

# Impact Of Human Resource Practices In An Organization On Its Employees' Performance

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## Chapter 1. Introduction

“Impact of Human Resource practices in an organization on its employees’ performance.”

### 1.1 Employee Performance:

Employee performance is the execution of tasks and activities assigned to employees as their jobs and the level of proficiency with which they perform those. Overall performance and attainment of an organization’s goals and objectives are directly related to the employees’ performance. Devotion and passion for work and efficiency in performing the tasks are building pillars for setting employees’ performance standards that are developed in accordance with the organizations’ goals and objectives. Employees, through various formal and informal tools, are trained and motivated to meet such standards of performance. However, performance varies from employee to employee depending upon a number of direct and indirect factors and the nature of work. In a call center, for instance, the performance of a customer service representative will be measured against the number of successful calls he or she makes weekly or monthly, implying that the performance of the worker will be assessed based on established standards by the company for successful calls.

### 1.2 Human Resource Practices:

It is significant to differentiate between HR practices and HR activities. HR activities, time-bound and objective in nature, are subsequent to HR practices that are directive and strategic. An example of such is the activity of training sessions for employees on a consistent basis subsequent to HR practice of designed training programs. HR professionals however, tend to incorporate both as a combined approach of HR practices and activities. HR practices are designed to achieve the goals of the company associated with human resource performance in an efficient, sound and legal manner that sets forth the associated HR activities. HR practices, thence, devise activities to train and utilize the human resources of an organization in such a way that can help attain the goals and objectives that for organization tends to strive for.

## 1.3 Human Resource Practices and Employee Performance:

Employees' selection, hiring, training, counseling, career development, growth and performance are general human resource practices of an organization. Through these practices, HR professionals tend to develop human capital devotion and loyalty to the organization and leadership skills that may take the reigns of management at prime levels in the future and work for the benefit of the business. The practice of motivational programs and well-designed training courses can help the development of such skills in employees and design systems for directing and assisting management in performance appraisals of employees. Paving and constructing the career development path for employees is also a human resources practices that enable employees to grow in their careers relevant to their job nature and field of work. An example of this is the designing of promotion programs that are aligned with the employee's career goals and ambitions. Human resource practices generate activities that take employees' working capabilities to competent and standardized levels of performance, resulting in the achievement of organizational objectives.

## 1.4 Background of Study:

Business today has entered an arena of economic progression with increasing competition among businesses and industries. Today's globalized nature of the business environment increasingly demands competent workforces that may prove as a competitive edge for the respective firm. Businesses are relentlessly coping with the enhanced international standardization of products and service delivery, ever-emerging new market trends, advanced business techniques, increased consumer quality consciousness and communication challenges. Practices in the public and private sectors are being executed with a strive to meet the goals and objectives of the organizations; much of the need is there to conduct thorough research on these that can give supportive material to the HR professionals in the development and implementation of practices more in accordance with the blended requirements of businesses and employees (Paré, G. and Tremblay, M., 2007).

The aim of the present study majorly is to investigate the impact of HR practices in the organization on the performance of its employees. Subsequent areas of research are to assess the extent of implementation of integrated HR system in the organization as in how far HR activities are incorporated in HR practices and vice versa. Simultaneously, the study attempts to investigate whether HR practices are solely responsible for the determination of varied employees' performance. To assess these problems and find the respective answers to the research questions for generating extended knowledge, survey questionnaires will be constructed and distributed among the employees. The study will require an approximate time period of two to three months for the collection of data and their analyses.

## 1.5 Problem Identifications

The current working environment in organizations tends to seek in-depth knowledge of factors that are important in the appraisal of employees' performance. Much of the work has been done in the education sector HR practices, whereas there is a great need for investigations in other spheres of services and businesses in the country. It is important to investigate if there are any other factors involved in the variation of employees' efficiency to work, devotion and loyalty towards the organization or if HR is the only associated aspect. Organizations striving for success need to adopt new emerging tools and techniques to bring the performance of employees up to the mark, for which they need to establish integrated HR practices designed to achieve organizational goals efficiently, legally and soundly. Not a bundle of research information is available on the aspect of the implementation of integrated HR practices in organizations.

In-depth studies are needed to enhance the existing knowledge in the area of HR practices and activities as factors of impact on employees' performance in the context of the globalized working environment. Employees' performance and capability of work are typically associated solely with HR practices. HR practices affect the performance of a diverse workforce; there is an increased need to investigate if there are any other factors overruling HR practices.

## 1.6 Problem Statement:

A human resource department is an indispensable and integral part of every organization these days. The major responsibility of HR practices is to ensure a qualified workforce for the organization with the highest possible productivity. However, the productivity level of employees is not always the same. Rather, it is highly varied. HR practices are devised to make the level of productivity at a desired point where the operations of the business can ensure the attainment of profit and other goals of the company. Qualified and motivated employees are the biggest contributors to the success of the business and if the workforce is demotivated and or poorly motivated, the company will have to face a higher turnover rate and higher cost. HR practices are supposed to retain employees and keep them motivated.

A number of studies have been conducted on the relationship between human resource practices and employees' performance; however, the level of impact of HR practices has scarcely been measured, and there is a greater need to assess how human resource practices impact each employee differently. Employees' performance and motivation level is not influenced by the HR practices only, a number of other factors are involved in the phenomenon (Becker & Gerhart, 1996). Traditionally, businesses believe that extrinsic rewards and money can only motivate the employees' performance to rise. Though the monetary rewards are truly motivators there are many other factors that cause the performance of employees to fluctuate (Amabile, 1993). The present study intends to investigate the level of impact that HR Practices have on performance of the employees in the firm. The researcher attempts to dig out if the level of human resource practices are the same for every

employee or not and to what extent the activities are integrated into HR practices. Moreover, a look into the implementation level of integrated human resource system in the firm, i.e., HR practices and associated activities, and see if human resource practices are the sole factor impacting on performance of employees.

## 1.7 Objectives of the study:

- A comprehensive assessment of the implementation of an integrated approach to HR practices and HR activities in a given organization.
- Assessment of varied employees' performance against respective HR practices
- A relationship study of human resource practices and employees' performance

## 1.8 Research Questions:

To what extent do HR practices in a given organization impact employees' performance, such as efficiency, meeting deadlines and accuracy?

If an integrated approach towards HR practices and activities is implemented in the organization.

HR practices are solely responsible for varied employees' performance levels or not.

# Chapter 2. Literature Review

Human resources are as significant to businesses as financial assets and technologies. Businesses are increasingly in demand of a diversified workforce as human capital to cope with the global business environment. The retention of employees in an organization is related to HR practices and activities such as a healthier working environment, career growth, incentives and rewards etc. (Porter, W., and Steers, M., 1973).

In 2006, Malik and Khan indicated that good performance was associated with on-the-job training programs and facilitates the individual workers as well and so is the hypothesized in the present study, "relationship between employees' performance and the On-job Training Programs". Olaniyan and Ojo (2008) found a positive and significant association between the employees' performance and training program design; the lack of well-designed training programs does not allow enhancement of employees' learning. HR practices of Planning and Monitoring are also found to affect the performance of employees. (Lai, R., 2011)

The association between workers' efficiency of doing tasks and activities at the workplace and an organization's HR practices has been attempted to investigate in research studies. A positive and direct relationship has been found between the performance of individuals and HR practices. A number of investigations have reported that HR practices such as facilitations provided to the

employees, promotion, compensation and practices of incentive schemes are prime influencers for the performance of workers individually. In 2008, Shazad, Bashir and Ramay hypothesized promotion practices, compensation practices, and performance evaluation practices as influencing variables for perceived performance. The researchers found a significant positive and direct association between promotion and compensation practices and employees' perceived performance, whereas the practice of performance evaluation was not found to be significantly correlated with the perceived performance of employees.

Organizations take their employees as an asset that is of strategic importance to the firms. A fully motivated workforce can prove to be a competitive edge for the business, realizing this the companies are investing more attention and resources to the development and training of workforce with strategic perspective ( Danish & Usman, 2010).

In 2009, Lew posited that the workforce has strategic importance and role in increasing the overall performance of the firm and defining its position in the market, the quality of its products and its reputation in the community (Chen et al., 2009). For the development of the workforce in an organization, human resource practices are vital (Paul & Anantharaman, 2003).

*"You can buy a person's hand, but you can't buy his heart,"* said Covey in 2013. According to Covey employee's heart lies with his enthusiasm; his back can be bought but not his brain, and the brain is where he has his creativity, resourcefulness and ingenuity (Covey, 2013).

The ultimate goal of human resource management practices is to achieve the enthusiasm of employees at work, and this has become supercritical in today's fast-paced and diversified business environment. The role of human resource management is to buy the hearts of the employees to achieve their enthusiasm, engagement, motivation and creativity in work-related activities (Covey, 2013).

Employees need to have good work and beyond work life, and there is a greater need to understand this desire of employees. Human resource management working on traditional patterns is not enough to critically assess and align the needs of the employees with the needs of the organizations. HR practices are required by businesses to enhance the commitment of employees (Du Plessis, 2006).

## Chapter 3. Methodology

### 3.1 Research Design

Research design is a plan of procedures that are involved in a study. It serves a number of purposes and objectives for the researcher. For instance, it suggests the researcher go through the necessary readings and make observations that can help to address the problem to be studied or investigated. It also indicates the technical tools to be used for the best analysis of the data collected. The dependent

and independent variables, as in quantitative research design, are defined in the research design document. A typical research plan or design incorporates the four major features for establishing the purpose of the study in a scientific manner: comparison, control, manipulation and ability to generalize the results of the study (Nachmias & Nachmias, 2000).

Each research problem and research question is unique in its purpose and nature, requiring a research design that can best address those. Following consideration are taken into account while developing or choosing between the research designs; firstly, the researcher needs to see what type of investigation is to be carried out, a number of research types are there to choose such as exploratory, experimental, quasi-experimental, survey, content analysis, literature studies and so on. Secondly, what is the purpose of the research and whom is it going to serve the information? Thirdly, what sort and amount of resources does the researcher have to execute the research? Fourthly, assess the validity required for the research because there are certain designs that offer external validity while others serve more internal validity.

Last but not least, ethical issues are to be taken into account that potentially can be encountered during the execution of research. The present study intends to investigate the level of impact that HR Practices have on performance of the employees in the firm. The researcher attempts to dig out if the level of human resource practices are the same for every employee or not and to what extent the activities are integrated into HR practices. Moreover, a look into the implementation level of integrated human resource system in the firm, i.e., HR practices and associated activities, and see if human resource practices are the sole factor impacting the performance of employees.

The Present study is designed as a survey research study to meet the nature and requirements of the present study, as in an investigation of the impact of HR practices on employees' performance. The investigation was determined through the following research question;

## 3.2 Major Research Question

Whether HR practices impact the performance of employees, and if yes, to what extent?

## 3.3 Hypothesis

### 3.3.1 Main Hypothesis

HR practices in an organization have a direct impact on employees' performance.

## 3.4 Sub Hypothesis:

1. In the sample organization, HR activities incorporate an integrated system.

2. For varied levels of employee performance, HR practices are solely responsible.

### 3.5 Factors:

#### 3.5.1 Independent Variables

1. Human Resource practices
2. Level of integration of HR practices

#### 3.5.2 Dependent Variables

Performance scale of employees

### 3.6 Key Concepts and Operational Definitions:

#### 3.6.1 Human Resource Practices

The researcher expresses HR practices as Training and development practice, promotion practice, working environment and compensation practice.

#### 3.6.2 Performance

Scale at performance evaluation in terms of efficiency, meeting deadlines, and attendance regularity.

### 3.7 Population

Employees of the selected organization.

### 3.8 Sample

Ideally, the researcher was interested in collecting data from a larger population, but due to time limitations, finally, a total sample size of 50 employees of the selected organization will be selected.

### 3.9 Sampling Method

To meet the requirements of this study, a stratified random method of sampling was adopted. To generate stratification, the population was specified into the following strata and subgroups.

### 3.10 Research Instrument:

Keeping in view the requirement of the study, a questionnaire comprising 30 questions will be constructed in English language to get primary data. Research Instrument

The development of the research instrument for the present investigation included the utilization of three scales of estimation for the inquiries.

An obvious estimation scale is empowering researchers to apportion the example into particular orders and get-togethers. A case for this is to isolate the respondents as per sex as in male and female respondents. Such division of respondents makes it simple to assign the cells with coding 1 and 2 serving the helpful and straightforward marking as classifications. That is dispensing reactions to classifications one and two expressly without covering any inborn esteem.

The classes are commonly comprehensive as well. That implies, as indicated by Theodore (2002) that there will be no extra or third class permitting the assignment of reactions ordinarily. Accordingly, there is no third arrangement into which respondents would regularly fall (Theodore, 2002). Subsequently, apparent levels of estimations characterize individuals or people into absolutely random and, all things considered, extensively isolated groupings. The utilization of a nominal scale in the present investigation will enable the researcher to separate the information in reactions from guys and female respondents. The survey contains just a single nominal scale question used as a piece of this audit for requesting the sex of the example subjects. Foreordained classifications of the decision in this inquiry portray the Gender (1) Female and (2) Male being referred to.

An ordinal scale is a level of estimation that empowers the marking of reactions to separate cells in view of positions. The utilization of ordinal scales in the present investigation will help evaluate the shoppers' discernments, assessments, and relative mentalities toward performance. Various four ordinal estimation questions have been incorporated into the survey.

The interim level of the estimation scale, in which there is an equivalent separation/interim natural for the estimation of reactions, and there is a flat-out zero, does not imply the absence of the question (Tracy, 2006). The interim scale of estimation joins the ordinal level and empowers the researcher to recognize the qualifications of the representatives. Three inquiries utilizing the interim scale level of estimation are incorporated into the poll to look for information on assortment, however much as could reasonably be expected.

Before gathering the undeniable information from the agent test a pilot-test was directed to ensure an unmistakable perception of the request. Pre-testing people will center around authorities' friends and family.

The techniques for examination in a research program are imperative all the while and the most critical component of a research design is choosing the agent test out of the populace under investigation. Testing is the procedure that makes the researchers choose a suitable part of the

populace to direct the examination generalizable the general populace (Larson, 2008). At the point when the research issue is recognized, and it is chosen what kind of information will be best, noting the research addresses the way toward examining comes in front. Besides the examination design (exploratory, expressive or causal) will be used, the scales and estimation have been resolved, and the survey arrangement has been closed after the pre-test.

Basically, inspecting is finished by one of the two examining systems that are described into likelihood test and non-likelihood method. Accommodation inspecting, portion examining, judgment testing, and snowball testing are fused in a non-likelihood system. Non-likelihood method of testing is a framework that will be simple and agreeable and intensely depends on investigative judgment. It doesn't use risk decision technique and is more suited for investigating an existing customer of a specific phenomenal thing (Isidro, 2004). Likelihood examining fuses basic arbitrary testing, stratified inspecting, orderly examining, and group examining and is a procedure that gives each person from the populace a settled shot of being illustrative. This methodology required a summary of the test edge of people to have the ability to be absolutely available before every person from the masses had an identical shot of being picked. The present examination has picked the likelihood inspecting method.

### 3.11 Data Collection

The questionnaires will be launched by personal visit to the selected organization. Secondary data, also called auxiliary data, was also used to develop a review of the literature and derive the research questions based on that review. Secondary information, generally speaking, is credible and starts at now gathered. No passageway is required to subject respondents or individuals from the test. Regularly there are four fundamental central focuses in using optional information. In the first place, quickly it can be gained, rather than social affair fundamental data that may require a while from beginning till wrapping up. It is sensibly modest, furthermore, when diverged from get-together essential data. In third place, it is advantageously open. What's more, fourthly, it enhances existing essential information. Since authority researchers use discretionary information, it does not infer that they won't assemble essential information. All things considered, for each situation moderately, the investigator's task of essential information amassing is upheld by first assembling optional information. An optional information request can adapt the investigation with the business, including its arrangements and advantage designs, genuine contenders, and the basic issues going up against the business. Also, optional information chase can perceive thoughts, information, and expressing that may be useful in coordinating the fundamental research.

### 3.12 Use of Computer Applications

Computer applications such as MS Word and Excel for the descriptions and analysis will be used.

## Conclusion

In-depth studies are needed to enhance the existing knowledge in the area of HR practices and activities as factors of impact on employees' performance in the context of the globalized working environment. Employees' performance and capability of work are typically associated solely with HR practices. HR practices affect the performance of a diverse workforce; there is an increased need to investigate if there are any other factors overruling HR practices. The association between workers' efficiency of doing tasks and activities at the workplace and an organization's HR practices has been attempted to investigate in research studies. A positive and direct relationship has been found between the performance of individuals and HR practices. A number of investigations have reported that HR practices such as facilitations provided to the employees, promotion, compensation and practices of incentive schemes are prime influencers for the performance of workers individually.

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