

# HRM Practices & Its Impact on the Employee Performance: A Study of Private Professional Institutions

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## **Abstract**

*This study focused on the effect that human resource management (HRM) practices have on employee performance. The study sought to establish the effect of recruitment & selection, training & development, compensation, performance appraisal, employee participation and leadership style on employee performance of private professional institutions of Jabalpur city. The research adopted the descriptive research design. The target population all staff of private professional institutions. Simple random sampling technique used for data collection. Data was collected from structured questionnaire with the help of likert scale. Statistical methods used for the data analysis. Correlation and regression analysis was done to establish the relationship between various HRM practices and employee performance. Data was presented in form of tables, charts and graphs. It was found that there was a significant relationship and impact of compensation, performance appraisal, training & development, recruitment & selection, employee participation and leadership style on employee performance of private professional institutions.*

**Keyword: HRM Practices, Employee Performance.**

## **Introduction**

In every organization five M's (i.e Man, Material, Machine, Method & Money) are basic resources for achieving its goals but human resource of the organization is very important than other resource because its competency to convert the other resources into output. In the current scenario knowledge organization where value is locked in the head of the work force, best human resources practice's only can ensure continued success of the organization. For the progression of the organization similarly as country the preparation part accept a dynamic employment in the made and making economies. The professional educational institutes are

expected to provide the multiskilled graduate to the national & international market. The institute should be attract & retain the excellent academic and non academic staff. Hence the institute requires best human resource management practices. The impact of the HR the administrators practices on specialist execution has been a by and large asked about area for an extensive time allotment.

### Literature Review

Employee's performance is depending on the willingness and also the openness of the employees themselves on doing their job. The majority found that there were several elements known to contribute both positively & negatively to performance. Employees are more than the most important asset, they play pivotal role in current operational performance and future competitive advantage. Employees spend their major part of their life in the organization within which they work. Employee's performance includes some factors, which either contributes positively or negatively to achieving maximum employee productivity. A widely accepted assumption is that better workplace environment motivates employees and produces better results. Most people spend fifty percent of their lives within indoor environments which greatly influence their mental status, actions, abilities and performance. The work environment can be said as the environment in which people work that include recruitment & selection, training & development, career development, compensation, performance appraisal, employee participation, leadership styles. It doesn't mean that all these are equally important for better working environment however each aspect is inter linked and influence on employees overall performance and productivity.

**Recruitment and Selection-** It is the route toward chasing down arranged laborers and empowering and asking them to apply for vocations in an affiliation (Edwin B. Flippo, 1980). A few associations like open area embrace incorporated enrollment while different associations resort to decentralized framework. There can be distinctive wellsprings of enrollment to be specific inward sources like opening, exchanges, advancements, resigned and conserved representatives, dependants and relatives of expired and crippled workers or it tends to be outer sources like instruction and preparing organizations, web crawlers, business trades and so on. Selection in truth goes before recruitment. Confirmation is the way toward choosing most appropriate people everything being proportional. It is the course toward sorting out the limits of contenders with occupation basics. As indicated by Dale Yodder (1972) Selection consolidates Test, Interview and Medical examination of the hopefuls. Referrals of hopefuls are in like way checked for anticipating their direct and execution.

**Training & Development-** Training is the route toward extending the data and capacities for finishing a particular work The reason for training is fundamentally to conquer any hindrance between occupation necessities and present skill of a representative. The training was to improve people's behavior and execution. There are specific types of training programs, such as Guidance Training, Professional Training, Safety Training, Promotional Training, Upgrade Training, Refresher Training, etc. Executive development is a precise procedure of learning and development by which administrative staff gain and apply information, abilities, attitudes and

bits of knowledge to deal with the work in their associations productively and viably. It is important for the administrative work force in order to adapt up to the size and unpredictability of association, mechanical changes. It is likewise important to perceive their social and open duties and so forth.

**Career Development-** It is most important aspect of human resource management. It is a deliberate process through which a person becomes aware of personal career related attributes and the life long series of stages that contribute to his career fulfillment. It is the process of finding those employees who could be groomed for higher level positions on the strength of their performance. It gives in a picture of who could succeed in case of any major developments leading to retirement, death, resignation of existing employees.

**Compensation-** Wages, salaries and other forms of employee compensation are a very large component of operating costs. No organization can expect to attract and retain qualified and motivated employees, unless they are paid fair compensation. The remuneration of the employee can be classified in two categories: basic or primary compensation and complementary compensation. The basic remuneration refers to the payment in the form of wages and salaries. It is a fixed payment and non-incentive. The supplementary remuneration consists of incentive and variable payments, on the basis of the individual output or output of the group asset.

**Performance Appraisal-** It is a significant element of information and control system in organizations. It can be put to several uses concerning the entire spectrum of human resource management functions. It provides an incentive to the employees to better their performance in a bid to improve their rating over others. Systematic appraisal of performance helps to develop confidence among employees. It will prevent grievances, if the employees are convinced to the impartial basis of the evaluation. It should be done on the basis of certain standards or criterion fixed in advance. The employees should also have the knowledge of the yardsticks to be used for evaluating them. It should be used primarily to develop employees as valuable resource.

**Employee Participation-** Employee participation in a system where employees and management share important information with each other and participate in decision making. Employee participation is necessary in the present organizational atmosphere. It creates the satisfaction among employees which in turn helps in increasing their moral. Without the co-operation of employees organizational output cannot be increased.

**Leadership Style-** It refers to the consistent behaviour pattern of a leader as perceived by people around him. Every leader develops a pattern in the way he handles his subordinates or followers in various situations. The leadership style is the result of the philosophy, personality and experience of the leader. Leadership style does change under different circumstances.

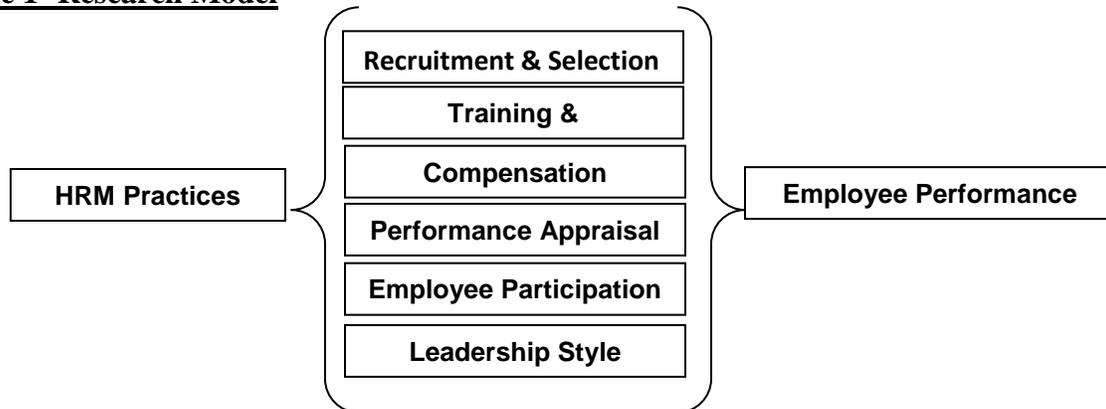
### Objective

The main objective of the study to determine the effect of Human Resource Management (HRM) practices on employee performance of private professional institutions of Jabalpur city, further the study has also focus on the relationship between HRM practices and employee performance.

## Research Framework

The Figure 1 shows the theoretical framework of this research study, has Six independent variables includes recruitment and selection, training and development, compensation, performance appraisal, employee participation, leadership style and one dependent variable (Employees' performance.)

**Figure 1- Research Model**



## Research Hypothesis

- H<sub>0</sub> There are no positively relationship between HRM practices and employee performance.  
 H<sub>1</sub> There are positively relationship between HRM practices and employee performance.

## Research Methodology

This is a survey based descriptive research study of both primary and secondary. The primary data will be collected with the help of structured questionnaire & used the 5 scale likert scale model for the data collection (1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5= Strongly Disagree). The secondary data will be collected from the various literature reviews. The target population of the study of private professional institutions employees of Jabalpur city.

## Data Collection

The data collected with the simple random sample technique. Out of 105 distributed questionnaire among the staff members of private professional institutions of Jabalpur city only 72 (68.57%) collected and used for analysis. The study has used the mathematical and statistical tools for analysis of data.

**Table-1 Demographical Profile of Employees**

Characteristics	Categories	Frequency	Percentage
Gender	Male	41	56.94
	Female	31	43.06
Qualification	Graduates	19	26.39
	Post Graduates	42	58.33
	Ph.D	11	15.28
Stream	Engineering	37	51.39
	Management	17	23.61
	Computer Application	11	15.28
	Others	7	9.72
Work Experience	Below 5	6	8.33
	6-10	32	44.44
	Above 10	34	47.22

Table 1 represents demographical variables of the respondent, were 56.94% of the respondent are male while 43.06% respondent were female. For qualification level 58.33% had a Post Graduate forming the highest number and the least was Ph.D 15.28%. The stream level 51.39% from Engineering and 9.72 % respondent from various courses. On the work experience majority of the respondent served in the organization for <10 years implying that they had good knowledge of HRM practices.

### Data Analysis

**Table2- Descriptive Analysis**

Questions	SA	SA%	A	A%	N	N%	D	D%	SD	SD%	N	Mean	St.Dev
Recruitment & Selection	35	49	12	17	10	14	7	10	8	11	72	2.18	1.4
Training & Development	33	46	15	21	9	13	7	10	8	11	72	2.19	1.4
Compensation	32	44	12	17	10	14	9	13	9	13	72	2.32	1.5
Performance Appraisal	32	44	14	19	12	17	5	7	9	13	72	2.24	1.4
Employee Participation	32	44	19	26	7	10	8	11	6	8	72	2.13	1.3
Leadership Style	31	43	18	25	12	17	6	8	5	7	72	2.11	1.3

Table 2 represents the descriptive analysis of the HRM practices and employee performance.

### Hyphothesis Testing

- H<sub>0</sub> There are no positively relationship between HRM practices and Employee Performance.
- H<sub>1</sub> There are positively relationship between Recruitment & Selection and Employee Performance.
- H<sub>2</sub> There are positively relationship between Training & Development and Employee Performance.
- H<sub>3</sub> There are positively relationship between Compensation and Employee Performance.
- H<sub>4</sub> There are positively relationship between Performance Appraisal and Employee Performance.
- H<sub>5</sub> There are positively relationship between Employee Participation and Employee Performance.
- H<sub>6</sub> There are positively relationship between Leadership Style and Employee Performance.

**Table- 3 Correlation Analysis**

Variables	Emp. Per.	R & S	T & D	Comp.	P A	E.P	L S
Emp. Per.	1						
R & S	0.744	1					
T & D	0.757	0.898	1				
Comp.	0.801	0.782	0.854	1			
P A	0.790	0.727	0.771	0.890	1		
E. P	0.659	0.722	0.778	0.818	0.769	1	
L S	0.625	0.640	0.588	0.728	0.655	0.547	1

\* Correlation is significant at 0.05 level (two tailed)

\*\*Correlation is significant at 0.01 level (two tailed)

**Table- 4 Summary of Hypothesis Result**

	Hyphothesis	Correlation	Result
H <sub>1</sub>	The Recruitment & Selection have a positive relationship between Employee Performance	0.744**	Supported
H <sub>2</sub>	The Training & Development have a positive relationship between Employee Performance	0.757**	Supported
H <sub>3</sub>	The Compensation have a positive relationship between Employee Performance	0.801**	Supported
H <sub>4</sub>	The Performance Appraisal have a positive relationship between Employee Performance	0.790**	Supported
H <sub>5</sub>	The Employee Participation have a positive relationship between Employee Performance	0.659**	Supported
H <sub>6</sub>	The Leadership Style have a positive relationship between Employee Performance	0.625**	Supported

\*\* Correlation is significant at 0.05 level (two tailed)

\*\*Correlation is significant at 0.01 level (two tailed)

Table 3 explains the correlation analysis and how variables are related to each other. The relationship of the entire human resource practices (recruitment & selection, training & development, compensation, performance appraisal, employee participation, leadership style) are positively related to employee performance. Pearson correlation was applied on the data to check the relationship between HRM practices and employee performance with Compensation ( $r=.801$ ), Performance Appraisal ( $r=.790$ ), Training & Development ( $r=.757$ ), Recruitment & Selection ( $r=.744$ ), Employee Participation ( $r=.659$ ), Leadership Style ( $r=.625$ ) show a positive relation relationship. The results indicates that all the variables are statistically significant at ( $p<0.05$ ).

Table 4 shows the summary of hypothesis.

**Table-5 Regression Analysis With R<sup>2</sup>**

Model	Multiple R	R <sup>2</sup>	Adjusted R Square	Standard Error of the Estimate
1	0.839	0.704	0.677	0.501

\* Predicators (Constant): Recruitment & Selection, Training & Development, Compensation, Performance Appraisal, Employee Participation, Leadership Style

**Table-6 ANOVA**

Model	SS	DF	MS	F	Sig.
Regression	38.735	6	6.455	25.767	0.000 <sup>a</sup>
Residual	16.285	65	0.250		
Total	55.020	71			

\* a) Dependent Variable- Employee Performance

\*b) Predicators (Constant): Recruitment & Selection, Training & Development, Compensation, Performance Appraisal, Employee Participation, and Leadership Style

Table 5 shows the multiple regression analysis and found that six factors of HRM practices (i.e. recruitment & selection, training & development, compensation, performance appraisal, employee participation, leadership style) together significantly predicted employees performance while in Table 6, the level of significance F-statistics (25.767) = 25.77%,  $P < 0.05$  with an ( $R^2 = 0.704$ ) means almost 70.4% employee performance explained by the all the HRM practices collectively.

## Discussion & Conclusion

The study explained a significant relationship between human resource management practices (i.e. recruitment & selection, training & development, compensation, performance appraisal, employee participation, leadership style) and employee performance. Employees are one of the critical strategic assets for nay organization. The successful and good effective implementation of human resource practices empowers the institute employees and improves their performance positively. Finally the study revealed that employee's performance can be increased by giving opportunity to employee for make effective decisions.

## Recommendations

The findings of the study that effective bundle of HRM practices can unveil black box exists between HRM practices and employee performance and lead to a more effective employee performance which in turn affects employee perception about performance. Management should value the contribution and ideas shared by employees and empower employees to maximize their individual talent in order to make effective decisions. All the human resource practices are plays an important role in increasing the employee performance so the organizations should revise their human resource policies by taking this above factors for achieving their goals.

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