

# **A STUDY OF THE FACTORS INFLUENCING HRM PRACTICES IN MANUFACTURING INDUSTRIES IN PUNE CITY**

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**Abstract:** In the present situation, the workplace is experiencing a very dynamic environment, posing challenges for business organisation. Human Resource today is the most essential asset which can leverage business firm's capabilities and help achieve organisational objectives. To adapt up to the changing environment, businesses require a strong HRM framework. From the vast literature available it was found that HRM practices are influenced different factors in the environment. This paper is an endeavour to study the factors that impact HRM practices in manufacturing firms in Hadapsar Industrial Estate, Pune. The findings of the same are discussed.

**Key Words:** Environmental factors, internal and External environment, impact on HRM.

## **Introduction:**

As the world is becoming more competitive and unstable than ever before, manufacturing-based industries are seeking to gain competitive advantage at all cost and are turning to more innovative sources through HRM practices HRM practices have been defined in several aspects. HRM practices is a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members HRM practices are a set of practices used by organization to manage human resources through facilitating the development of competencies that are firm specific, produce complex social relation and generate organization knowledge to sustain competitive advantage. Against this backdrop, we concluded that HRM practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization. Among the main approaches to develop HRM: universal or best practice approach, strategic HRM practices approach; contingency approach; and configuration approach, previous studies revealed that HRM practices, which were related to organizational innovation, mainly focused on universal or best practice approach. A review of the literature demonstrates five common practices that have been consistently associated with innovation, encompassing performance appraisal, career management, reward system, training, and recruitment.

## **Objective of the study:**

1. To study the External and Internal elements influencing HRM Practices in manufacturing industries.
2. To study the relationship of HRM practices with External and inner environmental Elements.

## Significance of the Study

This review will help organisations and HR to comprehend the environmental elements that affect the HRM practices while planning their arrangements for HR. This study may provide insights into the relationship between Environmental Factors And HRM practices.

**EXTERNAL FACTORS:** External components influencing HR practices are those weights on associations that can't be controlled and changed according to association requirements for adjusting in Human resource administration field is vital to have a nearby look on outer variables as these affect the HR practices of the association. To stay away from HR blazed HR must make certain that they giving careful consideration to external influences. So well-developed strategy for human resources should takes into considers external factors because there is a good chance that these external factors affects the organisation work

- 1. Economic Environment:** These are those forces which have a bearing on the organisation. These are those factors that have a bearing on economic activity. General economic conditions, economic policies, and various factors of production have a bearing on the organisation. Factors such as Population and workforce, workforce market condition, national income and inflationary pressures have an impact on the working of the organisation.
- 2. Technological Changes:** With the advancement in technology there has been a paradigm shift in the way businesses are run. Development in science and technology will help the business organizations grow. Technological advancements in business functions might enhance the image of firms and result in increased revenue generation. Furthermore, changes in technology can help improve the implementation of human resource functions such as selection, recruitment, educating, training, performance appraisal, determining wages and salaries. Thus making the HR function more efficient.
- 3. Legal Environment: The HRM function is highly impacted by the legal environmental factors of a country.** Legal environment consists of the various laws framed by governments, both at the centre and at state Level. The HR Departments have to comply with the laws of the land. These laws are formulated to ensure that there is no discrimination among employees on the basis of sex, caste, religion or place of origin. These laws also regulate employee remuneration, safety, working conditions and industrial relation systems.
- 4. Workforce Demographics.** The workforce is highly impacted by workforce demographics. Demographics include factors such as gender, age, ethnicity, occupation, seniority, salary levels, marital and family status. Today we find a lot of diversity in the workforce. The generation Y and Generation Y pose a challenge to the HR. The number of women in the work force has increased significantly, as have the proportion of different ethnic groups. Due to these diversity issues in the workforce, human resources department must look for different ways to hire, attract and retain this new set of candidates.

5. **Competitors Action:** The war for talent is on and the firms must be equipped with the right set of HR practices to win this war for talent and help themselves survive in the competitive environment by developing and retaining talent by creating a sustainable advantage.
6. **Industry/Sector Characteristics:** Industry characteristics affect HRM activities in different ways. Sectors such as manufacturing, retail, construction, food and health etc have to tailor the HR activities to suit their organisational need.
7. **Union Action:** Unions play a pivotal role in maintaining harmonious industrial relations. They harness their power to influence the HR policies of a company.

## INTERNAL FACTORS

1. **Organisations Size:** The size of organisation has immense impact on HR practices. Larger the firm more complex the HR practices. Large firms, such as international or multinational have additional scope to their HR implementations. To put it another way, smaller firms generally have personnel management functions, which could include either simple or less complicated. The style of management, whether autocratic or democratic depends on the size of the firms.
2. **Organisational Structure:** Organizational structure is a system used to define a hierarchy within an organization. It identifies each job, its function and where it reports to within the organisation. A firm's strategy and structure are important in determining HR practices. With increase in global competition and highly changing business environment HR practices are becoming more flexible and integrated. There are important structural differences among firms that affect the way in which HR practices are designed and implemented.
3. **Business Strategy:** To gain competitive advantage, firms use different competitive strategies. In order that the strategies prove advantageous they have to very well be synchronised with the HR policies.
4. **Organisation Culture:** Organizational culture is a system of shared assumptions, values, and beliefs, which direct how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization.
5. **Top Management and Line Mangers:** The directives of top management and their concerns could be another factor that impact HRM practices. HRM Policies depend upon the importance which top management assign to HR function. The top managements set the course for formulation and implementation of HR activities.
6. **Power and Politics:** Organizational power and politics are crucial determinants of HR practices. While executing new policies and procedures in the organisation, the

role of power and politics is assumed. HR manager has to identify the critical element of the HR practices and accurately determine their source of power.

**RESULTS:** This paper is based on primary data. A structured questionnaire was designed in accordance with the objectives of the study to elicit the opinions of respondents working as managers in manufacturing companies in Hadapsar Industrial Estate, Pune. Convenient sampling was used for the same and 30 respondents undertook the survey.

**Table 1: Internal Factors that influence Human Resource Management Practices**

<b>Internal factor</b>	<b># OF RESPONSES</b>
Organisations Size	<b>29</b>
Organisational Structure	<b>25</b>
Business Strategy	<b>29</b>
Organisation Culture	<b>25</b>
Priorities of Top Management	<b>30</b>
Power and Politics	<b>20</b>

**Source: Field data**

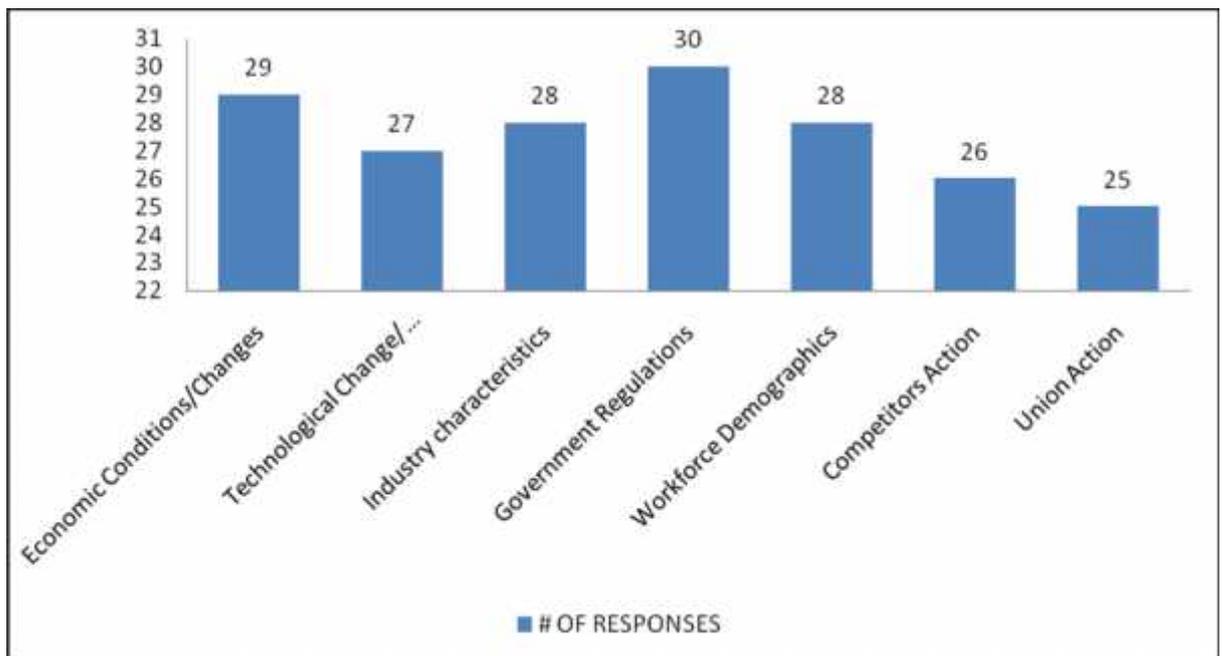


**Table 2: External Factors that influence Human Resource Management Practices**

<b>External factor</b>	<b># OF RESPONSES</b>
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Economic Conditions/Changes	28
Technological Change/ Advancements	27
Industry characteristics	29
Government Regulations	30
Workforce Demographics	28
Competitors Action	26
Union Action	25

**Source: Field data**



**Conclusion:** This paper has researched the environmental variables influencing HRM approaches and practices of manufacturing firms in Pune and has demonstrated that organizations take these inner and outer components into consideration while designing HRM practices. The available literature and survey establish that HRM practices are framed in accordance with outer and interior environmental variables. The outcomes of this study show that most essential internal factors that affect HRM practices are Priorities of Top administration followed by Organization strategy and size of the organization. The external variables that affect HRM practices most are Government direction followed by national Economic changes and Industry Characteristics. The result of the study clearly signifies the importance of the various environmental variables. Consequently business while planning their systems and HR approaches ought to take these factors into consideration.

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