

**AN EMPIRICAL STUDY ON HUMAN RESOURCE
MANAGEMENT (HRM) PRACTICES ON EMPLOYEES
PERFORMANCE**

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ABSTRACT

The best practices in the management of human resources are the ones which optimize a workforce so that it can not only get more done, but also ensure a greater level of efficiency, timeliness and quality as it accomplishes increases productivity overall. The important areas in which the best human resources practices must be applied include the creation of viable and attractive benefits and compensation packages, managing the performance of employees, making sure that business practices and worker conditions stay well within the law, creating a positive, enjoyable work environment, talent recruitment and mapping out the best human resources strategy for the future. When browsing job listings, two of the first features that prospective talent looks for are the salary levels and the benefits packages. Hence the job of the best practices human resources firm is to make sure that these benefits and pay scales meet the company's budget while remaining attractive and competitive enough to pull in the very best talent possible. Make sure that these figures put the company in a good light while also presenting themselves as engaging and competitive for your company's recruitment efforts. Another important aspect of best practices when it comes to providing optimal human resources services is the accurate and productive evaluation and enhancement of performance among the employee base. Performance management is one of the key functions of a human resources department, and should be approached with any one of a number of the proven techniques of metrics and evaluation that strives toward best practices in the realm of performance management. Staying within the law is also another highly prominent aspect of human

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resources that comes into heavy play when discussing the best practices involved in keeping the workplace free of dangerous or contentious business practices. A few of the more well-known issues include discrimination – which can take a wide variety of forms – as well as disability insurance, unemployment insurance, social security networks and a wide variety of other laws and rules that must be adhered to. Not only do these best legal practices help to promote a company that is free of regulatory complications, but it also helps to promote trust between the business leadership and the employee base. The human resources strategies followed by modern organizations present significant differentiations in accordance with the firm's position in the market, its performance and its financial strength in general. As human resources is all about maintaining a positive and productive work environment, best practices helps to make sure that employees feel good about the company they work for. The relationship between the HR strategies and the firm's performance is an issue that has caused significant differentiations in the literature mostly because of the existence of many parameters that can influence the results produced through the examination of this problem in practice. Appropriate HR plans increases the organizational performance.

Key Words: *Training & Selection, Employee's Performance, Performances appraisal, Career planning, Compensation, HR Practices.*

Introduction

The best practices in the management of human resources are the ones which optimize a workforce so that it can not only get more done, but also ensure a greater level of efficiency, timeliness and quality as it accomplishes increases productivity overall. The important areas in which the best human resources practices must be applied include the creation of viable and attractive benefits and compensation packages, managing the performance of employees, making sure that business practices and worker conditions stay well within the law, creating a positive, enjoyable work environment, talent recruitment and mapping out the best human resources strategy for the future. When browsing job listings, two of the first features that prospective talent looks for are the salary levels and the benefits packages. Hence the job of the

best practices human resources firm is to make sure that these benefits and pay scales meet the company's budget while remaining attractive and competitive enough to pull in the very best talent possible. Make sure that these figures put the company in a good light while also presenting themselves as engaging and competitive for your company's recruitment efforts. Another important aspect of best practices when it comes to providing optimal human resources services is the accurate and productive evaluation and enhancement of performance among the employee base. Indeed, performance management is one of the key functions of a human resources department, and should be approached with any one of a number of the proven techniques of metrics and evaluation that strives toward best practices in the realm of performance management. Staying within the law is also another highly prominent aspect of human resources that comes into heavy play when discussing the best practices involved in keeping the workplace free of dangerous or contentious business practices. That's why a good human resources department will thoroughly lawsuit-proof the workplace by making it compliant with the vast number of state and federal regulations in place for companies today. A few of the more well-known issues include discrimination – which can take a wide variety of forms – as well as disability insurance, unemployment insurance, social security networks and a wide variety of other laws and rules that must be adhered to. Not only do these best legal practices help to promote a company that is free of regulatory complications, but it also helps to promote trust between the business leadership and the employee base. As human resources is all about maintaining a positive and productive work environment, best practices helps to make sure that employees feel good about the company they work for.

STATEMENT OF THE PROBLEM

The relationship between the HR strategies and the firm's performance is an issue that has caused significant differentiations in the literature mostly because of the existence of many parameters that can influence the results produced through the examination of this problem in practice. Moreover, because within a firm, the participants and the interests are many it is difficult to identify the role and the significance of each particular organizational element particularly when there is no specific corporate plan for such an investigation. The human resources strategies followed by modern organizations present significant differentiations in

accordance with the firm's position in the market, its performance and its financial strength in general. In the long term, the application of specific human resources strategies has been found to be related with the performance of the organization. Moreover, where appropriate HR plans have been applied, the organizational performance has been found to be increased.

REVIEW OF LITERATURE

Guest (2002) has argued that the Impact of HRM on performance depends upon worker's response to HRM practices, so the impact will move in direction of the perception of HRM practices by the employee. Wood (1999) and Guest (2002) has stressed that a competent, committed and highly involved work force is the one required for best implementation of business strategy. Huselid (1995) have found that the effectiveness of employees will depend on impact of HRM on behavior of the employees. Patterson et al (1997) while discussing impact of people management practices on business performance has argued that HR practices in selection and training influence performance by providing appropriate skills. Their research has found that HR practices have powerful impact on performance even if measured as productivity. Huselid (1995) stressed that by adopting best practices in selection, inflow of best quality of skill set will be inducted adding value to skills inventory of the organization. He also stressed on importance of training as complement of selection practices through which the organizational culture and employee behavior can be aligned to produce positive results. Cooke (2000) has included efficiency and effectiveness as ingredients of performance apart from competitiveness and productivity. S(he) further argued that training is the tool to develop knowledge and skills as means of increasing individual's performance (efficiency and effectiveness). Singh (2004), whose observations are more relevant in our cultural context, argues that compensation is a behavior aligning mechanism of employees with business strategy of the firm. Career planning is a tool that aligns strategy with future HR needs and encourages employee to strive for his personal development (William et al, 1996). By increasing employee participation, the firm will benefit from increase in productivity of the employee due to increased commitment of the employee. Financial participation schemes were more beneficial for the organizations than the associated cost (Summers &Hyman, 2005). Use of best HR practices shows a stronger association with firm's productivity in high growth

industry (Datta et al, 2003). This finding has significance in our case as we have shown that the telecom sector of Pakistan is a high growth industry. Wright et al (2003) have argued that an employee will exert discretionary effort if proper performance management system is in place and is supported by compensation system linked with the performance management system. Ichniowski (1995) while observing productivity of steel workers have found that complementary HR practice System effects workers performance. Majority of previous research has verified significant relationship between HR practices and Employee Outcomes (Sels, 2006) Collins (2005) in a research of similar nature targeting small business have found that effective HR practices impact employee outcomes significantly (employee outcomes used by them were different than ours).

RESEARCH OBJECTIVES

- ❖ To identify the relationship between Training & Selection on Employee's Performance.
- ❖ To identify the relationship between Performances appraisal & Employee's Performance.
- ❖ To identify the relationship between Career planning & Employee's Performance.
- ❖ To identify the relationship between Compensation & Employee's Performance.
- ❖ To identify the relationship between Job Definition & Employee's Performance.

METHODOLOGY:

A well structured questionnaire has been used to collect data. Disproportionate stratified random sampling method has been used in collection of primary data from different HR managers. To have an insight into the specific HR practices, personal interviews were also conducted. The data is analyzed on descriptive basis as well as inferential basis using the statistical software SPSS. The inferential analysis on sample is done by using statistical tools like Friedman's Two-Way ANOVA test.

Friedman Two way ANOVA Table

Friedman’s test for significant difference between mean ranks towards Employees Performance& HR practices.

Employees Performance & HR practices	Mean rank values	Chi-square value	Degrees of freedom	P-value
Training & Selection	2.34	127.258	4	0.000
Career planning	3.41			
Compensation	3.70			
Job Definition	1.92			
Performances appraisal	3.63			

(Source: Compiled from primary data)

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence it is inferred that there is significant difference between mean ranks towards Employees Performance & HR practices.

THE BEST HR PRACTICES THAT SUCCESSFUL COMPANIES PRACTICE

According to (Hasan 2009), Here are some of the best HR practices that help in the creation of a highly satisfied and motivated work force.

WORK ENVIRONMENT

A safe and happy workplace makes the employees feel good about being there. Each one is given importance and provided the security that gives them the motivation and incentive to stay. This is usually achieved through internal surveys to find out whether they are satisfied and if not what they think needs to be changed.

OPEN MANAGEMENT

Employees don't like the feeling of being kept in the dark about what is happening in the company. They feel motivated and develop enthusiasm only when the management opens up to them and discusses the company policies, sales, clients, contracts, goals and objectives. This encourages participative management. Asking them for ideas on how to improve will get their creative juices flowing. Being open about everything related to the company will help in building trust and motivating the employees. This open management policy can be practiced using several tools.

PERFORMANCE INCENTIVES

Every good performance is appreciated in the form of a pat on the back, bonuses or giving some other compensation for a job well done. Organizations that struggle to keep up with the attrition rate are mostly those that think employees are "just" doing their job. Even if it is the employee's job, completion in an appreciable manner calls for an incentive, and this goes a long way in boosting the staff morale. These incentives can be implemented at the individual as well as the team level and it has been seen that this works wonders in getting the best out of the employees. But it is important to keep in mind that these bonuses should not be given without a reason, unless it is a commitment for annual bonuses or some such thing. Doing so will only reduce the perceived value of the bonuses.

PERFORMANCE FEEDBACK

This is one of the methods that is being followed by many organizations. Feedback is not only taken from the boss, but also from other seniors and subordinates. Previously, appreciation was only sought from the immediate boss or the management, but now organizations understand the importance of collecting performance feedback from several quarters. The opinion of everyone matters, especially for someone who is in a leadership role at any level. Each person in the team is responsible for giving constructive feedback. This kind of system helps in identifying people

who can perform well as leaders at higher levels in the organization. Even the senior level managers can use this system to their advantage, as a tool to improve themselves.

EMPLOYEE EVALUATION

Every company has an employee evaluation system in place but a good system links individual performance to the goals and priorities of the organization. This works well when achievements are tracked over an year. For a fair review of each employee, the evaluation, apart from being done by the boss, should be done by another person at a higher level, for whom the employee's contribution is important. Ratings can also be obtained by other employees. This ensures a fair and accurate rating of each and every employee.

SHARING OF KNOWLEDGE

Knowledge sharing is a wonderful strategy that helps in the betterment of the employees and their work. Keep all the knowledgeable information in central databases that can be accessed by each and every employee. For example, if an employee is sent on some training, the knowledge that is acquired by that employee can be stored in these databases for others to learn from it. Even innovative ideas that the management deems fit for employees to see, can be stored here for all to see.

PUBLICIZE GOOD PERFORMANCES

Every company has some employees who outperform others. Such performances should be highlighted and displayed where other employees can look at them; such as on the display boards and intranet etc. This will encourage others to give their best. A proper system should be set up to make a list of high performances at specific times in a year.

DISCUSSIONS

Successful organizations nurture ideas and they understand that employees who are actually working and know the business can provide the best ideas. The management should have discussions with employees to get these ideas out of them. There can also be suggestion boxes to capture these ideas. Through this system, managers can find talented employees and develop them.

REWARDS

While recognition of talent is highly important, this recognition has to be made public and what better way than holding ceremonies and announcing to the whole world (the employees), the achievements of a fellow employee. There can be nothing better for an employee than the heady feeling from a resounding applause.

THE SURPRISE FACTOR

Who doesn't like a surprise? Surprise deserving employees – when they are least expecting it. It could be a gift certificate or a small reward of some sort. This surprise doesn't have to be limited to the best performers, but it can be randomly given to others as a motivating factor too. Anyone can be given this surprise reward.

Such healthy HR practices encourage the growth of the organization as employees after all play a major role in the well-being of a company. Making an employee feel like a million dollars pays in the form of the success of an organization.

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