



# A Critical Study on the Impact of HR Practices on Organisational Performance

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**Abstract** - This study investigates the impact of human resource management on the performance of government organizations. In the rapidly changing economic environment, which is characterized by trends such as globalization, the increasing demands of investors and customers, as well as the increase of products in competition in the market? In the market, government agencies are constantly trying to improve the efficiency of their operations by reducing costs, innovating products and procedures. And improve quality to compete and continue in the environment. A quantitative research method was used to analyze the current study. The sample size selected for this study was 240 respondents. The results show that all hypotheses are rejected except for the fifth hypothesis that "decentralization is positively related to organizational performance". Therefore, it is concluded that decentralization has a positive relationship with organizational performance.

**Keywords:** Training, Incentives, Selective Hiring, Job Security, Decentralization, Organizational Performance.

## I. INTRODUCTION

A Human resource management (HRM) is a comparatively new area which has experienced rapid growth. From its initial origins as the role engaged in the logistical facets of recruiting, firing, and payroll, it has seen stages in which Labour negotiations / evasion, employee retention, and legal enforcement have acted as primary fields of focus and competence. Recently a movement has developed towards defending the HR function's spending and life. HR functions and systems have been a aspect of the organization's benefit calculation to be reduced as a expense and maximized as a value-added feature of business policy. Yes, those of the mainstream business press have described and proposed doing away with HR

departments as bureaucratic wastelands. HR practitioners have since been obsessed with demonstrating the importance of the HR role, in particular by showing its effect on firm efficiency. From Private Management to Running Human Resources.

HRM came to life by developments from the early phases of industrial psychology, industrial sociology and the philosophy of labour economics. What to inspire employees and work environments and how to improve workplace participation. The managerial tasks focused on personnel and workers were put together under the umbrella of Personnel Administration (PA) during the Industrial Relations period. There, increasing operation had a straightforward purpose focused on a particular theoretical model linked to a specific problem; furthermore, PA's ultimate aim has yet to be specified.

## HRM AND ORGANIZATIONAL PERFORMANCE (OP) RESEARCH

This is well known that policies and activities related to human resource management (HRM) are expected to have a major and special impact on corporate efficiency. The clear relation would be either through enhancing productivity or adding to increases in revenues. The opinions on the precise communication process or model connecting the two, though, have experienced a great deal of improvement over time. Staff engagement and accountability and work restructuring in particular, including team-based development processes, intensive staff preparation, and performance-contingent incentive pay, are commonly assumed to enhance organizational efficiency. The belief in human resources as a competitive tool since the late 1980s has driven many articles conducted in the Academy of Management Review, Review of



Accounting and Economics and Industrial Relations, among others, in the last three decades or so on the idea that HR may have major economic impact on the bottom line of a company. In various studies carried out in contexts other than Indian, a growing study community has documented positive correlations between firm-level indicators of HRM programs and organizational efficiency. Nonetheless, stress that the context in which HR is conducted must be included in the study in order to assess the efficacy of HR.

## MEASURING HRM AND ORGANIZATIONAL PERFORMANCE

Performance management can be characterized as a systematic mechanism for enhancing organizational efficiency through the production of person and team success (Armstrong, 2006). According to him, it is a way to achieve more outcomes from the organization, departments and people through recognizing and controlling success within an defined system of targeted targets, basic criteria for sand competency. A good human resource management should enable the organization to accomplish the objectives it needs. The effective utilization of employees ' abilities, experience and competencies in the enterprise will allow operational efficiency to be realized. Essentially, other literature often suggests that systematic human resource strategy has an effect on corporate efficiency. The report evaluated 30 companies, 16 of which are in the public industry and 14 are in the industrial sector.

## II. REVIEW OF LITERATURE

### *General overview on HRM*

Sustained competitive advantage is possible for a company is the way that takes advantage of an organization's human resources. A research-based approach to human resources focuses on human resources can be applied to various situations, issues, which provide evidence for the capability of resource use. To create sustainable competitive advantage, organizations, use unique resources and inimitable, and non-resettable (Amrutha & Geetha, 2020). As Anwar & Balcioglu, (2016), placed trust in simple imitations in governmental institutions but argues that new competitive models and techniques can be rapidly embraced by business organizations as well, as on the skills of employees, stating that both are necessary for business success. Theories where more decisions are on what to concentrate on are being

understanding the organizational goals, something akin to an organizing paradigm, a term in strategic management. Under this hypothesis, the causes and characteristics of the firm's long-level competitiveness will be considered more important than the external market factors and the competitors' short-behavior. The concept takes in all three aspects: Individual, organizational, and financial in addition to being material. According to Sadikova, (2020), an organization's contribution to the employee's productivity is not necessarily maximized because the workers are not exerting their full capacity (generating their optimal yield) offices, benefits for their employees and enable companies to bring in more hires who have more experience, expertise, skills, and capacities for employees (Yong et al. 2020).

As noted by Hameed & Anwar, (2018), has indicated that HRM's activities influence in the entire compensation and selection process as well as the HRM's capacity within an organization is related to the management functions of strategic HRM. Strategically, which indicates that human resources management practices include policies for dealing with those essential to these basic areas, such as the promotion of workforce engagement, evaluation, the application of knowledge, and capacity preparation, employee training, and retaining staff, along with the management of administration issues (Singh et al. 2020).

Furthermore, the study identified relevant to this unit by Anwar & Ghafoor, (2017), stated that creativity, markets, the ability to adapt technology, access to capital, and the existence of large-enhancing scale as important traits for today's highly competitive market success." HR management and human resources are crucial for a company's overall success, and are among the conditions that allow it to realize various advantages. Though, nations around the greatest obstacle to long-long-term one's financial growth and profitability is not yet being able to understand the skills of their skilled workforce, but on the opposite side, development-oriented business in several of these countries is only now still searching for the best HR practices to efficiently (Troth & Guest, 2020). Following on from the research conducted by Abdullah & Othman, (2016), it can be seen that organizational success is highly dependent on how well a company deals with its HR management practices. More to the recruiting practices are linked to results than that, according to Anwar, (2017), selective hiring practices have a positive effect on organizational performance. A study to find ways to improve the efficiency of an



organization's workforce would not only benefit the workers but also ensure that all of the organization's stakeholders are provided for. This author assumes that training practices, and overall results are interconnected. This author concludes that training practices, working together, are positively linked, and so people who complete training will result in improved work-

### III. OBJECTIVES OF THE STUDY

- To examine the influence of HRM Practices on Organizational Performance
- To test and validate the proposed research model

### IV. SUGGESTIONS

Human resources being the greatest asset of an organization considered that the employees' knowledge, skills, and abilities are utilized to create and deliver effective services rendered to the organization. Effective recruitment and selection attract the employees with suitable quality, develop the knowledge, skills, and abilities of employees by providing required training and development and retain employees within the organization with proper rewardings. Bassoon technologies needs to have an effective recruitment and selection policy to promote proper scientific selection of prospective employees. The organization should implement proper selection process as they have different preferences in the candidates. Candidates need to be selected based on requisite skills, knowledge, attitude and qualification using appropriate selection techniques. Besides, appropriate training program for both managerial and non-managerial staff should be implemented to continuous improvements. Moreover, a training and

development program should be implemented to enhance the abilities and capabilities of employees of Bassoon. Investing in the improvement of the knowledge and skills of employees would enable the Bassoon technologies to develop more productive and effective employees. Furthermore, performance appraisal should be guided by the performance management policy. Employee's performance should be assessed based on quantifiable standards and feedback be given to employees on their performance. The appraisal system should be explicitly described specific purpose of the appraisal. Organizations that clearly state the purpose for the appraisal reduce the confusion and ambiguity of the process. Unbiased and accurate evaluation and feedback require clear goals to be established. Performance-related reward system is significant in enhancing performance; hence the organization should implement motivate employees who achieve the set targets. Since HRMP have a significant impact on POP(Perceived Organisational Performance) , managers need to implement them in an integrated and coherent manner (Chen et al., 2009; Wickramasinghe and Gamage, 2011 [54] ). This study has an addition to earlier research efforts in understanding the relationship between HRMP and POP. The study provides new dimensions in the research of HRM by opening a debate on the importance of HRMP and POP. Statistically significant correlations and regression results were indicated that different HRMP, such as recruitment & selection, training & development, performance appraisal and reward management system is significantly related and make positive contributions towards perceived organizational performance.

### INTERPRETATION

Which factor increases productivity of the employee in your company?

PARAMETERS	No. of respondents	percentage
Individual targets	10	5%
Appraisal	51	27%
Incentives	61	32%
Flexible timings	70	36%
Total	192	100%

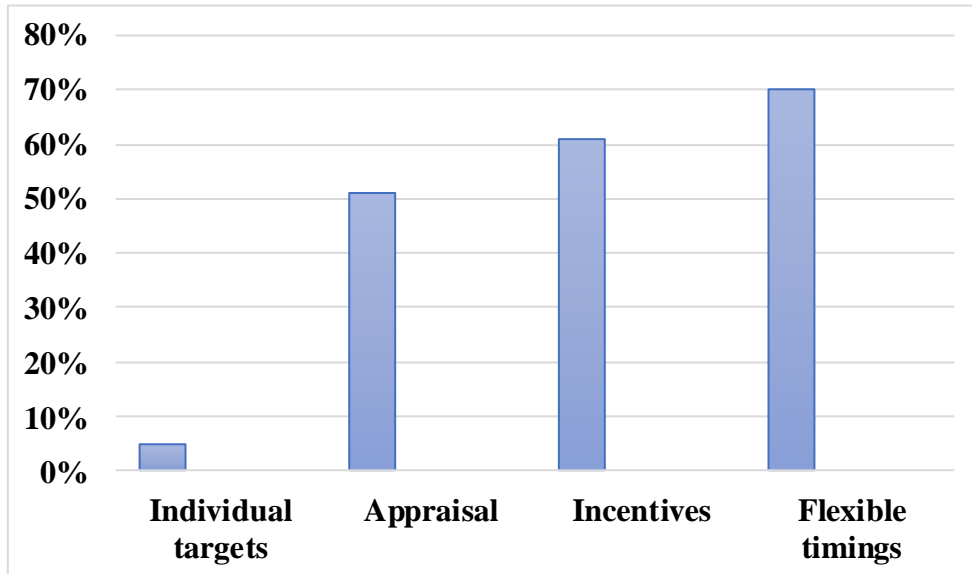
(Source: primary data)

### INTERPRETATION:

From the above table it is observed that out of 192 respondents, 36% of the respondents chose Flexible timings and 32% chose on Incentives and 27% chose Appraisal and 5% of the respondents chose Individual targets.



**Which factor increases productivity of the employee in your company?**



Which factor increases productivity of the employee in your company?

**Time-to-time on-the-job training or off-the job training raises productivity and quality from last few years?**

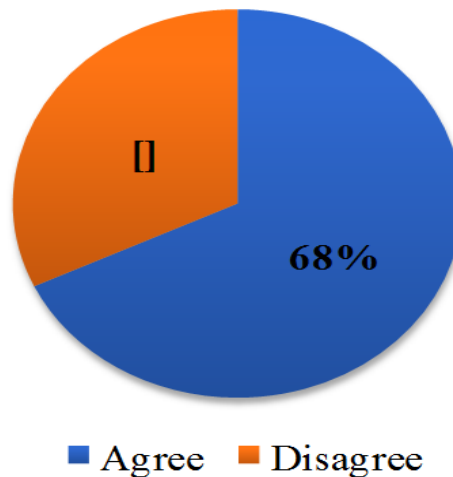
PARAMETERS	No. of respondents	percentage
Agree	131	68%
Disagree	61	32%
Total	192	100%

(Source: primary data)

**INTERPRETATION:**

From the above table it is observed that out of 192 respondents, 68% of the respondents chose Agree and 32% chose on Disagree.

**Time-to-time on-the-job training or off-the job training raises productivity and quality from last few years?**



**Time-to-time on-the-job training or off-the job training raises productivity and quality from last few years?**



### ANOVA TEST

#### Hypothesis:

Ho: There is no significant relationship between HR practices and organizational performance.

H1: There is significant relationship between HR practices and organizational performance.

#### ANOVA TEST

Significance value falls above 0.05 hence the null hypothesis is accepted, and alternative hypothesis is rejected.

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.466	1	.466	2.841	.095b
	Residual	16.563	101	.164		
	Total	17.029	102			
a. Dependent Variable: Are you satisfied with the organizational performance						
b. Predictors: (Constant), HR practices total						

The df value is calculated by taking the  $\sqrt{.164} = .405$ .

### CORRELATION ANALYSIS

**HYPOTHESIS 1:** There is a significant difference in the opinion about the risk's factors associated with Compensation Management on the selected factors.

#### CORRELATION ANALYSIS BETWEEN COMPENSATION MANAGEMENT AND RISK MANAGEMENT

CORRELATIONS			
		Compensation Management Factors	Risk Management Factors
Compensation Management Factors	Pearson Correlation	1	.383**
	Sig. (2-tailed)		0
	N	80	80
Risk Management Factors	Pearson Correlation	.383**	1
	Sig. (2-tailed)	0	
	N	80	80

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

There is a Positive correlation between Compensation Management Factors and Risk Management factors.

**HYPOTHESIS 2:** There is a significant difference in the opinion about the Human Resource factors associated with Compensation Management on the selected factors.

#### CORRELATION ANALYSIS BETWEEN COMPENSATION MANAGEMENT AND HUMAN RESOURCE MANAGEMENT

There is a Positive correlation between Compensation Management Factors and Human Resource Management

CORRELATIONS			
		Compensation Management Factors	Human Resource Management Factors
Compensation Management Factors	Pearson Correlation	1	.238*
	Sig. (2-tailed)		.034
	N	80	80
Human Resource Management Factors	Pearson Correlation	.238*	1
	Sig. (2-tailed)	.034	
	N	80	80

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

factors.



### CHI- SQUARE TEST

#### HYPOTHESIS I

**Null Hypothesis:** There is no significant difference between mean ranks towards HR Practices and Employee Competence.

#### CHI- SQUARE TEST TOWARDS HR PRACTICES AND EMPLOYEE COMPETENCE

Factors of HR Practices influencing employee competence	Mean Rank	Chi-Square Value	P value
Recruitment and Selection	3.27	88.602	.001**
Compensation	2.71		
Training and Development	3.29		
Performance Appraisal	2.59		

The table shows that training and development dimension in HR practices is ranked high (3.29) and performance appraisal is ranked the least (2.59). The Friedman test repeated measures analysis of variance by ranks. Respondents were asked to rank the factors of HR practices with rank 4 as least important and rank 1 as most important. The chi square value at 88.602 has a P value of .001 which is less than .01. The null hypothesis is rejected at 1% level of significance, since P value is less than 0.01

#### HYPOTHESIS II

**Null Hypothesis:** There is no significant difference between mean ranks toward HR Practices influencing organizational performance.

#### CHI- SQUARE TEST TOWARDS HR PRACTICES INFLUENCING ORGANIZATIONAL PERFORMANCE

HR practices factors	Mean Rank	Chi-Square Value	P value
Recruitment and Selection	2.12	182.634	.001**
Compensation	2.21		
Training and Development	2.58		
Performance Appraisal	3.09		

The table shows that performance appraisal construct in HR practices is ranked high (3.09) and recruitment and selection is ranked the least (2.12). The Friedman test repeated measures analysis of variance by ranks. Respondents were asked to rank the factors of HR practices with rank 1 as most important and rank 4 as least important and. The chi square value at 182.634 has a P value of .001 which is less than .01. The null hypothesis is rejected at 1% level of significance, since P value is less than 0.01.

### V. FINDINGS

- Majority 56% of the respondents are male.
- Majority 36% of the respondents chose flexible timings increases the productivity of the employee in the company.

- Majority 47% of the respondents strongly agree that everyone in being fairly rewarded as per his\her output
- Majority 52% of the respondents strongly agree that HRM practice can raise productivity as well as manage labour turnover
- Majority 52% of the respondents strongly disagree that HRM practices increase cost to the company rather than profitability.
- Majority 68% of the respondents agree that Time-to-time on-the-job training or off-the job training raises productivity and quality from last few years.
- Majority 68% of the respondents agree that Training is a motive to achieve more.
- Majority 47% of the respondents chose as per



requirement they inform their subordinates regarding their performance.

- Majority 52% of the respondents strongly agree that HRM practices develop and supports a self-managing and self-programming workforce.
- Majority 78% of the respondents strongly agree that Lesser the grievances greater will be the productivity

## VI. CONCLUSIONS

The overall process of the study has given more knowledge and helped to achieve the objective to identify the HR practices and the impact of HR practices on the organizational performance at the Bassoon Technologies Pvt Ltd. With the cooperation of the organization and the employees' feedback the impact of HR practices on organizational performance has been understood. With the usage of SPSS, the analysis has been made using frequencies calculating mean, media, mode, standard deviation and variance along with the percentage analysis has been conducted. For the hypothesis for estimating the relationship between a dependent variable and one or more independent variable null hypothesis has been identified proving. Hence the objective proved and achieved.

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