

Impact of HR Practices on Performance of the Employees

Ishita Maheshwari*

Student, Department of HR, Universal Business School, Mumbai, India

Abstract: Companies can improve their market performance via acquiring competitive advantage by applying proficient HR practices. The impactful HR practices contributes towards the success of the organization. The primary objective here is to evaluate the impact of HR (human resources) practices (selective recruitment, trainings, work life balance, compensation, job security and open communication) on the performance of the Indian employees. This research is evaluating the impact of top five HR practices components on the performance of employees considering the sample size of 100 Delhi based employees working in different sectors. The primary data accumulation to be done through self-administered questionnaire and analysis will be based on SPSS software. The results depict that training, compensation and work-life balance significantly contribute to the improvement in the employee performance in Indian firms, whereas other two components impact moderately. Positive perception of Indian employees towards the HR practices delivers positive results, favorable for the organization. Therefore, efficient management of HR can certainly improve the performance of Indian employees.

Keywords: Impact, Employee performance.

1. Introduction

Employees are the fundamental building blocks of an organization and their effective performance contributes to the sustained growth and success of the organization. Successful organizations have acknowledged that numerous factors contribute to the performance of the employees, yet HR practices are considered to be the most important one [6]. The implementation of HR practices is must to allure, retain and add value to the shareholders. Proficient HR practices is specially highly recommended for the companies operating in the developing economies like India. The primary motive of employing HR practices is to evaluate the employee's performance within an organization so that their performance can be increased to enhance the overall business performance through HR practices. The optimal use of HR practices serves to be the key source of attaining competitive advantages as it is competent enough to transform the resources into desired output. Competitors can copy several resources like technology, marketing aids, raw material etc., but human resources cannot be imitated. This makes them quite unique resource and hence reveal the significance of their effective management. This particular work aims to evaluate the impact of HR practices on the performance of Indian employees. This article presents the

literature review on the impact of HR practices on the performance of employees in the first section followed by research methodology. The data analysis is proposed with expected results of the research work in another section and the paper ends with the conclusive remarks and future scope.

2. Literature Review

In dynamic and competitive environment, the pioneers, management and other stakeholders are worried about how smoothly they can transform their costly inputs into productive output in terms of efficient services and delivery of products. This transformation relies on the proficient and impressive utilization of the human resources. Various eminent scholars have contributed to study the effective use of HR practices and how it can impact the performance of the employees within different industries [1]. Human Resource or so-called HR practices is the process in which employees are attracted, motivated, retained and groomed to safeguard the long-term survival of an organization. HR practices include the strategic activities of HR which serve the building block for the management of the company's employees.

The HR practices for an organization are designed and applied in way emphasizing that human capital is quite valuable and important contributor towards the goal accomplishments [7]. The right utilization of HR practices in a positive way impacts the commitment level of both employer and the employee [10]. Several HR practices like training & development, appraisals and compensations encourage the existing employees of the company to work more efficiently and dedicatedly to enhance the organizational performance [6]. Hassan in her research work examined the correlation amid human resource management practices and the performance of the employees in textile industry. To evaluate the relationship, a conceptual framework was designed that included various components of HR practices. The results of this work showed a significant correlation amid the HR practices and the employee's performance within organizations. To improve the performance, employees must be encouraged to take active participation in all the crucial decision-making processes of the organization. When the level of their performance increases, they also get influenced to change their perception towards the performance [5].

*Corresponding author: ishitamh@gmail.com

Another study conducted by Shaukat *et al.* comprehensively evaluated the connection between the organizational performance and the high-performance work practice's structure. The study revealed that HR practices impose economical and statistical impact on the performance of the employees. Organizations who wish and expect high growth of their businesses via increasing employee participation ought to focus on the employee's right selection, training and appraisals for policy development. The effective implementation of HR practices is important but to keep them reviewing is even more important for the sustained benefits [9]. Wang *et al.* critically reviewed employee perception of HR practices and found that impact of HR practices on the performance of employees by and large depends on how employees perceive or response to the HR practices. This implies that the impact shifts in the direction of employee's perception towards the HR practices. If the employees of an organization are positive towards the HR practices, the results obtained will be positive in terms of their performance and on the other side, if their perception is negative then the results achieved would also be negative [11].

Baloch *et al.* in their article measured the impact of few HR practices including 1) compensation 2) promotion and 3) performance evaluation HR practices on anticipated performance of the Pakistani employees. The study included the bakers hailing from both private and public sector. The study found a convincing correlation between these three HR practices and Pakistani employee's performance. The authors suggested that HR in banks should pay much attention to the implementation of these practices to certify the efficient performance of the bankers [2]. Butali and Njoroge emphasized that selective recruitment contributes to good organizational performance as selection of right employees enables the companies to hire employees who can add value. Selective employees fit for the job must only be hired as such exceptional employees can add most of the desired value to the growth and development of the business. The right and fair selection procedure must be adopted to bring in the talented people who are considered to be the key of achieving competitive advantage [3]. Another important HR practice *i.e.*, training impacts the performance of the employees by improving their skills and capabilities to allotted employee's tasks as well as development. When organizations invest in the employee training, employees feel motivated and work dedicatedly to add value to the organization. After the fair selection of the selected employees, it is essential to ensure that they act as frontrunners in their respective fields. Especially in the dynamic and technological advanced business era, learning acquired by employees has turned out the best possible way for the firms to stand innovative, grow faster and assure sustained competitive edge [3]. Another study analyzed the impact of work-life-balance HR practice on the employee retention and administration in IT sector. Every individual wants a balance between professional and personal life. Therefore, employees prefer staying with organizations with strong work-life practices. The findings of the study revealed that this practice is to be managed consistently by the HR practitioners in IT firms and work-life balance directly impacts the employee's

retention, thus improves the organizational performance inclusive of improved communal dealing procedures, cost saving, productivity and reduction of turnover [4]. Roopavathi and Kulothungan also agreed that work-life balance is the driving force that pushes the employees toward success. The study depicted that sounding working atmosphere including employer-employee relationship, job security and flexible working hours improves the productivity of the employees with improved efficiency and retention of employees [8].

3. Objectives of the Study

- To analyze the employee's perception regarding the implementation of HR practices.
- To evaluate the impact of HR practices (selective recruitment, trainings, work-life -balance, compensation, job security and open communication) on the performance of the Indian employees.

4. Conceptual Framework

Based on the reviewed literature it has been found that HRM practices impose compelling impact on the employee's productivity and performance. A theoretical framework is designed to intercept the impact considering five HR practices as independent variables and employee performance is dependent variable.

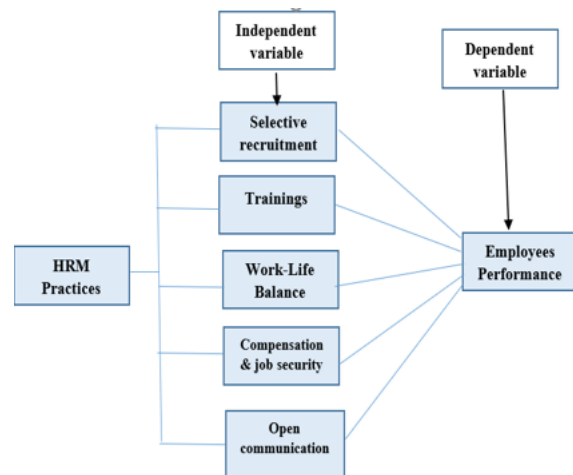


Fig. 1. Conceptual Framework (Schematic Diagram)

5. Research Methodology

The secondary data for this research work to be accumulated from previous published research articles, dissertations, books and internet sources. This paper is empirical research designed on the basis of the exploratory research to measure the impact of practices on the performance of Indian employees in Delhi. The sample size for the collection of primary data includes 100 employees from various sectors in Delhi based companies. The convenience sampling technique is proposed to be used for the election of the research participants. A self-piloted questionnaire will be used to measure the impact which is the main theme of the research work. Questionnaire will be designed based on Likert scale and will contain two sections,

the first one will gather the demographic data of the participant and second section will aim to collect the information regarding the impact of HR practices on the performance of employees. Total 150 questionnaires will be designed and distributed, out of which 100 complete questionnaires will be selected, rejecting the incomplete ones. Then data gathered through questionnaires will be tabulated and analyzed with aid of SPSS software to measure which practice impacts more on the performance and which one impacts least [9]. Considering the ethical issues, participants will be given an introductory document before the questionnaire to explain the purpose of the research work and how their inputs can prove to be valuable for the research work. The data collected will not be disclosed to anybody to maintain the confidentiality of data. Nobody will be forced to participate in the research work, rather volunteer participation would be the main target.

6. Data Analysis and Expected Results

HR has significantly evolved in the last few decades and is still continuing to do so. However, core HR competent practices have continued, outlining the practices for HR professionals during this evolution period. Many researchers in developed nations have contributed to find the relationship between the HR practices and the performance of the employees and the final outcomes portray significant relationship between the true irrespective of the type of industry and organization [5]. Efficient HR practices followed within organizations do impacts positively on the performance of its employees which further enhances the organizational performance. Moreover, perception of Indian employees regarding the HR practices affects their performance strongly. Some vital HR practices like training, compensation and job security and work-life-balance impacts more strongly on the performance of the Indian employees. When these HR practices are enforced into the organizational culture, they improve the morals of the employees making them feel valued & competent which pushes them to improve their productivity and justify their jobs. Work-life balance is considered to be one of the main elements of HR practices in modern day work organizations. When employees perceive imbalanced work-life balance, they respond negatively which should be the alarming sign for the organizational management to implement some effective work-life balance HR practices to improve the employee performance. The participants would agree that the companies can improve their overall performance simply by improving their work-life balance practices [8]. It would be highly recommended that Indian organizations must invest in on-hands training before the employee is assigned any specific job role. Extra efforts put in by the employees in support to the improvement of the

organizational performance must be compensated in any form like extra perks, overtime hour payments, family holiday packages etc. Compensation ought to be updated at regular intervals and it must be kept at par with specific sector. The leaders must encourage their employees to participate in all crucial decision-making processes and bring on innovative ideas on the table.

7. Conclusion and Scope for Future Research Work

The research work revealed that employee's positive perception towards the HR practices significantly contributes to the improvement in their performance within the organization and effective implementation of HR practices do impacts the performance of the Indian employees strongly. The future research work can be progressed categorizing the responses of the participants in different sectors and the sample size can be increased as it is limited in this research work. The study included only five HR practices, while others can also be utilized for future study to get clearer picture of the significant determinants of the performance of the employees.

References

- [1] Akhter, M., Siddique, N. & Alam, A., 2013. HRM Practices and its Impact on Employee Performance: A Study of the Cement Industry in Bangladesh. 2(2).
- [2] Baloch, Q., Ali, N., Kiani, T. & Ahsan, A., 2010. Relationship between HR Practices and Perceived Employees' Performance of Bankers in NWFP, Pakistan (An Empirical Evidence).
- [3] Butali, P. & Njoroge, D., 2020. Selective Hiring, Organizational Performance and Commitment. IOSR Journal of Business and Management (IOSR-JBM), 22(1), pp. 63-69.
- [4] Garg, P., 2018. Impact of Work-Life Balance Practices on Employees Retention and Organizational Performance – A Study on IT Industry.
- [5] Hassan, S., 2016. Impact of HRM Practices on Employee's Performance. International Journal of Academic Research in Accounting, Finance and Management Sciences, 6(1), pp. 15-22.
- [6] Muchhal, D., 2014. HR Practices and Job Performance. IOSR Journal of Humanities and Social Science (IOSR-JHSS), 19(4), pp. 55-61.
- [7] Obeidat, B., Tawalbeh, H., Masa'deh, R. & Akour, M., 2019. Reviewing the Literature among Human Resource Management (HRM) Practices, Total Quality Management (TQM) Practices and Competitive Advantages. Journal of Social Sciences (COES&RJ-JSS), 8(2), pp. 327-358.
- [8] Roopavathi, S. & Kulothungan, K., 2021. The Impact of Work Life Balance on Employee Performance. Journal of Interdisciplinary Cycle Research, 2(10).
- [9] Shaukat, H., Ashraf, N. & Ghafoor, S., 2015. Impact of Human Resource Management Practices on Employees Performance. Middle-East Journal of Scientific Research, 23(2), pp. 329-338.
- [10] Tabouli, E., Habtoor, N. & Sarigandang, M., 2016. The Impact of Human Resources Management on Employee Performance: Organizational Commitment Mediator Variable. 12(9).
- [11] Wang, Y., Kim, S., Rafferty, A. & Sanders, K., 2020. Employee perceptions of HR practices: A critical review and future directions. The International Journal of Human Resource Management, 31(1), pp. 128-173.