

# A Study on Strategic Human Resource Management Practices on core Individual Performance in Organizations

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## ABSTRACT

Business organisations are facing the major challenges of employee's individual performances. A study on HRM practices at different levels have been an area of interest for researchers from its origin and also its applied vast in the organisations and innovative practices which is useful to retain the human resources strongly. In the present study, there is a change in terms of development in organisations. Hence this study was undertaken in organisations mainly to identify the influence of HR practices like HR planning on individual performance. Samples were collected using questionnaire from 500 employees to test the hypothesis. Chi Square test was applied using SPSS to find out the influence of independent variable on individual performance. It was found that there was a significant relationship and impact of HR planning on individual performance.

**Keywords:** Strategic Human resource management, Human resource planning, Individual Performance.

## INTRODUCTION

Strategic human resource management has developed rapidly in 1990s and makes a divergence between strategy and HR practices. Before it mentions strategic human resource management in relation to business strategy, human resource planning, and individual performance. According to the study managing HR practice and strategic human resource management supports permanent organizational goals and outcomes with a strategic framework. It undertakes stable resourcing issues within the framework of an organization's goals and the evolving quality of work, and informs at various

HR strategies, determining how they cover entire business strategy.

The study has focused the similarity between human resource practices and organizational objectives. According to (Guest 2003, Purcell 2004,) "previous research have emphasis on the relationship between human resource management and individual performance", and most of the global level research literature in this area marks human resource management are related to strategies in large organizations be it private or public sector. Some amount of research has produced results and findings to find out the facts in organizations under government sector in this period when this sector holds the tools of principles and practices of management in private sector.

Some worldwide analyses, including two recent Australian studies, have shown that the link between Strategic Human Resource Management theory and practice is still weak. "While progress has been made toward aligning HR and business plans, integrating all HRM processes, and merging HRM throughout organisations, HR managers must still establish their credibility and contribution to

the business,” states the research. by Tebbel (2000) and Kramar (2000).

Experts have contested the underlying ideas and practical applicability of major HRM models, and similar concerns have been raised about SHRM. As Guest (1997) and several other writers have also questioned managerial focus, strategic objectives, and the "reality" of HR practice for Strategic human resource practice.

Simultaneously, most business mission statements and annual reports frequently convey the same message. Recognizing and managing an organization's human resources is a critical aspect in gaining a competitive edge. It also elevates the organization's status and improves employee performance for professionals working in HR functional areas. The most critical factor in an organization's long-term success is placing the right person in the right job at the right moment. The acknowledgment of HR Management, on the other hand, provides new obstacles and a lot of position switching for those working in this industry. For example, HR functions attract expectations that just working with top management is not sufficient for HRM, due to the idea of highly centralized strategic roles. It must guide an organization's success through improved employee performance. Human capital in an organization can be a significant source of competitive advantage if people management policies and practices are developed and executed strategically, according to both business and academic experts. As stated by Beer, Spector, Lawrence, Quinn, Mills, & Walton, (1985), since both the corporate and academic worlds hold the notion that human resources are the source of competitive advantage.

“Human resource management is the process of planning, organising, directing, and controlling the acquisition, development, and control of human resources in order to achieve individual and societal goals.” Edwin b. Flippo. Human resource management (HRM) is defined as the aspect of management that deals with the planning, organising, directing, and managing of an organization's personnel functions. Human resource management (HRM) can be applied to the study of human religionists who set a significant importance on the human aspect. Lawrence Appley said, “Personnel administration is management.” Human Resource Management, as a theory, has developed as a strategic method to managing people, and this should always be evident as a conceptual understanding. HRM entails the use of a variety of tools to help a business achieve its strategic goals, and these tools must be integrated to do so. HR Planning and Individual Performance are the two most significant instruments.

In view of the findings, organizations must develop human resource policies and strategies that not only reflect their vision and principles but also seek to maintain agreeable relationships between management and employees, whether they are related to selection/recruitment, training and development, employee welfare, organisational culture, or overall performance management. Some human resource departments, on the other hand, appear to only develop policies that address current issues or requirements, Delery and Doty (1996); Jackson and Schuler (1995).

## **RESEARCH OBJECTIVE**

To identify the relationship between HR planning and individual performance.

## **LITERATURE REVIEW**

Experts have been working to identify if HRM methods have an impact on employee performance and thus on the performance of organisations, and they often analyse one of two views. The first is the systems view, which aims to investigate the effects of specific HRM practices such as training. The second is the strategic viewpoint. according to Bartel, (1994) and metadata according to Morishima, (1991). Delery and Doty, (1996) state "However, the discussion has now turned to a more integrated management approach, in which researchers look at how an organization's complete set of HRM practices might ultimately contribute to its competitive advantage." The preceding shift emphasizes the critical relevance of human capital in improving employee performance and gaining a competitive advantage.

Everything that specifically is meant by performance is a long-standing argument that is well-documented in the relevant literature. The issue for researchers in this discipline is defining the components and variables that can be employed in such an analysis. The definitions of performance measurement distinguish between employee activities, outputs, results, and efficiency. Berman, West & Wang (1999) conducted in investigating the use of performance measurement in human resource management, researchers conducted research in a few U.S. counties. "Performance assessment is extensively utilized, although many measures represent conventional concerns with compliance, but measures are also used to examine reforms in recruiting and compensation," according to their findings. This study also reveals that mission direction and broad support affect the usage of performance metrics in HRM, as well as technical ability to obtain such data, which is important from a public sector perspective". Lynn(1998) has highlighted some of the most important challenges at a macro level, particularly in the public sector, like what has been stated. by Purcell (2004), Guest, Michie, Conway & Sheehan (2003) in terms of human resource management and performance, as well as the process that connects HRM systems to organizational performance, there is still a lot to learn.

Vekeman et al. (2016). The study focuses their HRM research on Belgian primary schools. The authors combine a SHRM approach based on configurations, bundles, and resource-based view insights with theory on person-organization (PO) fit. The main focus is on teachers and mixed methods were applied using survey data from teachers and interview data from school principals. The findings show potential impact of SHRM aimed at teachers with a crucial role of school leaders. It is not just HRM that matters with respect to optimal person-organisation fit, but the vision, mission and enactment of school leaders as well. Schools are 'people businesses and human services organisations in which the human capital matters in a strong and intense relationship with the clients (the students).

Knies, E. & Leisink, P. L. M. (2014). Leadership behavior in public organisations: A study of supervisory support by police and medical center middle managers. It also shows how important leadership is in the successful enactment of HRM in public sector organisations. Research on HRM in education (including primary schools, secondary schools, and higher education) is still in its infancy and research.

Arthur (1994) investigated the impact of different approaches to HRM on the productivity in steel minimills in USA. The findings produced by this showed that the

mills with commitment systems had higher productivity, lower scrap rates, and lower employee turnover than those with control systems. In addition, human resources systems moderate the relationship between turnover and manufacturing performance.

Youngt, Snell, Dean, & Lepak (1996) in their early research explored the link between HRM and strategy and performance and the findings support a contingency approach to HRM. They did this by hypothesizing about a number of possible relationships between strategy and performance. This early research is useful in raising two issues, first concern about measurement and variables that might be used. Second, issues of whether a functional level study is better than a business or corporation level study are reconsidered. This research is similar to that of Hutchinson, Kinnie, & Purcell, (2001).

#### *HR Planning*

A company's overall focus is to enhance its financial performance or increased investments for its own stakeholders., Becker and Huselid (1998); Horngren, Foster and Datar (2000). However, the amount to which the organization's performance is achieved determines whether the organization's goals are met. Katou and Budhwar (2007). Effectiveness (whether an organisation can achieve its objectives), efficiency (whether an organisation uses resources effectively), employee and customer satisfaction, innovation, product or service quality, and the ability to maintain a unique human pool are all indicators of organisational performance. Delaney and Huselid (1996); Dyer & Reeves (1995); Guest (2001); Katou and Budhwar (2007). Originally, the HRM function was accountable for the administrative management of human resources, as well as cost control. SHRM partisans are opposed to this vision. They believe that human capital is a resource that must be invested in through the use of a set of strategic principles. These techniques help to attract, develop, and retain the skills that help a company function better.

#### *Individual performance*

Individual performance is usually defined as an employee's attitude that has a significant impact on the achievement of the organization's goals. Motowidlo (2003). Individual performance is defined as the normal value of what people do in organisations that is relevant to improving organisational effectiveness. According to the findings of this study, three indicators of individual performance that indicate organisational success are investigated. Task performance, contextual performance, and adaptable performance are the metrics used. Allworth & Hesketh (1999); Borman & Motowidlo (1993); Koopmans et al. (2012). Borman and Motowidlo (1993) Job performance is defined as the efficiency with which employees (job incumbents) carry out activities or attitudes that contribute to the achievement of the organization's technical core (objectives), either directly by carrying out a part of the technological process or indirectly by providing the necessary services or materials. When a firefighter performs a rescue operation, for example, he or she has completed a task. Borman and Motowidlo (1993); Borman & Motowidlo, (1997). Similarly, Borman and Motowidlo (1993) Contextual performance is defined as "individual behaviors that support the organization's, social, and psychological environment in which the technical core must operate." Employee behaviors that are not inside the required job description but yet support organisational effectiveness were referred to as contextual performance.

Philip J (2006) in his case study titled "HR Practices for Building Performance Excellence", revealed through

the comparative study of 20 leading organisations that recruitment system, effective communication, motivation, career management system are the pillars of any business and focus on these enhance the performance of employees.

Satish P Deshpande, Damodar Y Golhar (1994) in their article titled "HRM Practices in Large and Small Manufacturing Firms: A comparative Study" revealed that to develop a workforce a firm has to implement an appropriate human resource management practices but in practice, other functional areas such as finance, production and marketing usually get preference over personnel management.

Vijila Kennedy (2007) in her research paper titled "Do HR Practices Differ among the Categories of Indian Commercial Banks?" highlighted that HR Practices are significantly and positively correlated with one another. It would result in better performance appraisal and performance counseling since the employees are aware of expectations and demands from their roles. There is a strong relationship between role development and training because any employee would develop in the role through appropriate training.

#### **DATA COLLECTION METHOD**

The data collected was both primary and secondary data. The primary data were collected through questionnaires.

#### **QUESTIONNAIRE**

Questionnaire is an effective tool for data collection. Considering the research aimed to discover intensely held attitudes and perceptions, few of which may be sensitive in nature, the anonymous description of the questionnaire allows respondents to express their attitudes and perceptions openly.

#### **POPULATION**

The target population was organisation's employees. Three sector organisations were selected for the research.

#### **SAMPLE SELECTION AND SAMPLE SIZE**

Kerlinger (1986) mentions that sampling is opting any part of a target population as a representative of that universe. Non probability convenience sampling method was used to select the data for proposed research work. In the present study, total 500 employees were selected. Keeping in view the constraints of time, cost, geographical accessibility and convenience of the survey, a feasible sample of size of 500 employees was taken from each of the three selected organisations. The sample selection details are shown in the table as under:

#### **DATA ANALYSIS AND INTERPRETATIONS**

1. It can be seen from the figure 1.1, which over 75% of the respondents agreed that the recruitment and selection process in their organisation were impartial.

2. Figure 1.2, responses once again confirmed that a majority over 55% of the employees perceive the selection process to be free of favouritism.
3. From the figure 1.3, almost 60% of the respondents feel that their organisation provides them training opportunities to extend their range of skills and abilities.
4. Employees are probably not very sure about their employer. While 38% agreed, 27% disagree and over 34% were unsure. Thus, no generalization can be made about this statement. The result is depicted in figure 1.4
5. It is observed from the figure 1.5, that over 67% respondents agreed that the customer clients and superiors are satisfied with their performance.
6. It can be seen from the above figure 1.6 that over 68% respondents
7. agreed to contribute more than their share of work.
8. In the figure 1.7, over 60% of the respondents said that they are fairly recognised for their work by their organisation.
9. The figure 1.8 indicates that over 75% of the
10. respondents agreed that they work towards the end results of their work.

### **HYPOTHESIS TESTING**

**H1:** There is a significant relationship between HR planning and individual performance. In the table 1.1 the relationship between HR planning and individual performance was assessed. Chi square test is applied, and the chi square value equals 789.432, with degree of freedom 144. The two tailed P value is less than 0.0001. Since this difference is considered to be extremely statistically significant, it is observed that HR planning

have a high impact on individual performance in the organization.

### **DISCUSSION AND CONCLUSION**

This study was undertaken with the basic objective of identifying the impact of HR practices on Individual performance at organisations. The research has attempted to explore the relationship between HR Planning and individual performance.

An extensive review of literature for the study covered research works in related areas. Three organisations were selected for the study. 500 employees of these selected organisations were surveyed for the purpose of the study. Two key parameters of strategic human resource management practices were observed in the study. Based on the following empirical findings the following conclusions can be drawn:

- 1) Recruitment and selection processes in the organizations under study are perceived to be impartial and free of favoritism.
- 2) Training opportunities are provided to employees to extend the range of their skills and abilities and most of the employees seem to be satisfied with the same.
- 3) Most of the employees feel that they contribute more than their share of work.
- 4) Overall, the employees seem happy with the recognition of their work by their organization.

5) Most of the employees work for the end results.

The inter organisational differences were also analysed and it can be concluded that the responses of one organization's employees are more positive compared to the other two organizations. One reason for this could be that their sample size was small; another reason could be that most of this sample was office-based employees rather than field-based and yet another reason could be that their responses were very casual.

The present training needs must be extended beyond the orientation training. Employees should be given right kind of training at right intervals, satisfactory enough to improve their ability and efficiency. Before implementing training programmes it is important to identify the training needs by a systematic study. It will help to analyse the present status of their knowledge and skills. Training also reduces stress and increases productivity besides improving attitude. An individual performance assessment system helps in identifying people who can perform well. Employee evaluation system links individual performance to the goals and objectives of the organisation and promotes good performance of the employees.

**LIMITATIONS AND FUTURE STUDY:**

With the aim of improving performance to higher levels and hence increase the employee's effectiveness, it should emphasize successful implementation of SHRM practices. The present study considers only six strategic human resource management practices, i.e., (HR planning and individual performance) however further studies can be conducted on other strategic HRM practices. Thus, future studies can be conducted considering a larger sample and other organisations or sectors as the current study has been conducted on three public sector organisations.

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**APPENDIX**

**FIGURES AND TABLES**

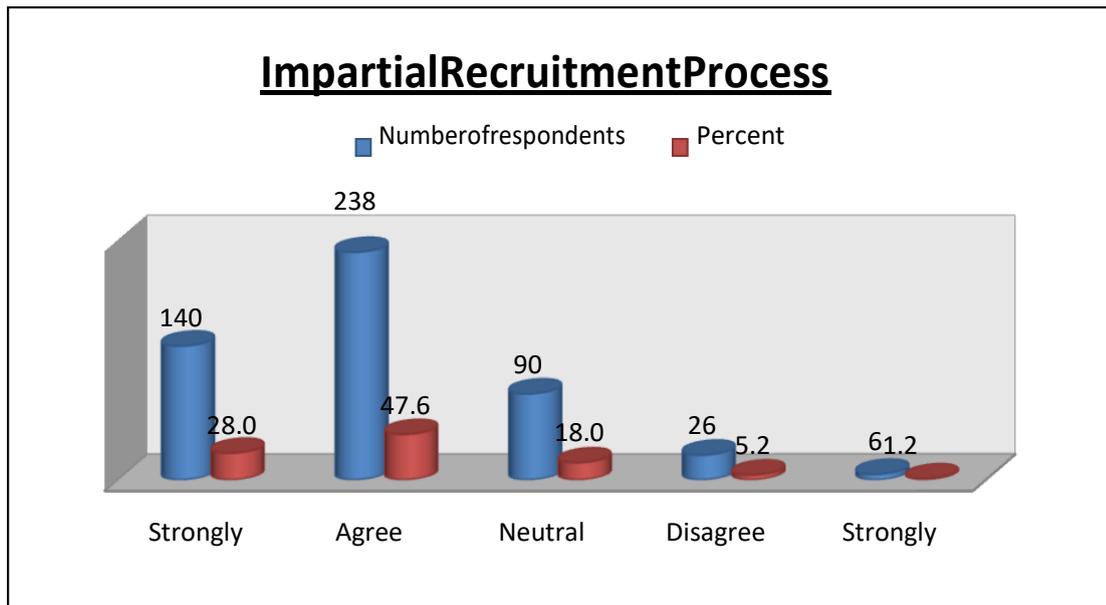


FIGURE 1.1

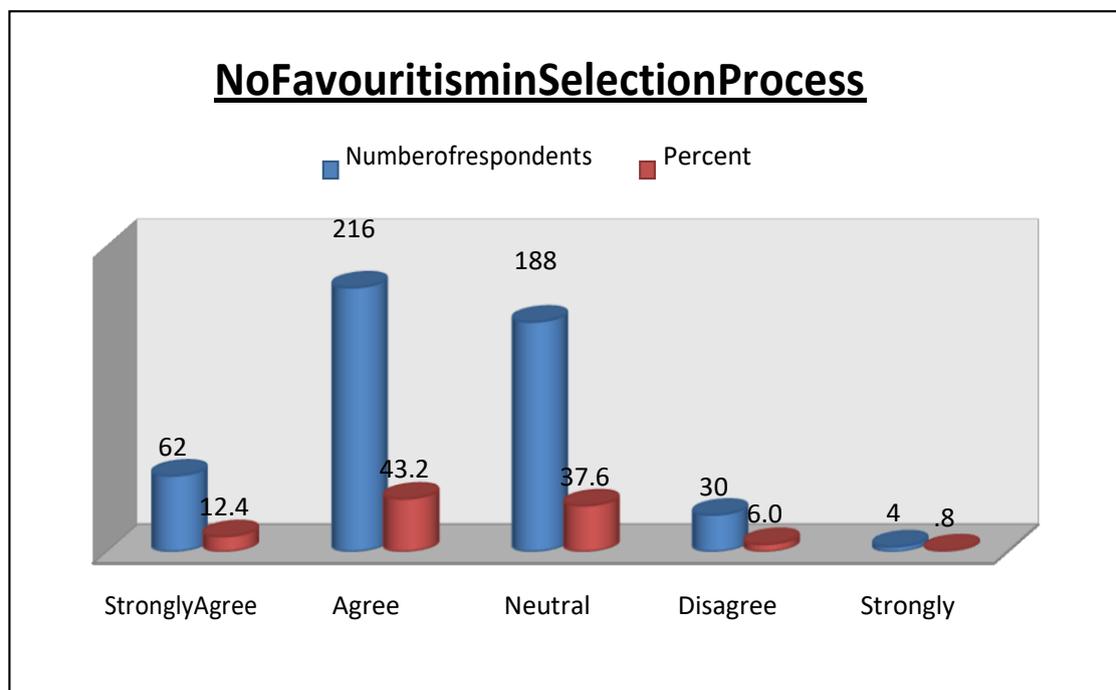


FIGURE1.2

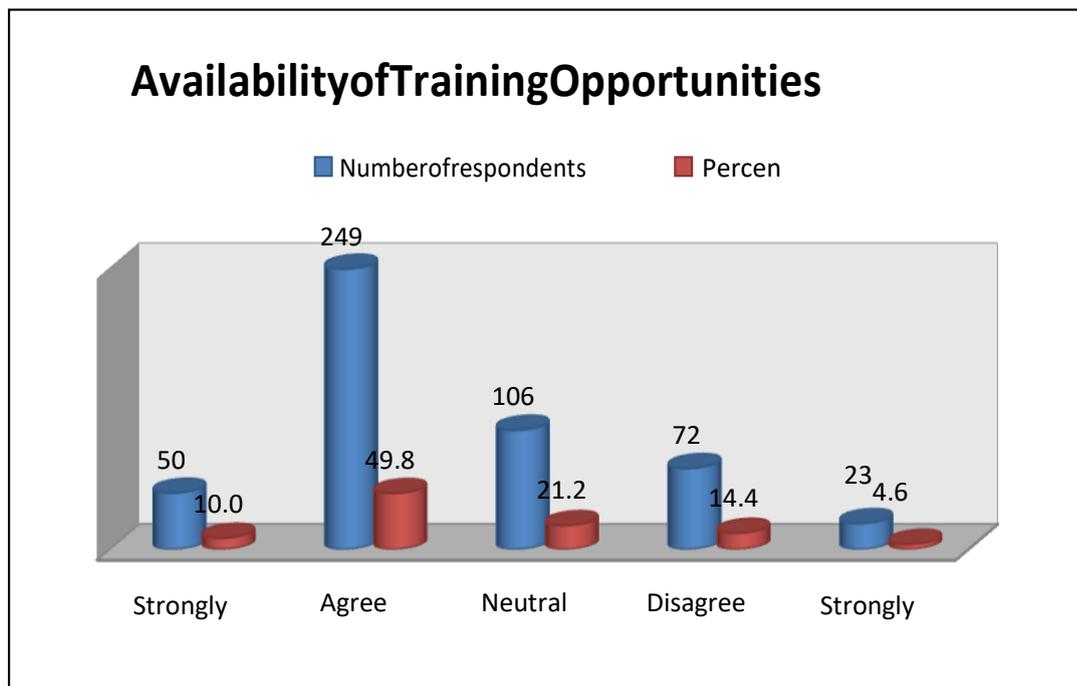


FIGURE1.3

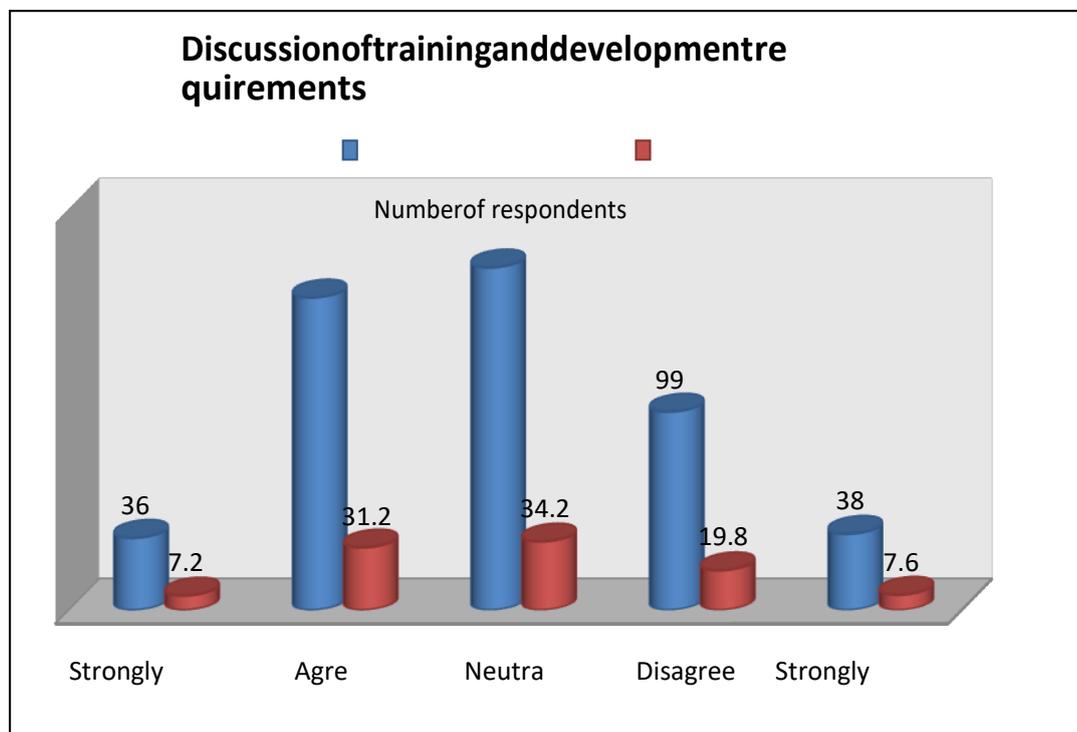


FIGURE1.4

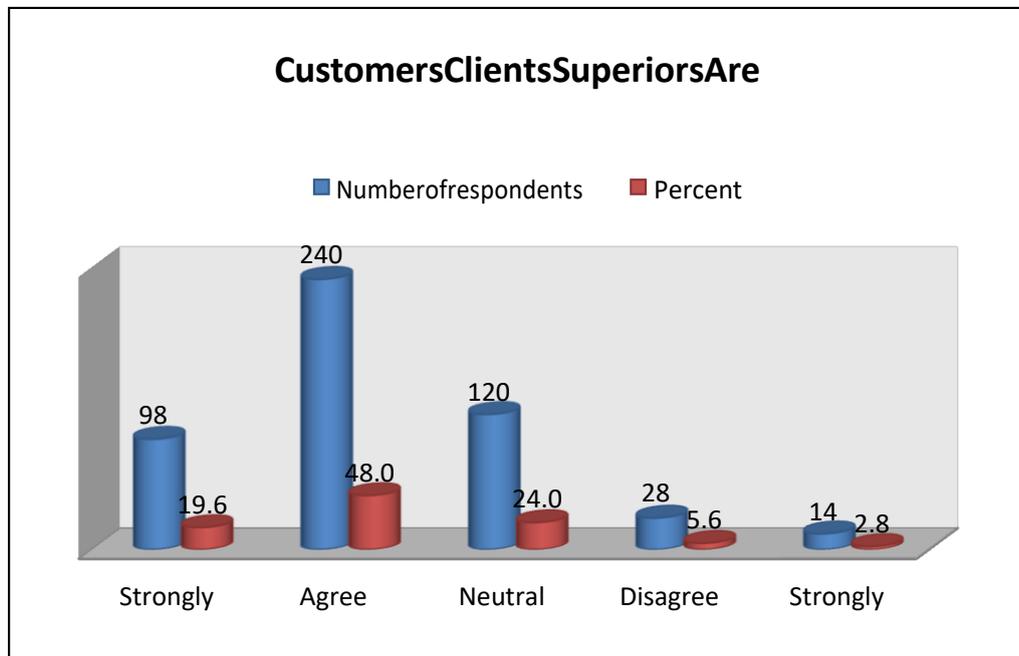
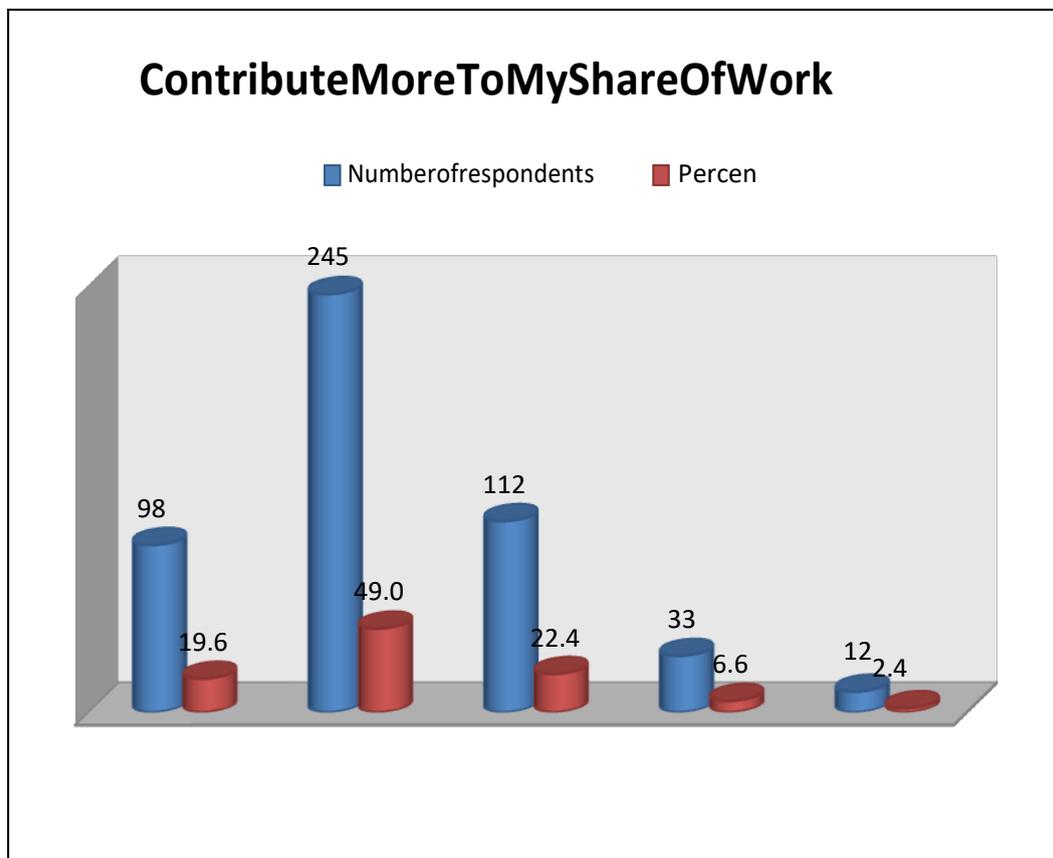


FIGURE1.5



Strongly Agree      Agree      Neutral      Disagree      Strongly Disagree

FIGURE1.6

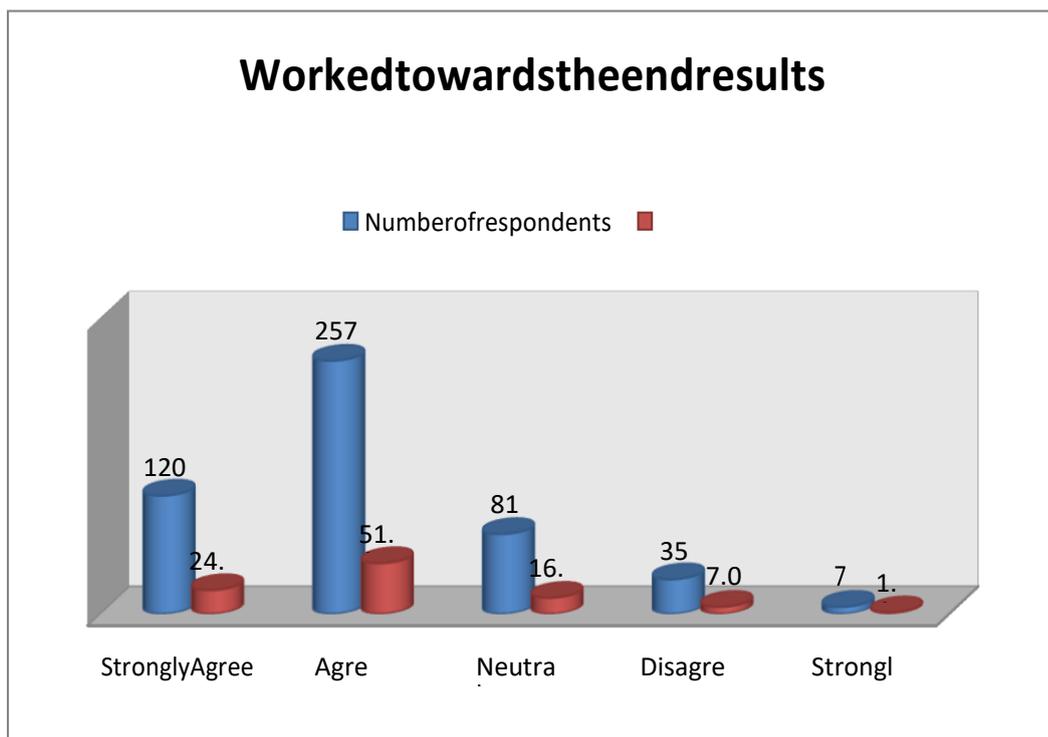
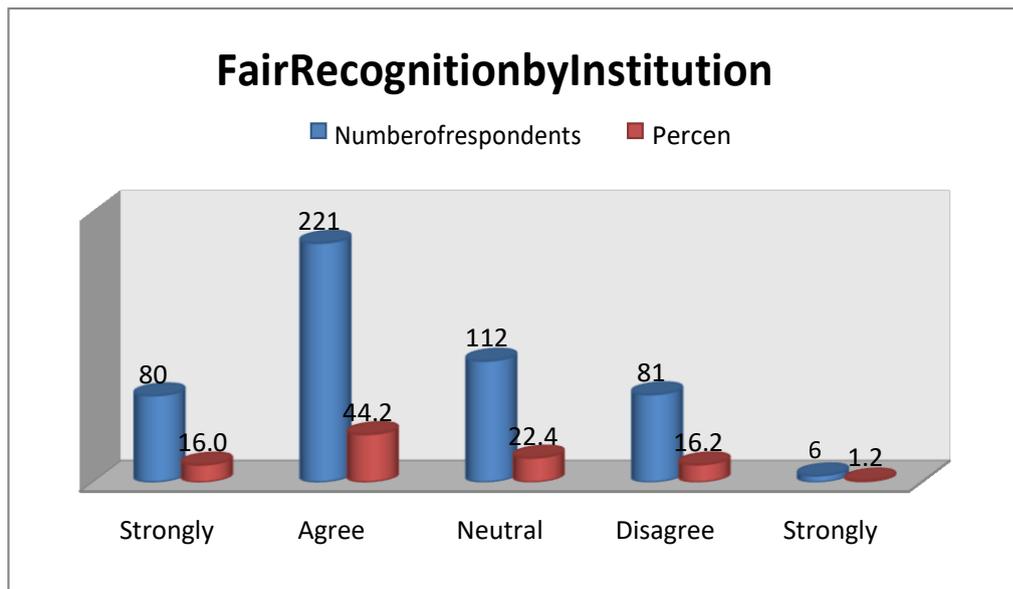


FIGURE1.7

FIGURE 1.8

TABLE 1.1

<b>Chi-Square Tests</b>			
	<b>Value</b>	<b>df</b>	<b>Asymp. Sig. (2-sided)</b>
<b>Pearson Chi-Square</b>	789.432	144	.000
<b>Likelihood Ratio</b>	408.031	144	.000
<b>Linear-by-Linear Association</b>	147.182	1	.000
<b>N of Valid Cases</b>	500		
<b>138 cells (81.7%) have expected count less than 5. The minimum expected count is .03.</b>			