

HRM Practices on Employee's Performance in Pharma industry With reference to Hyderabad

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Abstract : This study was conducted to determine the impact of HRM practices on employee's performance in pharmaceutical industry of India. Random sampling technique was used to collect data for this research study. A questionnaire based on 34 items was distributed among 68 employees of Pharma industry for data collection. To check the association between HRM practices and employee's performance, Pearson correlation statistical technique and regression analysis was applied on the data. The results indicate that HRM practices Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement have a positive impact on employee's performance. Hence, it is proved that independent variables contribute positively towards change in the dependent variable.

IndexTerms - Compensation, Career Planning, Performance Appraisal, Training, Employee Involvement, Employee performance.

I. INTRODUCTION

Many researchers conducted their researches to determine the relationship between Human Resource Management (HRM) practices and Employee Performance in developed countries but few studies have been conducted in developing countries like India. In India, Researchers mainly focused telecom sector, banking sector, public sector but Pharma industry of India required a great attention to determine the relationship between HRM practices and employee's performance. This study is conducted to evaluate the relationship between HRM practices and employees performance in the pharma industry in India. The most relevant HRM practices (training and development, performance appraisal, career planning system, employee participation, and compensation system) have been selected for the study. Correlation and Regression technique was used to analyze the data. This research provides information about the active practices of HRM in pharma sector and their impact on employee's performance. The results of this research will be helpful for HRM professionals of pharma industry to increase the performance of employees by implementing the HRM practices. This study will be helpful in optimizing the abilities of the employees and assigning the tasks accordingly. By implementing the HRM practices, organizations will be able to achieve its goals by making an effective and efficient workforce.

1.1 Research Questions

1. How Human Resource Management (HRM) practices affects Employee Performance?
2. What is the status of Human Resource Management (HRM) practices in pharmaceuticals sector?
3. What is the relationship between Human Resource Management (HRM) practices and Employee Performance?

1.2 Research Objectives

1. To determine the effect of Human Resource Management (HRM) practices on employee performance.
2. To determine the status of Human Resource Management (HRM) practices in pharmaceuticals sector.

3. To determine the relationship between Human Resource Management (HRM) practices and Employee's Performance

2. Literature review

2.1. HRM Practices

HRM practices are a process of attracting, motivating, and retaining employees to ensure the survival of the organization. They are designed and implemented in such a way that human capital plays a significant role in achieving the goals of the organization. The level of commitment between the employer and the employee is based on implementation of HRM practices in reaching the goals of an organization and have a positive impact in increasing the efficiency of the organization. The organizing function like recruitment, selection, compensation, training and development, performance appraisal encourage the employees to work better in order to increase the organizational performance. The practices selected for this study are based on its importance in relation to the industry selected for the analysis. The practices used in this study are listed and defined as follows:

2.2. Compensation

Compensation is everything that a company offers its employees in return for their talent and time. When organized the right way, compensation dollars can be strategically leveraged to reduce turnover, boost employee engagement and attract top talent. The purpose of compensation management is to make the most of company dollars in a way that rewards employees for their work. Objectives of compensation may be controlling cost, establishing fair and equitable pay structure, attracting and retaining competent human resources, improving motivation and morale, improving labor relation, improving the image of an organization and comply with the legal framework and policies of the organization. It is positive reinforcement. Compensation management enhances the company's reputation. When workers are satisfied with their monetary and intangible rewards, they attract better prospects for vacant positions, bringing new, fresh talent to the organization. A study conducted by Frye (2004) show positive relationship between compensation and organization performance. Frye (2004) reported that compensation strategies play an important role in recruiting and retaining skilled employees. Most of the firms used Performance-based compensation to reward employees (Collins and Clark, 2003). Performance-based compensation positively influences employee's performance (Brown et al., 2003).

2.3. Career Planning

Career planning and development is the continual process of managing your training, learning, leisure and work progress as you progress through life. It includes gaining and using skills and knowledge needed to make a plan and make informed decisions about training, education and work. It is an ongoing process. Engaged employees invest in career planning and development on their own in addition to any offered by an employer. Some employers do not offer planning and development so it is up to the individual to ensure growth needs are a priority. Career development is a win-win focusing on the employee's needs for growth along with providing benefits to the business. Individuals prefer to join those organizations where they get enough opportunities to pursue their career goals and exploit their potential fully (Gardener et al., 2011).

2.4. Training

Training is an important component of running an effective business. In order for employees to know how to operate technology, adhere to processes, and expand their knowledge on products or services – training is the primary driver in building these functional competencies for colleagues to succeed in his or her role. By providing formal learning opportunities you invest in the success of your business and show you are committed to developing your staff. Many employers think that offering training or development opportunities will be too expensive. They often turn a blind eye to the organizational and workplace

deficiencies that can often be fixed through training solutions. But the reality is they end up spending more money through turnover costs, decreased productivity, and low efficiency rates simply because they refuse to see training's return on investment potential. Despite the common excuses business leaders like to use as potential drawbacks (time away from work, budgetary restrictions, etc.), training and development provides both the company as a whole and the individual employee with benefits that make the cost and time a worthwhile investment. Here are just a few ways that implementing training and development for your organization can impact your bottom line:

Training programs play a significant role in achieving organizational goals (Dobson and Tosh, 1998). A desired change can be attained in employees performance by providing them proper training (Huselid, 1995).

2.5. Employee Involvement

Employee involvement is creating an environment in which employees are empowered to make their decisions and take actions relevant to their jobs. Employee involvement helps the organization in retaining its employees as it increases ownership and commitment and fosters an environment to make the employees motivated and contributing. Employee contribution influence employee's performance positively (Locke et al., 1997). Employee involvement increase job satisfaction, motivation and employees commitment as employees feel themselves more involved in the success of the organizational goals (Mullins and Peacock, 1991).

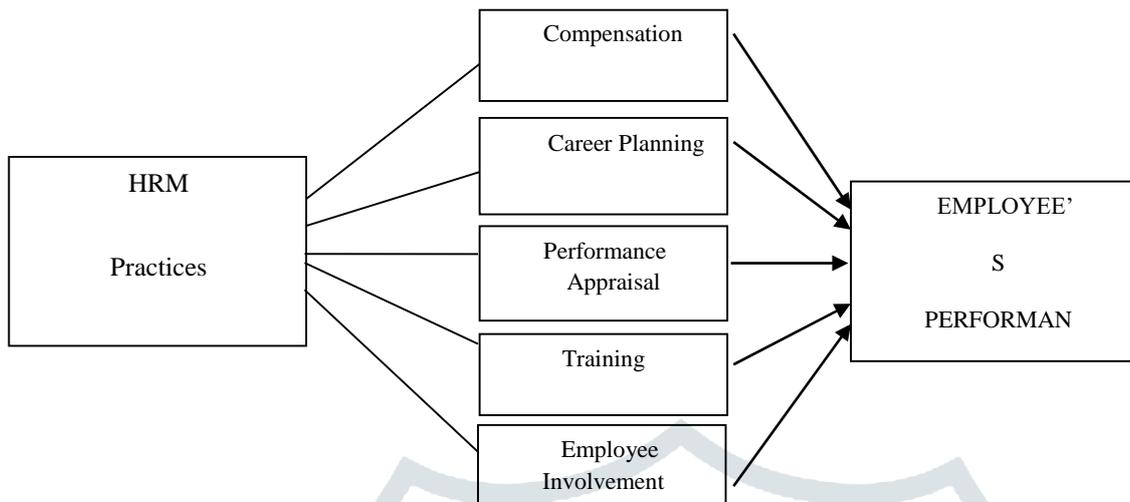
2.6. Performance Appraisal

Performance appraisal is a systematic evaluation of an employee's performance in his assigned tasks. The overriding purpose of performance appraisal is to increase motivation and employees self-esteem. Selset al. (2003) stated that performance evaluation increase the employee's productivity that in turn increases organizational performance. Performance appraisal enhances professional growth by pointing out the area of performance enhancement. Transparent performance evaluation motivates employees to work more in order to achieve the organizational objectives (Singh, 2004). Wan et al. (2002) reported that merit based performance appraisal increase employee's motivation and commitment that has a significant effect on organizational performance. The key to organization's success relates to the willingness of employees to play extra role (Ahmad and Schroeder, 2003). Satisfied employees lead towards reduced turnover and absenteeism.

2.7. HRM Practices and Employee's Performance

The systematic studies that linked HRM practices and performance were published by (Gerhart and Milkovich, 1992; Arthur 1994; Huselid in 1995; MacDuffie, 1995; Guest, 1997). Thereafter a large number of researches were conducted on different sectors of different countries. Most of the researches showed significant impact of HRM practices on employee's performance. Employee performance is directly linked with performance of the organization. The successful organizations consider the HRM practices as a crucial factor that directly affects the employee's performance. Boselie et al. (2005) stated that in 104 research studies, HRM was taken as a set of employee management practices. Delery and Doty (1996) described seven HRM practices that are relevant to overall organizational performance. Pfeffer (1994) argues that organizations must hire skilled and capable employees in order to be successful in today's global environment. Actual HR practices are applied by line managers on a daily basis that positively impact employee's perception about HRM practices applied to them (Purcell and Kinnie, 2007). The successful implementation or failure of HRM practices depends on the skills of the managers (Guest, 2011).

2.8 Research Framework



3. Research Methodology

3.1 Research Design

The research study was conducted to determine the impact of HRM practices on employee’s performance.

3.2 Data Collection Instruments and Sampling Techniques

Questionnaire designed on a 5-point Likert scales range from strongly disagree to strongly agree, was used to collect data from the employees working in different departments of textile sector. Questionnaire was divided in two parts: first part was comprised of data regarding HRM practices and employee’s performance and second part with demographic information of respondents. For this research study, Random sampling technique was used for the collection of data. Questionnaire was distributed among 68 targeted respondents to get the data required for conducting the analysis.

3.3 Data Analysis

A Pearson correlation and regression was conducted to determine the association between HRM practices and employee’s performance.

3.4 Results of the Study

Table 1. Correlation Analysis

Correlations							
Ave_C	Pearson Correlation	1	0.837"	0.857"	0.805"	0.827"	0.774"
	Sig(2 tailed)		0.000	0.000	0.000	0.000	0.000
	N	67	67	67	67	67	65
Ave_Cp	Pearson Correlation	0.835"	1	0.861"	0.883"	0.908"	0.758"

	Sig(2 tailed)	0.000		0.000	0.000	0.000	0.000
	N	67	68	68	68	68	66
Ave_PA	Pearson Correlation	0.854"	0.868"	1	.812"	0.871"	0.786"
	Sig(2 tailed)	0.000	0.000		0.000	0.000	0.000
	N	67	67	68	68	68	66
Ave_T	Pearson Correlation	0.875"	0.868"	1	0.813"	0.865"	0.785"
	Sig(2 tailed)	0.000	0.000	0.000		0.000	0.000
	N	67	67	68	68	68	66
Ave_EI	Pearson Correlation	0.827"	0.902"	0.869"	0.787"	1	0.871"
	Sig(2 tailed)	0.000	0.000	0.000	0.000		0.000
	N	67	67	69	68	68	66
Ave_EP	Pearson Correlation	0.776"	0.786"	0.785"	0.771"	0.856"	1
	Sig(2 tailed)	0.000	0.000	0.000	0.000	0.000	
	N	65	65	66	66	66	66

Pearson correlation was applied on the data to check the relationship between HRM practices. Pearson correlation for the Employee Performance with Compensation($r=.775$), Career Planning($r=.796$), Performance Appraisal($r=.790$), Training($r=.781$), and Employee Involvement($r=.876$) show a positive relationship. The results indicates that all the variables are statistically significant at ($p<.05$).

Table 2. Regression Analysis ANOVA

Anova ^b					
Model	Sum of Squares	df	Mean square	F	Sig
1. Regression	23.790	5	4.758	46.239	.000*
2. Residual	6.071	59	.103		
Total	29.862	64			
a. Predictors(⊕Constant),Ave_EI, Ave_T, Ave_PA, Ave_CP					
b. Dependent Variable: Ave_EP					

The ANOVA table shows significant value of the F statistic that is less than 0.05, which means that the model is significant statistically.

Table 3. Regression Analysis Model Summary

Model	R	R Square	Adjusted square	Std Error of estimate	Change Statistics				
					R Change	Squ	F change	df1	df2
1	0.893	0.797	0.779	0.32078	0.797	46.239	5	59	.000
a. Predictors (Constant),Ave_EI,Ave_T,Ave-PA,Ave_CP b. Dependent Variable Ave_EP.									

Coefficient of determination i.e. R² Value (0.797) indicates 79% variation in employee's performance is due to the proposed model. That means HRM practices Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement have a positive impact on employee's level of performance. Therefore it is proved that independent variables contribute positively towards change in the dependent variable.

4. Conclusions and Discussions

The study revealed a significant relationship between Human Resource Management (HRM) practices (Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement) and employee's performance. The study revealed that employee's performance can be increased by giving employees an opportunity to make effective decisions. Training and employee involvement play a positive role in increasing employee's performance. It is concluded that HRM practices can enhance the employee's level of performance which influence the perception of employees about performance.

4.1 Recommendations

It is clear from the findings that Human Resource Management (HRM) practices (Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement) has a positive role in increasing the employee's performance, so the organizations should implement these practices to achieve the desired goals. The organizations should utilize a variety of reward and recognition programs to drive behavior that promotes high performance. Organization conducts extensive training program for its employees relevant to the changing needs of jobs and business. Job performance should be considered an important factor to determine the compensation of employee's 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. Human Resource Management practices (Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement) play a crucial role in increasing employee performance so the organizations should revise their HR policies by keeping in view the above factors in order to attain the targeted goals.

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