in order to ensure an adequate supply of employees who are technically and socially competent for departmental and management positions. (Mullins, 2007).

According to Heathfield (2012), the right employee training, development and education at the right time provides the organization with huge payoffs in terms of increased productivity, knowledge, loyalty and contribution.

According to Ivancevich (2010), training and development is a mechanism that aims to provide knowledge, skills and understanding of the company and its objectives to its employees. In addition, training and development helps an employee to continue making the necessary positive contribution to employing organization's success in terms of his / her good job performance. The integration and socialization of workers into the company is the start of this whole cycle.

Cole (1997) further states that every organization faces training and development, although the quality and intensity of the training executed may vary from one organization to another. He goes on to list the factors which tend to influence the quality and quantity of the various organizations' training and development activities as follows :

- 1) That the degree of outside environment change e. g. Training and development are influenced by technology, legislation and so on.
- 2) That inner degree of change e. g. The effect 3 is new processes, new markets , new competitors.
- 3) Availability within existing workforce of suitable skills.
- 4) Adaptability to current workforce
- 5) To what extent the organization is supporting the idea of internal career development

- 6) Senior management 's commitment to education as an essential part of economic success
- 7) To what degree management sees preparation as a motivational factor in the workplace, and finally
- 8) Knowledge and expertise of those responsible for training.

Although there are no strategies and processes for training and development in some organizations, others have established training and development initiatives and thus go through the process of defining training needs, planning training programs, initiating training and assessing or reviewing training outcomes.

According to Dessler (2008), even when employees are carefully selected, it still does not guarantee the employees fully acceptable performance. This is because while an employee's capacity to perform is one thing, performance is another, and even an employee with a high potential to perform will not even perform his job unless he goes through training and growth. Therefore newly employed training begins with organizational orientation.

Cole (2004), postulates that human resources are the most dynamic of all the resources of the organization and therefore they need considerable attention from the management of the organization if their full potential is to be realized in their work by the human resources.

Training and development activities depended on the organization's policies and strategies just like most other activities within an organization. It would be referred to as "systematic training" by an organization with a well-organized training, which is why job descriptions are inevitable during the recruitment process. In addition , an organization must start with a job description and later performance assessment when determining what training and development needs it to have.

According to Taylor (1998), making sure the workers have the right outlook and the requisite collection of attitudes for the effective development of an organizational culture management. This further leads to credence for the need to train and improve the right of employees from new hires through orientation towards current employees who from time to time require change of attitude in order to stay in line with the organization's culture.

---

## **2.4. REWARDS, INCENTIVES, COMPENSATION AND EMPLOYEE PERFORMANCE**

Compensation is a mechanism in which a worker's job is associated with the cash value. Compensation, which incorporates basic pay, HRA, travel permits, medical allowances, overtime, bonuses, inventory options, commissions and profit share, etc., may be used to recruit and retain skilled persons, reward performers, and promote loyalty by reducing turnover. A new survey by Hay suggested that 20 percent of workers expect to move from their current jobs in at least five years. Reducing and preserving employee morale became more severe as the introduction of the employment compensation strategies over the last few years has been substantially prevalent.

Compensation is the amount charged to a individual who works for the company. The compensating mechanism for internal workers is regulated by the organization's compensation department, which plays an significant role in promoting and maximizing the productivity of employees (Kramer and Briffault, 1991).

The key determinations of pay policies are the organization's policy and market criteria (Boyd and Salamin, 2001). Similarly, various factors may affect incentives based on their needs, education , social status or environments (Gerhart and Rynes, 2003).

According to Dubrin (2008), it is a crucial role for the company to manage and develop an appropriate compensation program. The link between employee performance and compensation system therefore leads to a global performance of the company. Employees would also be given bonuses, opportunities and social benefits to enable them to produce better results.

Pfeffer ( 1994) endorsed this view by stressing the effect of incentive compensation on the success of the company. But still, two important questions in literature related, to linking employees ' performance with compensation system.

- (1) How to assess performance?
- (2) How to assess acceptable standards of performance?

The design of compensation programs with regard to the type of compensation for benefits used is important for the organization's performance.

Carrier (1994) therefore stressed the structure of incentives and compensation as core human resource strategies that efficiently lead to individual and organizational outcomes.

Carlson et al . ( 2006) also analyzed financial non-financial incentives in family business enterprises. In every level of the business, more financial incentives have been used to promote revenue growth. The results of the above study were backed by the claim that the higher bonuses offered, the better a company performs and its workers (Hill and Stevens, 2001).

So Gomez-Mejia et al . ( 2010) suggest that businesses only can surpass others if they have a strong marketing plan and a decent compensation program that encourages and attracts support from top executives and even the lowest paying workers. Many researchers addressed the effect of cash, non-financial compensation on the performance of workers and businesses. For example, James (2005 ) proposed that simple or non-financial rewards, such as appreciation and acknowledgement, could improve workplace communication (Frey and Jegen, 2001).

Based on the above topic, incentives and incentive programs should consistently be used to encourage the workers to perform better; thus, this program would help both the company and its employees. Furthermore, compensation and reward system can also reinforce firm's empowerment through good decision making, improve corrective and preventive measures, and can motivate employees to improve their performance.

In any organization, employees consider the way their firms rewarding them are more important than how the organization expresses or announce. Nevertheless, the management of the compensation program is considered difficult for the alignment of employee job goals with the business priorities and for retaining control of expenses. In order to evaluate its impact on employees and organizational performance, compensations, awards and social benefits were considered as one of the independent variables based upon the literature review.

Frye (2004) has carried out a study showing that compensation and organizational outcomes have an optimistic connection. Collins and Clark (2003) stress "The majority of companies used the performance-based compensation to reward employees." Furthermore, Brown et al . (2003) support the fact that the compensation policy based on performance has a positive effect on employee's performance.

Huselid (1995) demonstrated that a substantial relationship exists through research between compensation and employee performance. Integrating efficiency with a compensation system which enhances employees' willingness to perform their tasks efficiently and effectively explains Wright's effective HRM strategy (2003).

Teseema and Soeters (2006 ) pointed out "a significant correlation between compensation and the performance of the employee. It is important for employers to see the patterns of compensation in a favorable light, as compensation practices greatly affect the recruiting, turnover and productivity of employees.

Pant, PC Kavidayal and HK Pant (2013) directly and indirectly affect employee performance, both financial and non-financial. These factors also stress the performance of individuals and groups. They also noted that concentrating more on non-financial factors will help the company boost the performance of its employees and maintain harmonious relationships within it.

Compensation is essentially the overall benefits that organizations / companies reciprocate for the work they do (both financial and non-financial) (Williams, 2008).

Management and staff also see both the financial and non-financial benefits as motivation for Nadarajah et al . ( 2012) to improve performance.

Shahzad et al . ( 2008) supported a successful compensation scheme containing both financial and non-financial incentives that enabled employees to work harder and to demonstrate high skills in achieving organizational goals. Compensation is also regarded as one of the major variables that might influence Vlachos employee performance (2009).

Empirical studies on the relationship between the performance of compensation and employees revealed a positive relationship to the performance of employees: Baloch et al. (2010); Marwat et al. (2006); Shahzad et al. (2008). They advocated a suitable compensation package that fosters higher assignments, contextual and adaptive efficiency for employees. Cost compensation includes costs such as bonuses, profit sharing, overtime and rewards, which include monetary and non-monetary rewards for employees

Wright, Gardner and Moynihan's hired services, such as house rents and car facilities (2003). For most companies, the compensation mechanism is critical and a point of contention. This deals with individuals who are valued according to their organizational interest. The same process involves financial as well as non-financial rewards. This includes the techniques, principles and methods used in the production and maintenance of reward programs. Every employee's performance has been measured in terms of quality, quantity, cost and value and is affected by HRD's coaching and mentorship, performance-based compensation and awards, development resources and the commitment of the company to training and development. Many measures can be taken when measuring performance, e.g. through productivity, efficiency, quality and profitability measures. The aim of training in the workplace should be to improve individual skills and to meet the institution's present and future. Practices for human resources development also help to close the gap between current results and expected future performance. A systematic explanation of mediating factors and processes which explained the impact of HRD practices on individual and organizational performance is still lacking in the field of Bacharach (1989).

Through individual interpretations of the immediate working environment, as defined in the practice of HRDs, employees develop more or less stable cognitive and affective conditions in relation to their work and organization, which guide their job-related actions in line with the models illustrating the role of attitudes in individual behaviors, Ajzen and Fishbein (2000). Employees evaluate and give meaning to various organizational practices and they attribute the motivation and sincerity of their employer. Perceived organizational support is provided by HRD activities in the areas of compensation management, training and development tools to promote employees' health, protection and well-being. Perceived support for employers and employees has various positive effects; it promotes organizational commitment, job satisfaction,



the behavior of an organizational citizen, job satisfaction and lower work-related stresses Fister (2004).

Millvior and Newman (2005) research has a number of factors, which may be a form of a multiple performance pay plan and different qualities may consider the efficiency of their degrees in performing merit pay, bonus incentives first and foremost merit pay are form of reward, and the individual functioning of their performance and rating of Henenman and Warner Pak (1984); Alson (1990) recent survey number 80-90% organizations use Heneman and Wamer's pay (2005).

In addition to their fixed compensation, the Bounces pay is a money reward for the employee Millovian and Newman (2005). Based on individual performance, this pay plan pays and its incompetence Sum and Scream (2000). There is compensation, such as long-term growth, as well as Rousse and Hou (2000) employee relationships, mostly cash in and Rasch and lessons in stock (1984).

The long-term incentive of Elling (1982) is primarily a long-term incentive and causes some liquidity problem because the conditions on the reward are convicted of in cash. Pay related to results directly impacts the worker performance generating the production through compensation and employers can provide a pay structure more effectively.

Lazear (1986) Sheer (2004) has some results for their expected fixed rate tree sampling. The importance of employee performance to improve efficiency is related to Bandied et al ( 2007). The wage and performance relationship is dilutingly linked (1999). Employees have a fixed pay over a period of time and provide rewards for their good performance. The compensation relating to results is of one kind or another, the majority of OECD countries being senior managers and new managers or workers.

Performance policies in economics and some other problems faced by OECD countries in the mid-1970s can improve the performance of an employee in this context, the performance-related pay system that is linked to the performance of an organizational accounting measure based on individual performance results from the performance of the organizations

## **2.5. PROMOTIONS AND CAREER DEVELOPMENT**

Career Planning is pretty commonly defined as the method of setting and finding strategies to achieve career goals. A preparation for the life-work of the employee is achieved through the career planning process. This focuses on empowering the staff in order to create a sufficient comparability between the interests of the worker and the business and thus for the overall advancement of the organization as described by Wright and Snell (1998) "Career planning is a method used to inspire workers to work for the growth of the organization." Leibowitz et al. (1986) also emphasizes "A cycle of human resources development for the organization."

The organizations are chosen to join, where there are sufficient opportunities for employees to follow career goals and their full potential is fully exploited as Gardener et al . (2011) has stated. Snell (1992) also notes that "Career planning serves as a tool for motivating employees to work effectively and efficiently to attain the organization's objectives. Career planning is a deliberate process to offer positive development opportunities.

Workers in today's society express a strong will to pursue more than just a job. We are looking for job opportunities which promise to expand their interests, personality and abilities. Then they want a variety of things out of their jobs besides a paycheck and a few fringe benefits, and their loyalty to the organization depends on the degree to which Bartlett (2012) their employer satisfies these wishes.

Workers are no longer satisfied with having just one job and the normal fringe benefits, with improved living standards. We want a career that reflects their values, personality, and skill and harmonizes with their circumstance in the whole of life. Unfortunately, most employers have failed to recognize this need and the tools and experiences they provide in their career, Nzuve (2007), do not allow workers to develop.

Pertaining to Armstrong (2001), career advancement for the individual employee as well as for the company is very important. It is because the company with which it operates deals with the

growth of the organization through the profession of its workers. An employee improves his career by continually developing management or technical skills and knowledge which can produce incentives and advocacy.

Graham and Bennett (2005 ) agree with this and suggest that the creation of professions requires greater status and obligations in one entity or by movement or combination of two organisations. Employees were not actually allowed to switch from one organization to another in the same profession, but possibly from one area to another, or from one level to another, Robbins (2010).

In our competitive market today, successful organization irrespective of size needs employees with the necessary skills and know-how as drivers to gain a competitive edge in the industry. Therefore, it is rightly ambitious to see a competent, trusting, loyal and valuable staff that delivers high quality, person-centered services.

Armstrong (2001) agrees and points out that continued technical and management growth is required in today's competitive climate. Stakeholders should establish a range of structures and processes, if not already available, to support the development of the workforce they need today and for the future.

Pareek and Rao (2012) agree and suggest that employee career development is an expense rather than a cost; and that the company's poor performance, incompetence and lack of commitment to duty are highly expensive barriers. The secret to high standards of performance is that people who are willing to work, are well qualified, well supervised, well equipped and always retrained.

Career development encompasses the working life of an employee. This starts with, for instance, personnel instruction, on-the-job training, experience, short courses, training, graduation or diplomas. Under the Scottish National Social Services Development Strategy (2005), employee development is the basis on which the trust and expertise of individual employees is developed (Robbins, 2010).

Cumming (1993), indicated that a performance evaluation is an method for measurably evaluating the job performance of the employee. The goal of this assessment is to increase an enterprise 's productivity by attempting to elicit the best possible efforts from the individuals who are working there. A performance appraisal's primary objective is to ensure full use of the talents, expertise, and desires of each employee (Arthur, 2008).

A primary determinant of institutional competitiveness and success is assessing and promoting efficiency of employees (Ployhart et al., 2006). Therefore, performance evaluation became generally regarded as an important method for controlling and improving workers employed within an organization (Lee, 1985; Eberhardt and Pooyan, 1988). Furthermore, the selection and training methods could be updated with the appropriate behaviors and attitudes based on the evaluation details. Nonetheless, their efficacy would be insufficient for qualified workers without being inspired to accomplish their tasks (Sani, 2012).

Many previous researches explored the effect of performance evaluation on results at the individual and organizational levels. For example, in their report, Murphy and Margulies (2004) suggested that assessment of performance could benefit from several functions such as helping with employee training and compensation. In fact, it has been recognized that the output system 's purpose is a serious problem. Nonetheless, several companies still do not recognize that performance evaluation can accomplish many tasks such as providing input, training and improvement of skills, and the right to use information and expertise (Kor and Sundaramurthy,

2009). Another research by Soomro et al. (2011) showed that HRMPs were positively associated with the success of the employees.

Employees are significant assets of any entity; they play a pivotal role which cannot be underestimated towards the success of the company. It is imperative to equip these specific assets through successful training to improve the job efficiency. Career growth also helped to close the gap between current performance and anticipated success in the future.

Many employees trained in public sector organizations but stagnated with very few testimony of career advancement. There is a point from which workers find it difficult to move upwards or get promoted but the Public Organizations need workers who are doing their job well. Lack of career advancement after training is an problem. Why lack of career development affects employee motivation, however, remains unclear in Kenya.

Therefore the barriers to career growth are not identified, nor are the approaches to these barriers identified. When this issue persists and morale is significantly impaired, employee performance is likely to decline and this will adversely impact the accomplishment of public agencies' goals and objectives.

Locally there is few empirical research on teaching, but they concentrate on entirely different organizations other than Agala-Mulwa Public Service (2002); Azegele (2005); Gakuru (2006); Nguku (2006); Owino (2006); and Ochuka (2007).

## **2.6. EMPLOYEE's RELATIONS IN THE ORGANIZATION**

Gennard J. So then Judge G. Defining employee relationships as Employee relations is a study of the rules , regulations and agreements by which employees are managed both as individual people and as an united group, with priority given to the individual as opposed to the collective relationship varying from company to company depending on management values. As such it is

concerned with how to obtain the attention of people in a variety of different circumstances to accomplish the strategic goals and objectives of an organization.

Chaudhary, R., Barua, M., Ragnekar, S. (2012) carried out a study to analyze the effect of HRD Climate and its various dimensions on the degree of worker engagement. The research findings showed that both HRD Climate and employee engagement were at a moderate level within the organizations under review. The research variables correlation analysis showed that HRD Climate and all of its dimensions were positively and substantially associated with the employee engagement.

Schein (1988) is primarily responsible for this notion of a psychological contract and his argument was that an implicit contractual agreement occurs between employer and employee which is derived from a set of assumptions on the part of employer and employee concerning the essence of their agreement. Such theories may not be legally enforceable but they represent a collection of mutual relationships and form the basis for a series of standards that may have significant moral power.

Principal premises are:

- It would handle the staff equally and honestly.
- A respect for equality and fairness must characterize the partnership and this will require the exchange of appropriate details on improvements and developments.
- The employer must consider and respect the input of the workers.

Cully (1998) dealt with this topic as part of an effort to assess to what degree workers in the UK were happy with their job / work. They compiled a job satisfaction measure which took into account the satisfaction of the employees with four different components of their overall incentive package combining both intrinsic and extrinsic factors.

It can be shown that the intrinsic factors constitute components of the above psychological contract, and consist of:

- Influence (autonomy and control) on the job;
- A sense of achievement resulting from the challenge posed by the work; and
- Respect for a job well done from managers in terms of recognition.
- Pay was the fourth part of the calculation. The study found that, overall; a majority of workers were still pleased
- Workers appeared to be less rewarded;
- Managers appeared to be happier than other job groups;
- Older workers appeared to be happier than younger workers;
- Part-time employees were happier than full-time staff.

## **2.7. JOB ENGAGEMENT**

Mary Welch (2011), when a series of researches expanded the concept of employee engagement to job engagement, job performance, and organizational engagement, showed interest in the concept to a greater degree only after 2006. Saks (2006) used the concept of Khan (1990) and established the construct including dedication to work and organization. The history to employee engagement was work requirements, perceived organizational support, perceived supervisor support, incentives and acknowledgement, procedural justice and distributive justice, according

to Saks. And the consequences of engagement were work satisfaction, organizational dedication, desire to leave and actions of organizational citizenship.

Gallup Researchers Fleming and Asplund (2007) described employee engagement as: "the opportunity to seize your employees' heads, hearts and souls to instill an inherent desire and enthusiasm for excellence," thus adding a spiritual dimension to Gallup's existing cognitive and emotional engagement aspects. Schaufeli and Bakker (2010) define work commitment as 'the psychological state which accompanies personal energy behavioral investment.

Chaudhary, R., Baura, M. and Rangenekar, S. (2012) carried out a study to analyze the effect of HRD Climate and its various dimensions on the degree of worker engagement. The research results showed that both HRD Environment and employee engagement were at a reasonable level within the organizations under analysis. The research variables correlation analysis showed that HRD Climate and all of its dimensions were positively and substantially associated with the employee engagement.

## **2.8. WORKING CLIMATE FOR EMPLOYEES**

Job quality is dependent on safe and healthy working conditions in deciding the job behavior of the employee. The organizational climate, as a combination of social and psychological factors, is an important indicator of employee behavior. It is found that working conditions are attached to the work involvement and job satisfaction of the employees which ultimately leads to better performance of Scott et al . (2000). It is reported that there is a positive correlation between perceived support from the supervisor and Hall (2007) outcomes relating to nursing occupation.

Kazmi et al . (2008) examines the effects of stressful work environment on medical house officer results. The results reveal an inverse relationship between stress at work and performance at work. High stress at the officers' house results in low performance at the job. Similarly, it is stated that perceived adequacy or inadequacy of the work environment, both physical and



psycho-social, has a significant effect on the job satisfaction, efficiency and perception of an organization Srivastava (2008) by its employees.

Social support means the aid that an individual receives from his / her co-workers , supervisors and colleagues to effectively carry out his / her work. The literature reveals social support as Greenhaus and Parasuraman (1994) relations structure. It can be divided into two categories such as the social support related to the work and personal social support. The current study deals with work-related social help that can come from the workplace within organizations, including the supervisor and co-workers. Employee performance is multidimensional, and important to Campbell (1990); Dyne et al. (2002) organizational success.

Neal, M.A. Griffin, P.M. Hart, (2000) the current study examined the effects of the general organizational environment on climate security and performance in health. As predicted, the overall organizational environment had a substantial impact on the climate of safety and, in addition, the climate of safety was related to self-reporting in compliance with safety regulations and procedures as well as participation in safety-related workplace activities. The effect of the general organizational environment on safety performance was mediated by the environment of safety, while the impact of the climate of safety on safety performance was partly mediated by awareness and enthusiasm regarding safety.

A.K. K. In a sample of 360 technical supervisors and core operating personnel, Srivastava (2008) examined the effect of two constituents of the work environment (i.e. physical and psychosocial) on job satisfaction and performance of employees, and organizational effectiveness. The analyzes showed that participants who perceived their working environment as being adequate and favorable scored comparatively higher on job satisfaction , performance, and perceived organizational efficiency measures. Also found were the two representatives of the work environment which caused significant variance in the work behavior of employees and their

perception of organizational effectiveness. Regression analyzes showed that among the different components of the work environment, working conditions, health policies, interpersonal relationships, and trust and support primarily contribute to the job conduct and organizational productivity of the employees. The findings have indicated that the psycho-social workplace atmosphere has more effect on the job behavior of the employees.

Hoegl et al. ( 2003) claimed that when members experience such project dilemmas, the creative organizational climate the participate actively in their terms of work and engage with each other to find suitable solutions Cooper (2003) defines the organizational climate as "people's perception of their working environment as regards care and friendliness." It means that the organizational climate is subjective to the perception of their work environment in terms of caring and friendliness. "In other words, a healthy organizational environment should be created through the interaction of staff and supervisors. This means the organizational environment is sensitive to employee and student expectations.

Janz & Prasarnphanich (2003) reported that when there is a cooperative environment in businesses, members of a community are more likely to work together to share and grow tacit information and to aim to improve the success and learning of one another. In other words, by fostering a cooperative environment, organizations will increase the ability of individuals to communicate with others. When staff members recognize a greater degree of mutually supportive environment within the institution, they are more likely to build up the immersive relationships with team members.

## **2.9. PERFORMANCE OF THE EMPLOYEES**

Employee performance essentially refers to an individual's (employee's) actions that can make a major variation to the Motowidlo (2003) organizational goal attainment. This suggested that staff performance is the estimated value of what people do in institutions that are relevant for organizational efficiency enhancement. For the context of this research, three aspects of employee performance are considered which improve organizational efficacy. These include:

task performance, performance in context and resilient productivity Allworth & Hesketh (1999); Borman & Motowidlo (1993); Koopmans et al . ( 2012).

Task performance is defined by Borman and Motowidlo (1993) as the effectiveness with which employees (employees) carry out activities or behavior patterns that lead to the enhancement of the technical core (goals) of the entire organization either explicitly through part of its technological process or indirectly through the provision of the services or materials required.

For example, he / she conducted task performance Borman and Motowidlo (1993); Borman & Motowidlo, (1997) when firefighter conducts a rescue operation. Similarly, Borman and Motowidlo (1993) formulated contextual performance "as individual behaviors promoting the organizational, social , and psychological setting in which the technological core must function." perceptual success embodied behavior of employees that do not fall within the prescribed job description but still facilitate operational effectiveness .

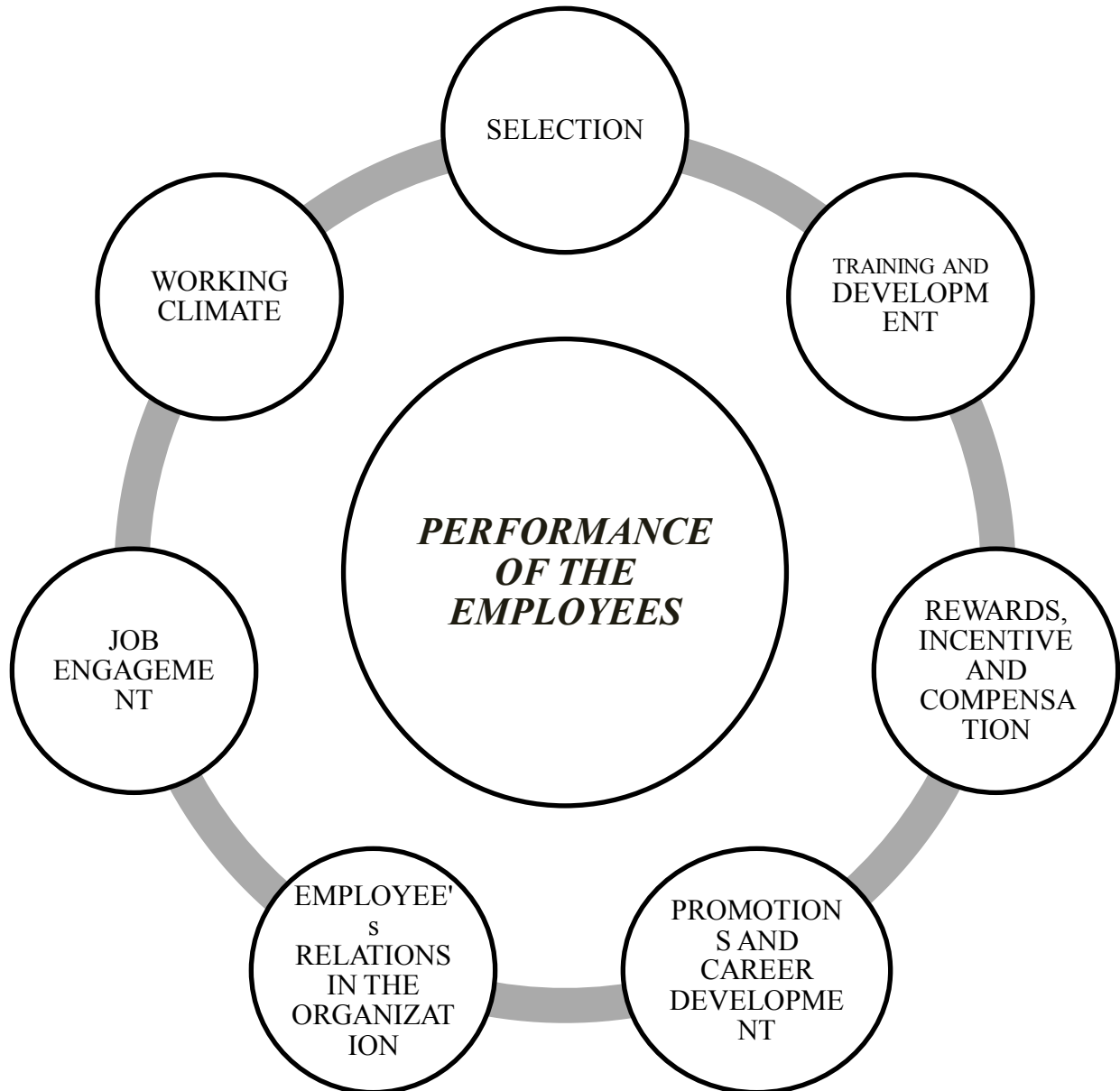
On the other hand, as the third dimension of employee performance, adaptive performance refers to the level to which an individual employee(s) adapts to changes in the work environment Griffin, Neal, and Parker (2007). It is, then, an aspect of A. Tabiu et al./Management Science Letters 6 (2016) 397 performance of the workers demonstrating the development and enhancement of skills in response to various organizational changes.

Empirical studies have suggested that a set of human resource practices, including comprehensive selection, compensation and performance assessment, training and extensive employee engagement, can enhance workforce performance.

Typically such HR practices are referred to as a High Performance Work System (HPWS), or high involvement or high commitment. The HPWS research derives from the study of strategic management of human capital (SHRM). The HPWS would discuss how a broad range of management strategies integrate how SHRM and workplace relationships contribute to employee outcome by organizational support or directly affect an outcome.

It is becoming increasingly clear that one of the keys to good organizational results is the people within organizations, and management processes that cultivate their creativity and abilities. The common understanding in the SHRM literature is that to be a source of sustainable competitive advantage, it is a collection of policies that offer skills , information and topography for staff members.

#### **FIG.2 DIAGRAM OF THE CONCEPTUAL FRAMEWORK**



## **CHAPTER-3**

### **OBJECTIVES OF THE STUDY**

Based on the literature review as well as the need and scope of the research, the aims of the study are stated as follow:

- The study articulates about the relationship between the working climate of the organization and the employee's performance.
- The study articulates about the relationship between promotions, career development and performance of the employees.
- This study articulates about the conceptual framework of HRM and performance of the employees.
- This study elucidates about the relationship between Training of the employees and the performance of the employees.
- To examine the relationship between Relations of the employees and the performance of the employees in the organization.
- To examine the relationship among the selection of the employees and employees performance of the organization.

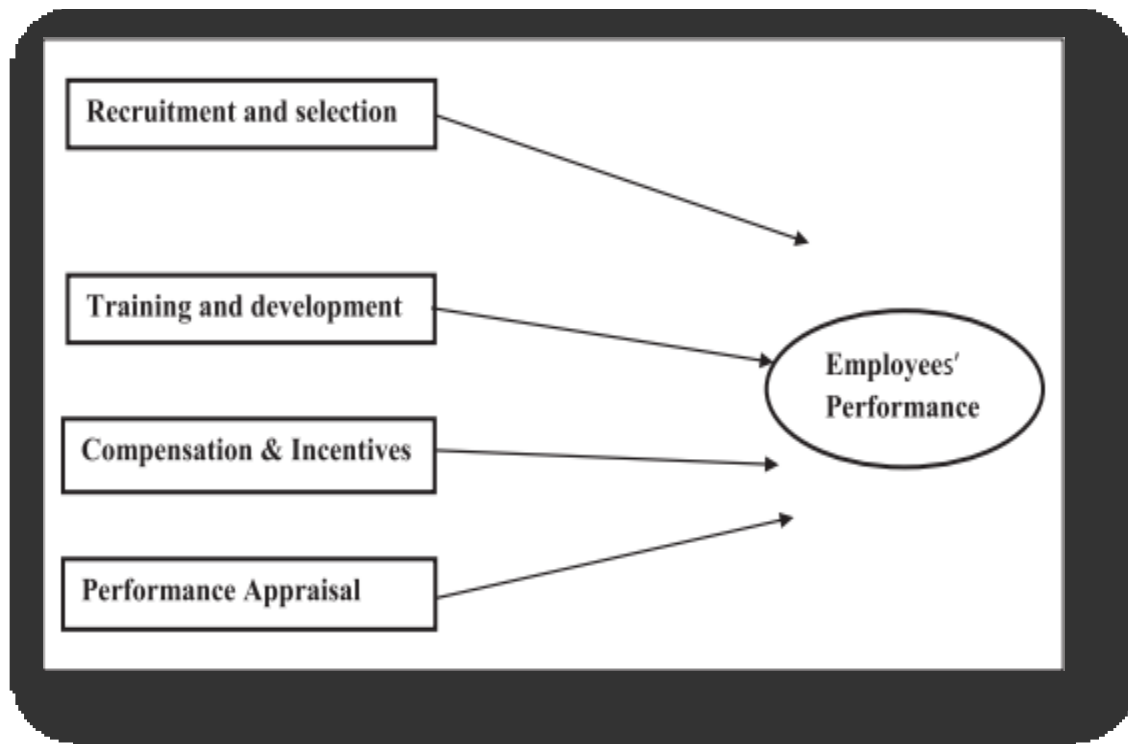
## **CHAPTER-4**

### **DATA COLLECTION**

The concern was researched through a survey that was deemed suitable for this study as it explored the respondents' opinion on HRM practices adopted within the organization and their impact on attrition. For this research study the methods used for data collection consisted primarily of survey technique (structured survey) i.e. surveys using a structured questionnaire. It was done to get feedback from respondents on different factors found in the analysis of the literature.

This work suggests a methodological conceptual framework that is built based on thorough analysis of the literature. This research brings the concept to empirical check. Figure 3 shows this research study's theoretical structure, has four independent variables that include recruitment and selection, training and development, compensation and incentives, performance assessment and one reliant factor, i.e., performance of employees.

**Fig. 3 research model**



## PRIMARY DATA

The present research is largely focused on the review of collected primary data through a well-designed survey method. Considering that the respondents were globally dispersed, it was not feasible to interview them all in order to obtain the information needed for this report. As a result, the most adequate way to collect primary data for this purpose was adopted, and a test was undertaken using a pre - tested questionnaire over a sample population. In administering the research, to fill in the survey questionnaire, employees from different power sector PSUs at different levels were approached personally or via mails.

A pilot analysis was carried out on fifty respondents well before performing the main survey in order to address major issues related to the present research. The same questionnaire was used for pilot study which was to be used for the study. The random sampling method was used by workers who were chosen to complete the pilot questionnaire. The feedback obtained from the pilot study respondents were incorporated and necessary corrections were made in the questionnaire before the final data collection was conducted but the answers received through the pilot survey were not included during final analysis. The questionnaire has a number of closed-



ended questions which means respondents are less likely to express an objective view while biased opinion is less likely.

The questionnaire used for the study contains 36 items in an organization identified through an extensive literature survey as included in Appendix-1 relating to eight different factors of SHRM practices. Section-1 of the questionnaire contains the survey items which collect information about the sample's demographic variables.

While Section-2 of the survey instruments consists of the items of SHRM practices namely Selection, Training, Performance Appraisal, Compensation Practices, Career Development and Promotion, Work Climate, Organizational and Job Engagement and Employee Relations. Respondents were given an option to indicate the extent of their choice to which they agree to an opinion on a statement made by their organizations on SHRM practices through a five-point '1' likert scale that strongly denotes disagreement with '5' that strongly denotes agreement.

## **ETHICAL CONSIDERATIONS**

It should be noted that data should be collected with ethical guidelines, when performing a research work directly related to and focused on the primary data. Since the participants work in the organization and are not independent entities, this is why it is not advisable to ask for such information which may affect the interests of their organization. While the present study was conducted, the respondents were assured that their responses would remain strictly confidential as they were anonymous because their names would not be mentioned anywhere in the study. This work followed the highest standards of ethics in areas such as informed consent, confidentiality, privacy and anonymity.

## **SECONDARY DATA COLLECTION**

Digital research repositories including Scopus, Research-Gate, policy and business papers, journal articles etc. have been used as secondary data sources. During the secondary data

collection, it was found that sources of ample information were available online that helped to gain an adequate insight into HRM practices activities in PSUs in the power sector in India. The investigation and scholarly articles and documents that published addressing issues related to HRM activities and their impact on the performance of employees in PSU power sector. The vital evidence on HRM activities in energy enterprise PSUs in India was gathered and problems were identified based on the secondary sources and their relationship to employee performance was tried to understand.

## **RESEARCH HYPOTHESIS**

The following research hypotheses are proposed in their null form based on the findings in the analysis of literature on HRM activities and organizational effectiveness in order to attain the objectives of this report.

**H01:** Selection has no major impact on the output of the employees

**H02:** Quality Evaluation has no major impact on the performance of the employees.

**H03:** Education has no major impact on the efficiency of the workers.

**H04:** Pay policies do not greatly impact the efficiency of the workers.

**H05:** Career growth and promotion does not have any major effect on the efficiency of the employees.

**H06:** Job environment does not have any major impact on the efficiency of the employees.

**H07:** Employee engagement may not have any major impact on the efficiency of the employees.

## **MEASUREMENT**

Two types of factors need data for testing the hypotheses of the present study:

- Abstract Techniques

- Socio- economic data

Abstract topics involve perspectives on the HRM practices followed in their respective organizations by the personnel from the power sector PSUs and also on the impact of these practices on employee efficiency. Socio-demographic data consists of information in the current association about gender, age groups, employment, appointment and length of service.

### **CODITION OF DATA**

To test the hypothesis, as stated in earlier data regarding abstract constructs and socio-demographic profile were obtained. Abstract concepts / frameworks including Selection, Performance appraisal, Training reimbursement, Work Climate, Career development and promotion, Organizational and Job Engagement and Employee Relations were measured by asking respondents to rate specific declarations on a five point Likert scale as "1 = Strongly Disagree, 2 = Disagree, 3 = Cannot Say, 4 = Agree 5 = Strongly Agree" These were classified as "scale variables" in the SPSS 20.0 data editor. Nevertheless, for entering the variables of socio-demography such as age, employment, place held and experience.

We were further recorded in various codes since non-dichotomous categorical variables cannot be entered directly for comparison with Field, (2005) continuous Likert scale products.

Regarding the respondents' gender, Male was referred to as '0' and Female as '1.' As regards age, four ranges of age groups were regarded, i.e. 20-30 years, 30-40 years, 40-50 years and 50-60 years. Coding was achieved as follows: age group coded as '0' for 20-30 years, age group coded as '1' for 30-40 years, and age group 40-50 years were allocated code '2' and code '3' for 50-60 years. Respondents' qualifications were specified under three categories of level of education, namely 10 + 2/ Diploma, Graduate, Postgraduate, and Higher.

With a respondent who is 10+2/ Diploma code '0' has been used, band code '1' has been used with students, code '2' has been used for post students and code '3' used for higher degree.

Respondent classification in the company was denoted as Code '0' for Higher Management; Code '1' for Middle Management; Code '2' for Lower Management and Code '3' for Respondents holding the class 'others.'

Finally, the Period of service of the respondents in the present organization is coded as '0' representing respondents whose duration of service is between 1 to 5 years , as '1' for service period of 5 to 10 years, as '2' for service period of 10 to 15 years and as '3' for service period of above 15 years.

Table-below indicates how socio-demographic variables were coded for the responses. Those variables were defined in the SPSS 20.0 data editor as "categorical variables."

**Table 1 Socio-demographic variables**

<b>Variables</b>	<b>Category</b>	<b>Category Code</b>
<b>Gender</b>	Male	0
	Female	1
<b>Age</b>	20-30 years	0
	30-40 years	1
	40-50 years	2
	50-60 years	3
<b>Educational Status</b>	Intermediate	0
	Graduate	1
	Post Graduate	2
	Higher Degree	3
<b>Designation in the Organization</b>	Upper Management	0
	Middle Management	1
	Lower Management	2
	Others	3
<b>Length of Service</b>	1-5 years	0
	5-10 years	1
	10-15 years	2
	Above 15 years	3

## INVESTIGATIVE PROCESS

The survey was structured using the Likert scale and the primary data collected using the questionnaire, using proper equipment, was analyzed using the statistical package. One way ANOVA has been used to check the hypothesis was to figure out how much the discrepancy between two sample means is important or not.

## TOOLS AND TECHNIQUES

The following are the lists of tools and techniques that are applied for calculating the primary data:

**Factor Analysis:** Factor analysis was conducted using "major element evaluation" with "Varimax" rotation to ensure convergent validity of the used scales.

**Reliability Analysis:** Scale measurement reliability was checked via "Cronbach's Alpha."

**Descriptive Statistics:** It includes simple statistical instruments such as mean, standard deviation and percentage.

**ANOVA:** Variance analysis has been used to test the formulated hypothesis. The significance level of  $p < .05$  is to be taken for this test.

**Regression Analysis:** Multiple regression analysis was carried out to test the cumulative effect of all predictors, i.e. HRM activities on the performance of the employees. The level of significance of  $p < .05$  was taken for this study

## CHAPTER-5

### ANALYSIS OF THE DATA

This chapter deals with the comprehensive review of the primary data obtained from the respondents' selected sample by administering a survey via a questionnaire designed and pre-tested for the present report. The first section provides socio-demographic information of the respondents; the second section provides descriptions of the descriptive statistics, i.e. mean and standard deviation of the different variables studied; the third section discusses validity and reliability tests; the next section involves hypothesis testing using ANOVA, the last section of regression analysis of all respondents. The data analysis was performed using software package IBM SPSS 20.0.

#### 5.1. DETAILED STATISTICS

Descriptive statistics are methods of summing up broad quantitative (numeric) knowledge collections. Descriptive statistics are utilized to define the fundamental characteristics of the data in a sample. We give simple summaries of the sample and of the measures. Descriptive statistics allow us to sensible simplify vast quantities of data. Through descriptive statistics lots of data are reduced to a simplified description. These statistics that help us handle the data in a research study with large data and present it in a more concise way in a summary table, which allows for a better analysis of the data.

**TABLE 5.1 DETAILED STATISTICS**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Variance</b>
SEL	408	7.00	20.00	13.9009	2.00493	4.020
PER	408	7.00	15.00	11.2275	1.46293	2.140
TRA	408	9.00	20.00	15.9407	1.90084	3.613
COMP	408	12.00	20.00	15.7625	1.41698	2.008
CDP	408	12.00	25.00	18.6831	2.42805	5.895
WC	408	8.00	20.00	15.0594	2.06443	4.262
OJE	408	7.00	20.00	14.0691	2.28340	5.214
ER	408	6.00	15.00	11.2871	1.48596	2.208

## 5.2. THE SOCIO-DEMOGRAPHICAL PROFILE OF THE RESPONDENTS

**Table 5.2 Gender of the Respondents**

Variable	Category	Frequency (N=408)	Percentage(%)	Cumulative Percentage(%)
Gender	Male	290	71	71
	Female	118	29	100

**Fig.5.1 Gender of the Respondents**

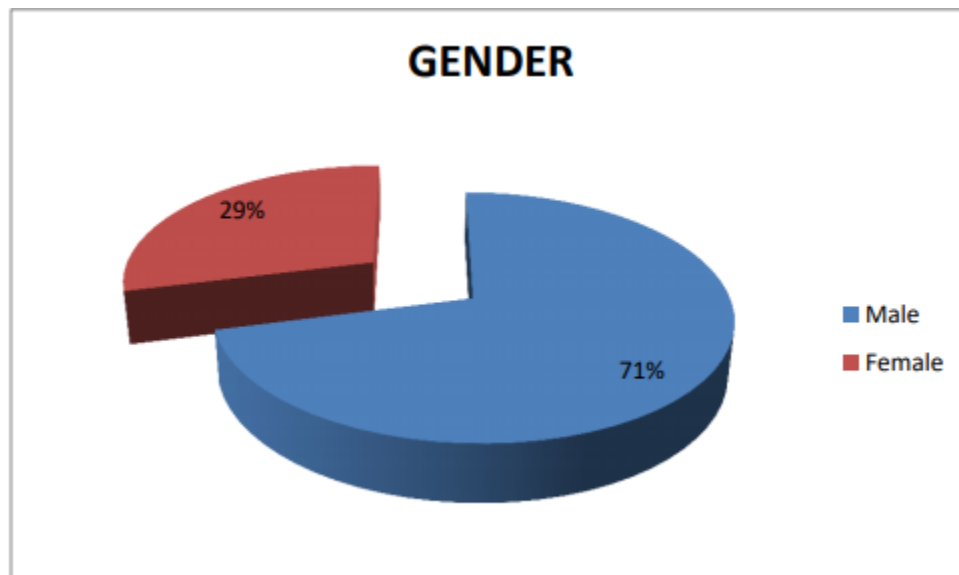


Table 5.2 and Fig. 5.1 above states that the Population distribution between the two genera. Of the total of 408 respondents, 118 were female, whilst 290 were male.

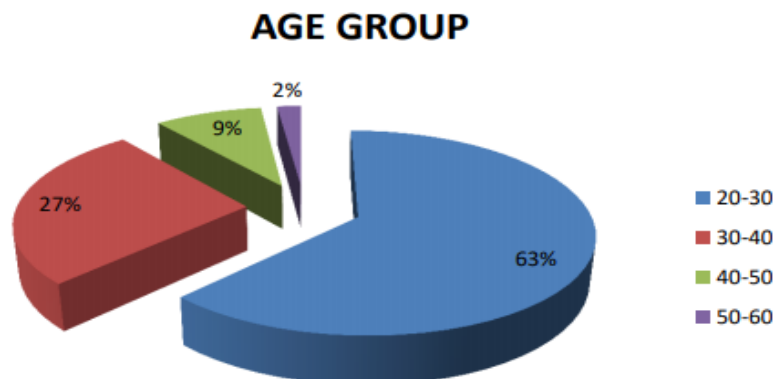
**Table 5.3 Age of the Respondents**

Variables	Category	Frequency (N=408)	Percentage(%)	Cumulative Percentage(%)
Age Group	20-30	254	63	62
	30-40	111	27	89
	40-50	35	9	98
	50-60	8	2	100



Table and figure above show that how respondents are spread across different age groups. From here Table-5.3 and Figure-5.2, it is clear that the 20 to 30 year age group is the most prevalent age group in the sample under analysis.

**Fig. 5.2 Age of the Respondents**



**Table 5.4 Qualifications of the Respondents**

Variables	Category	Frequency (N=408)	Percentage (%)	Cumulative Percentage (%)
Educational Status	10+2/ Diploma	7	2	2
	Graduate	160	39	41
	Post-Graduate	241	59	100
	Higher Degree	0	0	100

**Fig. 5.3 QUALIFICATION OF THE RESPONDENTS**

### Educational Status

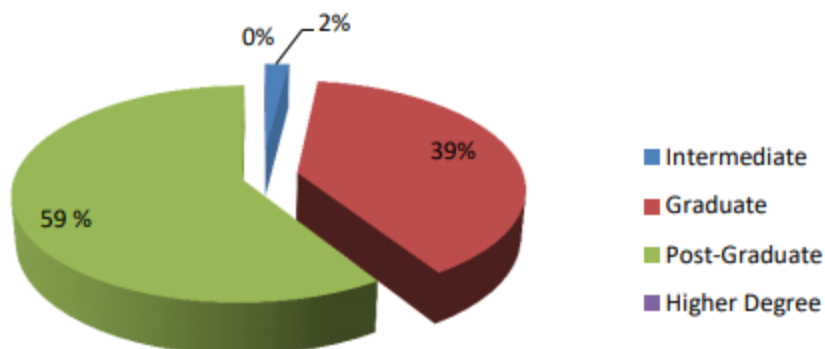
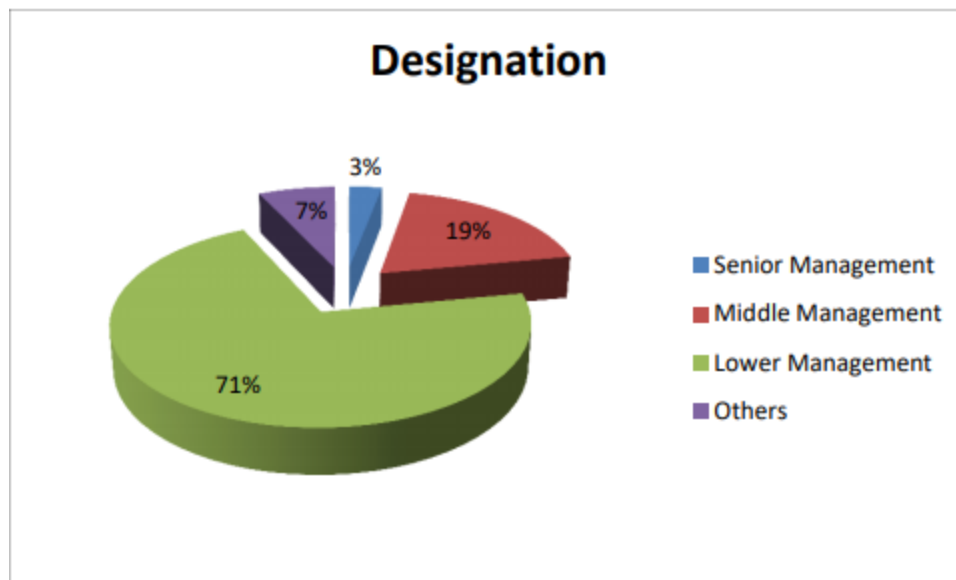


Table-5.4 and Figure-5.3 show respondent's professional qualifications. It is evident that most study respondents have obtained education at the postgraduate and graduate stage, whereas intermediates are in minority classes.

**TABLE 5.5 Designations of the Respondents**

Variables	Category	Frequency (N=408)	Percentage(%)	Cumulative Percentage(%)
Designation in the organization	Senior Management	12	3	3
	Middle Management	80	19	22
	Lower Management	287	71	93
	Others	28	7	100

**Fig. 5.4 Designation of the Respondents**

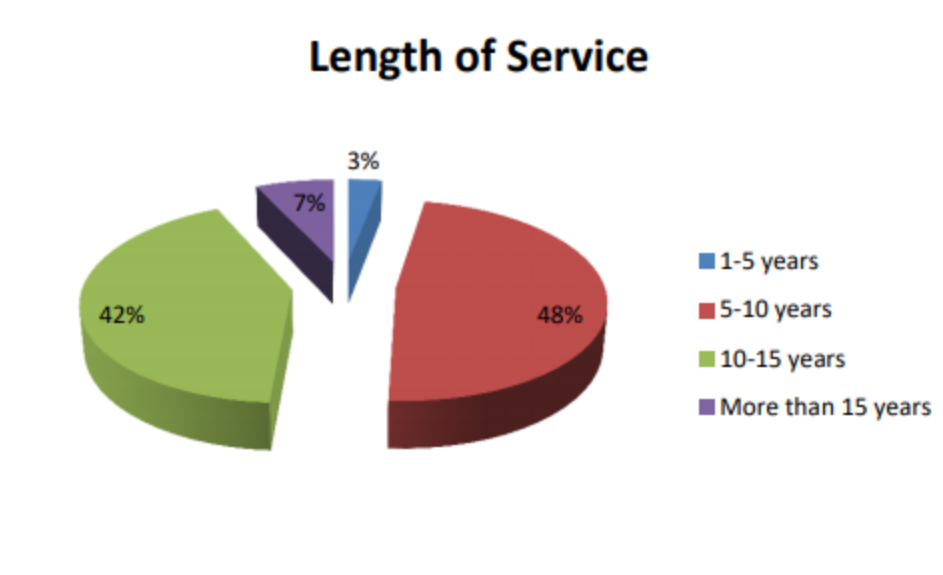


It is evident from Table-5.5 and Figure-5.4 that the majority of respondents, i.e. 287 belong to the lower management, 80 respondents belong to the middle management and the rest are senior managers and other designations.

**Table 5.6 Length of Service**

Variables	Service Length	Frequency (N=408)	Percentage(%)	Cumulative Percentage(%)
Length of Service on the present organization	1-5 years	13	3	29
	5-10 years	195	48	51
	10-15 years	170	42	93
	More than 15 years	30	7	100

Table-5.6 and Figure-5.5 illustrates Respondent period of service in the present organization. It is found that the largest proportion of respondents have been in service in the present organization for 5 to 10 years, while respondents with service periods of 1 to 5 years are in small numbers.



**Fig. 5.5 Length of the Service**

### 5.3. KMO (KAISER-MEYER-OLKIN) AND TEST by BARTLETT

The test by KMO Bartlett is used to calculate the adequacy of the sample which defines the need for factor analysis. If it is successful, an analysis of the factor, a technique of data reduction and helps to identify the structure of the variables as well as to analyze the underlying crucial factors that cause the greatest variance, will be achieved. It is done to obtain factors with the largest loading factor. KMO- Bartlett's test is a calculation of the adequacy of the sampling to assess data eligibility. Table-5.7 indicates the KMO value of  $0.737 > 0.5$  suggesting that the multivariate normality between variables is 0.00 which was less than 0.005, factor analysis was subsequently performed.

**Table 5.7 BARTLETT AND KMO TEST**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.737
Bartlett's Test of Sphericity	Approx. Chi-Square	9879.233
	Df	630
	Sig.	0.000

### 5.4. COR-RELATIONAL ANALYSIS

Correlation is a metric of the interaction between two constant variables measuring both the size and orientation of relationships, and denoted by 'r' which always has a value between -1 and +1. "The squared correlation is a measure of the association's strength." Tabachnick and Fidell, (1989).

Table-5.8 provides correlation analysis of variables such as availability, preparation, performance evaluation, compensation, career growth and advancement, work climate, company and job participation and employee relations.

**Table 5.8 Matrix of correlation**

		SEL	PER	TRA	COMP	CDP	WC	OJE	ER
SEL	Pearson Correlation	1	.316**	.153**	.175**	.323**	.151**	.313**	.115*
	Sig. (2-tailed)		.000	.002	.000	.000	.002	.000	.020
	N	408	408	408	408	408	408	408	408
PER	Pearson Correlation	.316**	1	.312**	.149**	.344**	.318**	.184**	.309**
	Sig. (2-tailed)	.000		.000	.003	.000	.000	.000	.000
	N	408	408	408	408	408	408	408	408
TRA	Pearson Correlation	.153**	.312**	1	.283**	.473**	.211**	.157**	.434**
	Sig. (2-tailed)	.002	.000		.000	.000	.000	.001	.000
	N	408	408	408	408	408	408	408	408
COMP	Pearson Correlation	.175**	.149**	.283**	1	.372**	.297**	.206**	.252**
	Sig. (2-tailed)	.000	.003	.000		.000	.000	.000	.000
	N	408	408	408	408	408	408	408	408
CDP	Pearson Correlation	.323**	.344**	.473**	.372**	1	.510**	.275**	.485**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
	N	408	408	408	408	408	408	408	408
WC	Pearson Correlation	.151**	.318**	.211**	.297**	.510**	1	.345**	.334**
	Sig. (2-tailed)	.002	.000	.000	.000	.000		.000	.000
	N	408	408	408	408	408	408	408	408
OJE	Pearson Correlation	.313**	.184**	.157**	.206**	.275**	.345**	1	.194**
	Sig. (2-tailed)	.000	.000	.001	.000	.000	.000		.000
	N	408	408	408	408	408	408	408	408
ER	Pearson Correlation	.115*	.309**	.434**	.252**	.485**	.334**	.194**	1
	Sig. (2-tailed)	.020	.000	.000	.000	.000	.000	.000	
	N	408	408	408	408	408	408	408	408

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

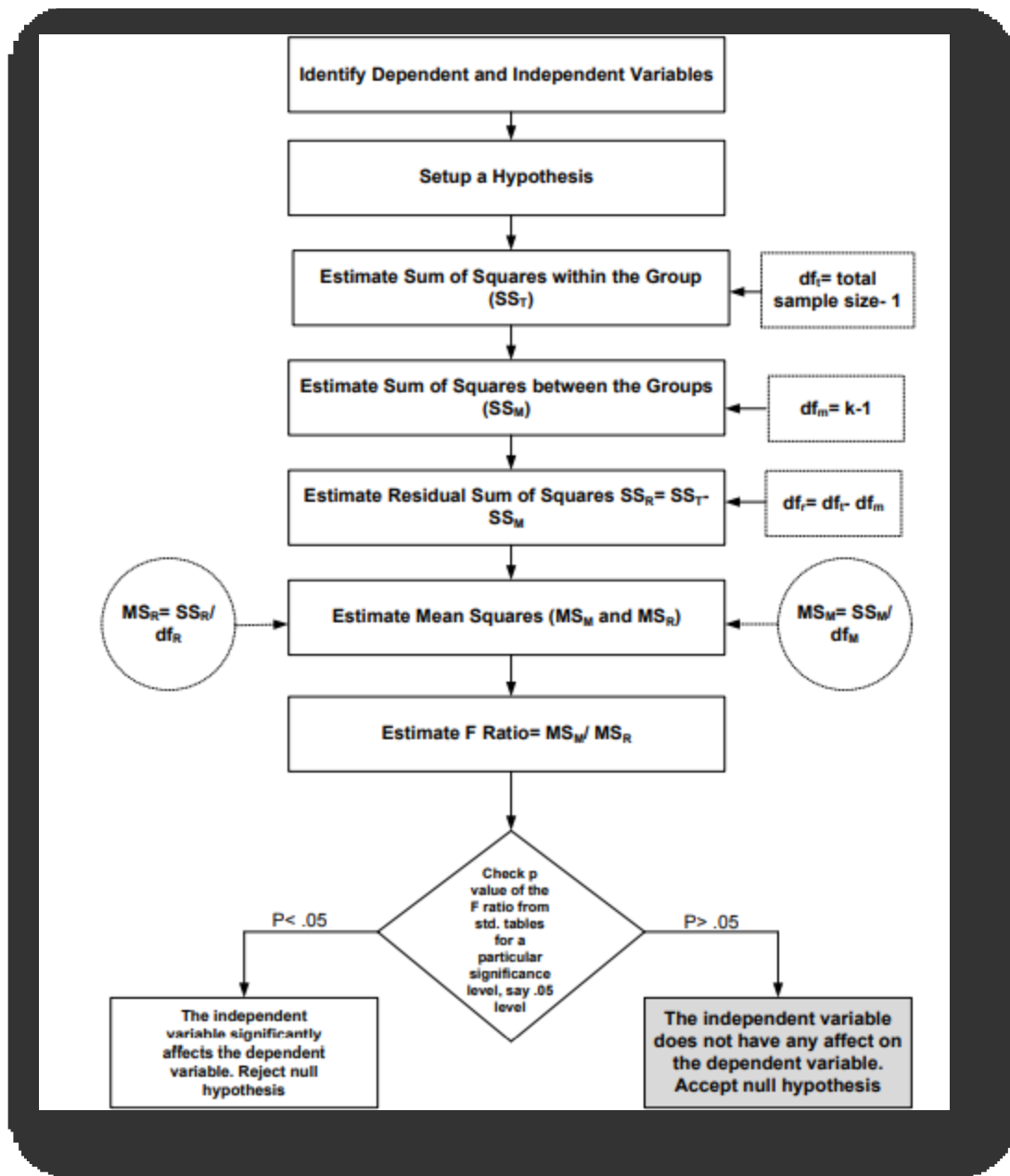
\*Correlation is significant at the 0.05 level (2-tailed)

### **5.5. Analysis using ANOVA**

ANOVA refers to variance analysis and is a statistical method used to check to what degree two or more groups vary or differ in an experiment. This is a statistical procedure, in other words, used to measure discrepancies between two or more ways. ANOVA measures the variance between the two groups of variances within each sample and the variance between the different samples by measuring the ratio of group variance to group variance.

In research, it is a method by which to test the hypothesis that there is no distinction among two or more means of population. ANOVA (Variance Analysis) was used to check single hypothesis. ANOVA is used to find important correlations between different variable and hence ANOVA has been performed to see the importance of the relationship between the independent and dependent variables.

#### **Fig. 5.6 Steps evolved in ANOVA analysis for Hypothesis Testing**



## 5.6. Hypothesis Testing

The hypothesis testing method decides whether independent variables for each independent factor significantly affect the dependent variables for this study using ANOVA (Analysis of Variance). Illustration. 5.6 Highlights significant phases in ANOVA procedure.

**Table 5.9 Selection**

<b>H<sub>01</sub></b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	370.641	10	37.064	7.394	0.000
Within Groups	1990.152	397	5.013		
Total	2360.792	407			

**H01:** Selection has no major impact on the output of the employees

Interpretation: Table 5.7 shows the effects of the variance analysis (ANOVA) between selection policies and output of the employees. Selection is the independent variable while the dependent variable is Employees Efficiency. The value of the number of squares among the Selection groups is 370.641 with 10 degrees of freedom (DFM) and the sum of squares inside the groups is 1990.152 with 397 degrees of freedom (dfr). Hence the mean squares (MSM) value between the groups is  $370.641/10 = 37.064$  and the mean squares (MSR) value for the groups is  $1990.152/397 = 5.013$ . The resulting value of the F ratio (MSM / MSR) is  $37.064/5.013 = 7.394$ , which is highly important at 5 per cent meaning level with  $p=.000$  ( $P<.05$ ). Thus, hiring policies impact employee efficiency significantly. And our null hypothesis (H01) is denied.

**Table 5.10 Performance**

<b>H<sub>02</sub></b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	472.585	9	52.509	11.068	0.000
Within Groups	1888.207	398	4.744		
Total	2360.792	407			

**H02:** Quality Evaluation has no major impact on the performance of the employees.

Interpretation: Table 5.8 Displays outcomes of a variance analysis (ANOVA) between performance evaluation and performance of employees. Performance Assessment is the independent variable while the dependent variable is Employees Output. For Quality Appraisal the value of the number of squares between the groups is 472,585 with 9 degrees of freedom



(dfm) and the sum of squares inside the groups is 1888,207 with 398 degrees of freedom (dfr). The mean squares (MSM) value between the groups is therefore  $472.585/9 = 52.509$  and for the mean squares (MSR) value between the groups is  $1888.207/398 = 4.744$ . The corresponding value of the F ratio (MSM / MSR) is  $52.509/4.744 = 11.068$ , which is highly important at 5 per cent meaning level of  $p=.000$  ( $P<.05$ ). Performance Evaluation has a major impact on employee results. And our null hypothesis (H02) is denied.

**Table 5.11 Training**

<b>H<sub>03</sub></b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	531.437	11	48.312	10.458	0.000
Within Groups	1829.356	396	4.620		
Total	2360.792	407			

**H03:** Education has no major impact on the efficiency of the workers.

Interpretation: Table 5.9 displays the effects of a variance analysis ( ANOVA) between employee training and performance. Education is the independent variable while Employee Quality is the dependent variable. The magnitude of the sum of squares between the training groups is 531.437 with 11 degrees of freedom (dfm) and the sum of squares is 1829.356 with 396 degrees of freedom (dfr). The mean squares (MSM) value between the groups is therefore  $531.437/11 = 48.312$  and for the mean squares (MSR) value inside the groups is  $1829.356/396 = 4.620$ . The resulting value of the F ratio (MSM / MSR) is  $48.312/4.620 = 10.458$ , which is highly important at 5 per cent significance point with  $p=.000$  ( $P<.05$ ). Education has a huge effect on Employee Quality. And our null hypothesis (H03) is denied.

**Table 5.12 Compensation**

<b>H<sub>04</sub></b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	290.235	9	32.248	6.199	0.000
Within Groups	2070.557	398	5.202		
Total	2360.792	407			

**H04:** Pay policies do not greatly impact the efficiency of the workers.

Interpretation: Table 5.10 shows the effects of a variance analysis (ANOVA) between workplace compensation policies and performance. Compensation Policy is the independent variable while Employee Quality is the dependent variable. For Payment Procedures, the value of the number of squares between groups is 290,235 with 9 degrees of freedom (dfm) and the sum of squares inside the groups is 2070,557 with 398 degrees of freedom (dfr). Hence the mean squares (MSM) value between groups is  $290.235/9 = 32.248$  and the mean squares (MSR) value inside groups is  $2070.557/398 = 5.202$ . The corresponding F ratio (MSM / MSR) value is  $32.248/5.202 = 6.199$ , which is highly important at a significance point of 5 per cent with  $p=.000$  ( $P<.05$ ). Compensation Practices have a direct impact on employee efficiency. And our null hypothesis (H04) is dismissed.

**Table 5.13 Career Growth**

<b>H<sub>05</sub></b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Between Groups	785.914	12	65.493	16.426	.000
Within Groups	1574.879	395	3.987		
Total	2360.792	407			

**H05:** Career growth and promotion does not have any major effect on the efficiency of the employees.

Interpretation: The findings of the variance analysis (ANOVA) between career growth and employee advancement and success are shown in Table-5.12. The independent variable is Career Development and Promotion while the dependent variable is Employee performance. The value of the sum of squares between Career Development and Promotion groups is 785.914 with 12 degrees of freedom (DFM) and a sum of squares within groups is 1574.879 with 395 degrees of liberty (DFR).

The mean squares (MSM) value between the groups is therefore  $785.914/12 = 65.463$  and for the mean squares (MSR) value inside the groups is  $1574.879/395 = 3.987$ . The corresponding value of the F ratio (MSM / MSR) is  $65,493/3,987 = 16,426$ , which is highly important at 5 per cent significance point with  $p=0,000$  ( $P<.05$ ). Career Development and Promotion has a significant effect on employee performance. And our null hypothesis ( $H_05$ ) is dismissed.

**Table 5.14 Working Climate**

<b>H<sub>06</sub></b>	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	724.354	12	60.363	14.570	0.000
Within Groups	1636.438	395	4.143		
Total	2360.792	407			

**H<sub>06</sub>:** Job environment does not have any major impact on the efficiency of the employees.

Interpretation: Table-5.12 displays the effects of a variance analysis (ANOVA) among Work Environment and Employee Results. Job Environment is the independent variable while Employee Quality is the dependent variable. For Work Climate groups, the value of the sum of squares is 724,354 with 12 degrees of freedom (DFM) and the number of squares inside the groups is 1636,438 with 395 degrees of freedom (DFR). The mean squares (MSM) value between the groups is therefore  $724.354/12 = 60.363$  and for the mean squares (MSR) value inside the groups is  $1636.438/395 = 4.143$ . The resulting F ratio (MSM / MSR) value is  $60.363/4.143 = 14.570$ , which is highly important at 5 per cent meaning point with  $p= 0.000$  ( $P<.05$ ). Work Climate impacts significantly on employee efficiency. And our null hypothesis ( $H_06$ ) is denied.

**Table 5.15 Employee Relation**

H07	sum of squares	DF	Mean square	F	Sig.
Between groups	1045.6	8	130.7	39.653	0
Within Groups	1315.2	399	3.296		
Total	2360.8	407			

**H07:** Employee engagement may not have any major impact on the efficiency of the employees.

Interpretation: Table 5.13 displays the effects of the Variance Analysis (ANOVA) between Employee Engagement and Success in Organizational and Work. Organizational and Work Engagement is the independent variable while the primary variable is Employee Quality. For Employee Relations groups, the value of the sum of squares is 1045.629 with 8 degrees of freedom (dfm) and the number of squares inside groups is 1315.163 with 399 degrees of liberty (dfr). Hence the mean squares (MSM) value between the groups is  $1045.629/8 = 130.704$  and the mean squares (MSR) value is  $1315.163/399 = 3.296$  within the groups. The corresponding F ratio (MSM / MSR) value is  $130.704/3.296 = 39653$ , which is highly important at a significance point of 5 percent with  $p = 0.000$  ( $P < .05$ ). Workplace Relations have a huge impact on employee efficiency. And our null hypothesis (H07) is rejected

**Table 5.16 Results of testing the Hypothesis**

S.N.	NULL HYPOTHESIS	Accepted/ Rejected
1	Selection has no significant impact on employees' performance	Rejected
2	Performance Appraisal has no significant impact on employees' performance	Rejected
3	Training has no significant impact on employees' performance	Rejected
4	Compensation has no significant impact on employees' performance	Rejected
5	Career Development and Promotion has no significant impact on employees' performance	Rejected
6	Work Climate has no significant impact on employees' performance	Rejected
7	Employee Relations has no significant impact on employees' performance	Rejected

### 5.7. Regression Analysis

Study of regression acts as a statistical method that allows the analysis of relations between variables. Use this method; an investigator decides one variable's causal influence on another. Analysis of regression determines a connection between a dependent variable called Target and a group of independent variables called Predictors (one or more). Through creating a functional

relationship between the two it suggests a trend connecting the dependent variable and independent variables. The study is based on the model's regression equation and assesses the power of the independent variables when estimating the dependent variable.

A study of the factors affecting employee performance was conducted with regression. For this reason, it was presumed that a linear relationship existed between the extracted variables and their effect on employee efficiency. Research was performed in which the dependent variable is taken to be the output of the employee and the independent variables are the factors derived from the factor analysis. Multiple regression analysis was performed to analyze the cumulative impact on "Employee Performance" of all predictors, with the dependent variable as Employee Output and the independent variables as the factors derived from the factor analysis.

**Table 5.17 Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	0.745	0.555	0.549	0.62501

As per Table-5.15 the multiple R value is 0.745 and the R<sup>2</sup> value in the equation is 0.555. It means that those variables have a 55.5 percent impact on the success of the employee. By any measure, 55.5 per cent is a significant value that affects the output of employees. While the remaining 44.5 percent can be attributed to so many other factors that are varied and jointly contribute to the performance of the employee.

**Table 5.18 Overall Model fit**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	652.999	8	81.625	19.07	.000 <sup>b</sup>
1 Residual	1707.794	399	4.28		
Total	2360.792	407			

As shown in Table-5.16 where  $F = 19.07$  ( $P < .05$ ), the overall regression model obtained from the analysis is a highly significant one. The model's average  $R^2$  is a 0.277.

**Table 5.19 Coefficients**

Model	Unstandardized Coefficients		Standardized coefficient	T	Sig.
	B	Std. Error	Beta		
Constant	-1.88	0.269		-6.996	0
Selection	-0.009	0.058	-0.007	-0.154	0.877
Performance Appraisal	0.335	0.064	0.217	5.241	0
Training Programmes	0.163	0.048	0.128	3.366	0.001
Compensation	0.379	0.056	0.274	6.775	0
Career Development & Promotion	0.512	0.062	0.35	8.241	0
Working Climate	0.323	0.062	0.282	5.248	0
Employee Relation	0.398	0.084	0.245	4.741	0

Table-5.17 indicates that the most significant factor affecting employee efficiency is career growth & promotion, with a standardized beta coefficient of 0.512 ( $t = 8.241$ ,  $p = .000$ ) ( $P < .05$ ). Employee relations arose as the second important factor with a standardized beta coefficient of 0.398 ( $t = 4.741$ ,  $p = .000$ ).

Third, the figures for reimbursement as a relevant factor with a standardized beta coefficient of 0.379 ( $t=6.775$ ,  $p=0.00$ ). Performance Assessment with a standardized beta coefficient of 0.335 ( $t=5.241$ ,  $p=0$ ) Working environment with a standardized beta coefficient of 0.323 ( $t=5.248$ ,  $p=0$ ) Training programs with a standardized beta coefficient of 0.163 ( $t=3.366$ ,  $p=0.001$ ) Organizational and job participation with a standardized beta coefficient of 0.107 ( $t=2.389$ ,  $p=0.017$ ) have emerged as significant factors.

While, this means that performance of workers is greatly affected by factors related to career growth, workplace relationships, pay, performance evaluation, training programs, work environment.

**Table 5.20 List of hypotheses ANOVA- and Regression Analysis-tested**

S.N.	NULL HYPOTHESIS	Accepted/ Rejected	Regression Analysis Results
1	Selection has no significant impact on employees' performance	Rejected	Accepted
2	Performance Appraisal has no significant impact on employees' performance	Rejected	Rejected
3	Training has no significant impact on employees' performance	Rejected	Rejected
4	Compensation has no significant impact on employees' performance	Rejected	Rejected
5	Career Development and Promotion has no significant impact on employees' performance	Rejected	Rejected
6	Work Climate has no significant impact on employees' performance	Rejected	Rejected
7	Employee Relations has no significant impact on employees' performance	Rejected	Rejected



**Interpretation:** Each independent factor-related hypothesis is evaluated individually when conducting ANOVA, i.e., in isolation from other variables, however, the cumulative impact of all factors affecting employee performance is analyzed in the case of Regression analysis. From the above table it is observed that the Null Hypothesis (H01), i.e., "Selection has no major effect on employee results" is rejected as per ANOVA, whereas it is rejected as per the Regression analysis. Under ANOVA, this hypothesis is evaluated independently in terms of its impact on employee performance and its findings indicate that Selection has an impact on employee performance and is thus rejected the Null Hypothesis (H01).

Under Regression Analysis, the cumulative effect of all factors on employee performance is evaluated and the findings indicate that other variables, including Performance Evaluation, Training, Compensation, Career Growth & Promotion, Work Environment, Employee Relations, have a substantial impact on employee performance compared to Selection. In other words, the importance of Selection policies in terms of their effect on employee performance is not important in the presence of other factors when other factors exert greater control. Then the Null Hypothesis (H01) is acknowledged as per the Regression Analysis. However, the findings obtained under ANOVA and Regression Analysis are the same for other predictors and associated Null Hypotheses (H02, H03, H04, H05, H06, H07), i.e. all of the above hypotheses are discarded.

## **CHAPTER-6**

### **CONCLUSION**

This work offers some valuable insights into the significance and consequences of Strategic Human Resource activities / initiatives, and their effect on the performance of employees. The research tries to explore the connection between the performance of employees and the effect of SHRM activities. Analysis findings provide evidence to back up the hypotheses. Research findings clearly show that SHRM affects organizational efficiency and in turn affects the performance of employees. Strategic HRM activities such as HR Preparation, Recruiting, Wage & Monetary Rewards, Promotion, Reward Program, Training all of those factors listed in the questionnaire showed a healthy relationship between the implementation of SHRM strategies and the overall performance of the employees. Human Resources are increasingly viewed by organizations as a unique asset that can deliver sustained competitive advantage. As it leads to the retention and encouragement of workers, SHRM practices are considered a source of sustainable competitive advantage.

This study focused on the HRM activities and their effect on the performance of employees. It was found that there is an important relationship between SHRM practices and the performance of the employees. From the present research after a thorough examination of the literature and analysis of primary data on a well-designed questionnaire, it is clear that HRM activities have a direct effect on the performance of workers that eventually influence the efficiency of the organization. If the organizations want to expand, then these strategic

HRM practices should be properly developed and effectively implemented. It is universally presumed that HR activities are always better than others and therefore these practices should be adopted by organizations. If HR activities can impact business success by building organizational capacities, enhancing employee satisfaction and engagement, new HR initiatives to drive business performance should be created. Organizations involved in growth and development should pay attention to Strategic HRM activities through increased employee involvement.

Organizations that use good HRM approaches as a routine activity that have been shown to be successful and efficient at the heart of their goals and objectives. Most of the HRM strategy operates at the employees' psychological level, drawing attention to the fact that employees' psychology and sub consciousness are central to the growth and performance cycle. HRM aligns and integrates the various HR activities, policies to improve the performance of the organizations. HRM's underlying premise is that firm success as a collection of HRM activities is affected by it.

The study finding establishes HRM's connection to the success of employees. The three stages of HRM, namely formulation, implementation and assessment, were brought together by this study. HRM has emerged as a strategic partner today; organizations need to look at the three phases as complex processes and devise supporting processes, and promote productivity mechanisms.

Today, as companies are working hard to maintain and stay competitive, they look to Human Resources and SHRM strategies have shown to be closely correlated with employee engagement, thereby contributing to organizational productivity through improved employee performance. Research literature on Strategic Human Resource Practices (SHRM) indicates that the conduct of workers is substantially affected by SHRM activities (Koys, 2001; Lam, Chen, & Takeuchi, 2009; Wright, Gardner, Moynihan, & Allen, 2005), analyzed in this review.

Researcher has found that SHRM activities have an effect on outcomes such as production, performance, financial benefit, but unique to this research, but it cannot be assumed that the general conclusion is about the same. This study contributes to the future scope of SHRM research especially in larger scale Indian PSUs.

It offers a guide to HR managers and top management about what shapes employee opinions regarding policies and practices in HRM. Further research on the topic can help to better and deeper understanding of HRM's involvement in employee performance and organizational efficiency. It was analyzed that HR strategies and procedures can be used to provide consistent and detailed packages of HR.

It has contributed to claims that there is one right way to implement HRM and that this has a positive effect on the output of the workers. Best fit HRM is the concept that HR practice can and does differ among organizations depending on business strategy or circumstances of the product market. This method is not only useful in combating simplistic versions that represent organizational reality — at least at a broad level. The strategies find HR to be an integral part in promoting organizational strategy and also play a significant role in the implementation in SHRMs.

Generic HR processes may benefit from the ideas of best practice, while best fit should be implemented where background issues match with management and staff interests. Competitive approaches are considered strategic in connecting HR policies and activities with the firm's business goals and external context, and thus lead to success in various ways.

With the goal of gaining competitive advantage through HR, many companies are increasingly adopting strategic strategies aimed at cost reduction , quality enhancement and innovation. Conclusively, the contribution that SHRM may bring to the success and effectiveness of an enterprise is closely related to the changes in the different market environments like macro and micro contexts, thereby bundling these activities with the company's strategic strategy.

Although there is significant debate about companies strategically implementing HRM with a view to enhancing the efficiency of their workers, the actual implementation appears unpredictable. The literature may seem to indicate that certain proof exists that the private sector is achieving improved outcomes under some circumstances but far less data or public sector inquiry.

As the public sector continues to be refurbished by the impact of modern managerialism, it is important to ask how organizations in this field see HRM differently from how they see it in the past. Furthermore, research on whether HRM is seen as strategic within a public sector organization and how it could be linked to the business strategy of that organization should be

undertaken to determine whether approaches to human resource management and private sector performance management are replicated within a public sector setting.

## **6.1. RECOMMENDATIONS**

The major recommendations of this study are illustrated below:

- Considering that business practices and HRM policies are not inherently exclusive, organizations should develop HRM policies with respect to the business strategies they adopt are given the key recommendations based on the findings of the report.
- Organizations will have HRM divisions and board level oversight in those divisions to accomplish this.
- Employee performance is highly dependent on HRM outcomes such as skills, attitudes and behavior. Consequently, the focus on designing HRM policies and business plans will be geared towards optimizing these HRM outcomes
- Participation, participation, rewards, benefits, communication, promotion, training and development, performance evaluation, job design and selection that constitute the important aspects of the HRM strategy in a descending order.
- Performance, creativity and cost can constitute the important aspects of the business strategy in a downward order.
- Satisfaction, motivation, competence, management cooperation, employee co-operation, engagement, retention and presence can constitute important aspects of the HRM outcomes in a downward order.

Nevertheless, the aforementioned statements should be approached with prudence. It is partly because the information on business strategy, HRM policies, HRM results and perceived employee performance metrics was generated by a single respondent from each company. Respondent bias may have set out the steps in the form of upward or downward reporting. The analysis does make some significant contributions despite these limitations.

The study will provide an insight into the management viewpoint on the effect of the academic workforce and the interaction between HR activities and job results. Based on the analysis, knowing the impact of HR policies on the performance of the workers and how it may be done to enhance it is vital for the management team. Safety of jobs will lead to the staff's decision to remain in the company longer. Providing the organization's workers with a safe working atmosphere allows them increasing the quality of their job efficiency. In turn, planning staff preparation can also lead to an increase in the work efficiency.

Effective and adequate preparation will help develop their competencies and expertise when conducting their tasks. Good compensation planned by the company would also have a direct effect on the performance of the workers, as compensation provides the benefits that they can receive. The selective hiring therefore also plays an important role as the management's selection process will prepare the organization to have an excellent set of teams to work with. This study may provide additional information about the influences of HRM practices towards employee performance for the management.

The study outcome may also be a determinant in making more informed decisions about the planning process in HRM matters and the implementation of the related system to increase knowledge of management and participation of other employees. It is important to rethink the current approach to hiring workers into various roles. Administrator should carry out a thorough task review and role evaluation to be filled in. HR approves applications when work openings have not been advertised and will be reviewed. Human resources apply to people who use their experience, expertise and abilities to develop and provide productive services. HR is known to be an organization's greatest tool. Successful recruiting and selection attracts the right amount of candidates and the right quality.

Now this is very important for organizations in the public power sector to update existing HRM practice and implement new , innovative HRM practices. From time to time, the survey should be conducted among employees to know their satisfaction with current practices and line managers should be involved in the process of designing or modifying HRM practices. The new performance evaluation methods such as 3600 will be introduced and will help the company collect knowledge about the success of the employee from a number of sources. Education and

growth of the organization's community will be strictly followed. Organization will coordinate employee training programs so they can develop their skills and knowledge.

Training can be both professional and conductible. Experts will be conducting these training programs. Organizations will promote creative culture. We should use the methods such as mentoring, coaching. The mapping of competences should be performed periodically. Job development activities in the company should be improved further as the workers are more trained and job oriented in the present scenario. There will be direct contact to the workers regarding available resources. Succession preparation will be carried out on a regular basis which will result in the availability of the right candidates at higher posts for potential vacancies.

Compensation should be revised from time to time and the market should be on track. Organization should have specific policy on compensation and workers should be aware of policy on compensation. Employees will earn fair benefits such as medical, housing, ESI (Employees State Insurance), PF (Provident Fund), LTC (Leave Travel Concession), and bonuses. It should be supportive and participatory as regards leadership. The employees should be available to the leaders as and when necessary. Leaders will take the initiative to inspire and encourage the workers to come up with new ideas. There should also be fitness centers, yoga rooms, so that they can refresh themselves after the work. Several researches have proved the relationship between organizational culture and employee efficiency (Ogbonna & Harris, 2000, Rousseau 1990, Kotter & Heskett 1992, Marcoulides & Heck 1993).

This present research focuses on the effect of organizational culture on efficiency of the employees. This study found a substantial positive relationship between the performance of employees and the organizational culture, but the findings of Raka (2003), Ghani (2006) showed that there was no connection between organizational culture and the performance of employees, while the research results of Aluko (2003), Swanepoel (2009), Ebtesbam et al ( 2011), Ahmad (2012) reported that organizational culture had a positive effect. This study also showed that there is no substantial gap in responses between male and female workers with respect to organizational culture and performance of workers while the research findings of Khorshidi and

Panji (2012), Schein (1980), March et al (1958), Dension (1990), Peters and Waterman (1982), Quinn and Kenned (1982) are incoherent with this research.

To sum up, previous work has produced detailed evidence on the positive relationship between HR practices and the performance of workers in an attempt to show a positive effect of HR practices. Handling efficiency is a very critical aspect of managing the human capital. The focus of this is on individual and organizational performance aspects of growth. The Quality Management philosophy is constructive. In today's highly competitive world there is a need for a high degree of ability and dedication to grasp the world and work accordingly.



## CHAPTER -7

### REFERENCES

- Agala-Mulwa, J. (2002). A Survey of the Relationship between Training and Development Programs and Job Satisfaction in Microfinance Institutions in Nairobi, MBA Project, School of business. University of Nairobi.
- Aguinis, Herman. (2009). 2nd Edition. Performance Management. Dorling Kindersley India Pvt. Ltd.
- Ahmad, S. & Schroeder, R. G. (2003). The impact of human resource management practices on operational performance: Recognizing country and industry differences. *Journal of Operations Management*, 21(1), 19-43.
- Ajzen, I. & Fishbein, M. (2000). Attitudes and the attitude–behavior relation: reasoned and automatic processes. *European Review of Social Psychology*, 11, 1–33.
- Amin, A., Rashid Saeed, M., & Lodhi, R. N. (2013). The Impact of Employees Training On the Job Performance in Education Sector of Pakistan. *Middle-East Journal of Scientific Research*, 17(9), 1273-1278.
- Armstrong, M. (2001). *Human Resource Management Practice: Handbook*, 8th Edition, Kegan Page Ltd., London.
- Armstrong, M. (2000). The name has changed but has the game remained the same?, *Employee Relations*, 22 (6), 576–89
- Armstrong, M. & Baron, A. (2002). *Strategic HRM: The route to improved business performance*, CIPD, London.
- Armstrong, M. (1996). *Personnel management practice* (6th edition), London: Kogan Page Limited.
- Armstrong, M.(2006), *A Handbook of Human Resource Management Practice*, (Kogan Page, London, UK, 313
- Armstrong, M., & Spellman, R. (1993). *Gaining a competitive advantage in the labour market*. London: Cooper and Laybrand.
- Arthur, J. B. (1994). Effects of human resource systems on manufacturing performance and turnover. *Academy of Management Journal*, 37(3), 670-687.

- Azegele, M.W. (2005). A Survey of the Relationship between Training and Development and Job Satisfaction in Classified Hotels in Nairobi, Unpublished MBA Project, school of business University of Nairobi
- Bacharach, S. (1989). Organization theories: Some criteria for evaluation. *Academy of Management Review*, 14, 496–515
- Balkin, D. B. & Gomez-Mejia, L.R. (1987). 'Toward a contingency theory of compensation strategy'. *Strategic Management Journal*, 8, 169-182,
- Bandiera, O., Barankay, I. & Rasul, I. (2007). Incentives for Managers and Inequality among Workers: Evidence from a Firm Level Experiment. *Quarterly Journal of Economics*, 122, 729 773
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17 (1), 99-120.
- Baron, D (2001) Private policies, corporate policies and integrated strategy, *Journal of Economics and Management Strategy*, 10 (7), 7–45.
- Bartlett, K.R. (2002). The relationship between training and organizational commitment: A study in the health care field at  
<http://www3.interscience.wiley.com/cgi-bin/abstract/900010666/Abstract>
- Batt, R. (2002). Managing customer services: Human resource practices, quit rates, and sales growth. *Academy of Management Journal*, 45(3), 587.
- Becker, B. E. & Huselid, M. A. (1998). High performance work systems and firm performance: a synthesis of research and managerial implications, *Research on Personnel and Human Resource Management*, 16, 53–101
- Becker, B. & Gerhart, G. (1996). The impact of HRM on organizational performance: Progress and prospects. *Academy of Management Journal*, 39, 779-80.
- Beer, M., Spector, B., Lawrence, P., Mills, D.Q. & Walton, R.E. (1984). *Managing Human Assets*. New York: Free Press.
- Bloisi, W., Cook, C.W. & Hunsaker, P.L.(2003). *Management and Organizational Behavior*, Second European Edition, McGraw-Hill Education, Berkshire, UK, 813

- Boice, F. D. & Kleiner, H. B. (1997). Designing effective performance appraisal systems, *Work Study*, 46(6), 197-201.
- Boselie, P., Dietz, G. & Boon, C. (2005). Commonalities and Contradictions in HRM and Performance Research. *Human Resource Management Journal*, 15(3), 67-94.
- Boselie, P., Paauwe, J. & Richardson, R. (2003). Human resource management, institutionalization and organizational performance: a comparison of hospitals, hotels and local government, *International Journal of Human Resource Management*, 14 (8), 1407-1429.
- Boxall, P. (1998). Achieving competitive advantage through human resource strategy: Towards a theory of industry dynamics. *Human Resource Management Review*, 8(3), 265.
- Brown, M., Hyatt, D. & Benson, J. (2010). Consequences of the performance appraisal experience, *Personnel Review*, 39(3), 375-396.
- Brown, M.P., Sturman, M.C. & Simmering, M.J. (2003). Compensation policy and organizational performance: The efficiency, operational, and financial implications of pay levels and pay structure. *Academy of Management Journal*, 46(6), 752-762.
- Brown, P.B. (2005). The evolving role of Strategic Management Development, *Journal of Management Development*, 24, 209–222.
- Buchanan, D. (1987). Job enrichment is dead: long live high performance work design! *Personnel Management*, 40–43
- Campbell JP (1990). Modeling the Performance Prediction Problem in Industrial and Organizational Psychology, In *Handbook of Industrial and Organizational Psychology*. (2nd ed.). Dunnette MD, Hough LM, (eds). Consulting Psychologists Press: Palo Alto, CA, 1, 687-732.
- Caruth, L. D. & Humphreys, H.J. (2008). Performance appraisal: essential characteristics for strategic control, *Measuring Business Excellence*, 12(3), 24-32.
- Chand, M. & Katou, A. (2007). The impact of HRM practices on organizational performance in the Indian hotel industry, *Employee Relations*, 29(6), 576-594.

- Chaudhary, R., Rangnekar, S. & Barua, M. (2012), Relation between human resource development climate and employee engagement: Results from India, *Europe's Journal of Psychology*, 7(4), 664-685
- Chew, I. K. H. & Sharma, B. (2005). The Effects of Culture and HRM Practices on Firm Performance, *International Journal of Manpower*, 26(6), 560-581.
- Dawwas, M., Zahare, I. (2014), Testing the direct and indirect relationship between human resource management and turnover intention in a non-Western context of the Palestine., 4(2), 55-73.
- de Waal, A., Sultan, S. (2012), Applicability of the high performance organization framework in the Middle East: The case of Palestine Polytechnic University. *Education, Business and Society: Contemporary Middle Eastern Issues*, 5(3), 213-223.