

Role of Human Resource Management (HRM) Practices with BENEFIT on Employee Performance

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Abstract-

Among the various factors of production, used in any organization, Human resource is considered as one of the most important factor hence lot of efforts should be put by the employer to design various HRM Practices for the employees. Mere HRM Practices may not give the expected performance of the employees but HRM practices with benefits will definitely improve the performance of the employee. This paper mainly focused on the importance of Human resource Management (HRM) Practices on employee performance in the organization.

Keywords- Human Resource Management (HRM), Employee performance

Introduction-

HRM Practices in any organization plays a very vital role as it gives competitive advantage to the organization. There are several ways by which Human Resources lend competitive advantage to the organization. First people gives various capabilities and behaviors to the organization which help help to execute firms strategy successfully, second by aligning HR plans to business plan HR manager can become strategic partner, third it is only Human resources which can bring innovation to the organization.

According to VS P RAO, "Human resource management is a process of bringing people and organizations together so that the goals of each are met". People have always been central to organizations, but their strategic importance is growing in today's knowledge based industries. An organization's success increasingly depends on knowledge, skills and abilities (KSAs) of employees, particularly as they help establish a set of core competencies that distinguish an organization from its competitors. With appropriate HRM Practices an organization can hire, develop and utilize best brains in marketplace, realize its professed goals and deliver results better than others.

There are various HRM Practices bundles designed and practiced for employees. Formalized HRM Practices include attract and retain talent, train people for challenging roles, develop skills and competencies, promote team spirit, improves job satisfaction through attractive

remuneration, enhance standard of living of employees, develop cordial industrial relations and generate better employment opportunities. Employers design these various formalized HRM Practices to improve employee's performance but research has shown that HRM Practices without benefit may act as a burden on the employee rather than improving performance.

Yoon Jik Cho and Theodore H. Poister (2013) focused on Enlightened HRM practices that reflect greater commitment of an organization to its employees leads to more positive attitudes of employees toward the organization and their work in it, it has not yet focused on their effect on employees' trust in higher authorities within the organization.

Every organization has got its formalized HR Practices bundles which has direct impact on the employees performance and productivity. HR Practices with benefits like flexible job definitions, cross training and work teams, extensive reliance on incentive pay performance based compensation, talent based recruitment and selection practices, various motivational HR practices leads to improved performance of the employees.

Objectives-

1. To understand meaning and importance of Human Resource Management Practices (HRM)
2. To study importance of Human Resource Management Practices with benefits to an employee.
3. To study relationship between employee performance in an organization and HRM Practices.

Literature Review-

- Greenwood (2002) defined HRM as the productive use of people in achieving the organization's strategic business objectives and the satisfaction of individual employee needs.
- Wright et al. (1994), distinguished between the firm's human resources (i.e., the human capital pool) and HR practices (ie.,those HR tools used to manage the human capital pool). The HR practices include staffing, training, rewards, appraisal, work design, participation, recognition and communication (Wright et al., 2001).
- Irfan Saleem1 & Aitzaz Khurshid (2014) suggests that HR practices should be implemented with the intent of maximizing employee's outcome that in turn will improve Organizational Performance through enhanced Organizational Commitment of employees, Transparent Recruitment & Selection, Training & Development opportunities for employees and Performance based Compensation of competent employees.
- According to Gisela Demo , Elaine Rabelo Neiva et al (2012) in Brazilian Administrative review stated that Studies have also been conducted in cultures other than the American and European ones. Majumder (2012) verified strong relationships between HRM

practices and employee satisfaction in Bangladeshi private banks, and Kim and Lee (2012) found evidence that HRM policies and practices improve strategic capabilities and firm performance in management consultant firms in South Korea. The study by Demo (2010) showed positive and strong relationship between HRM policies and organizational justice in both private and public Brazilian organizations.

- Guest and Conway (2011) confirmed the association between both more HRM practices and higher HR effectiveness and a range of performance outcomes.
- There is indeed a consensus that HRM practices produce higher organizational performance when integrated into business strategy (Ezzamel, Lilley, & Willmott, 1996; Guest & Hoque, 1994). This is also true for small firms. The study conducted by Katou (2012) showed that HRM policies have a positive effect on organizational performance through employee attitudes (satisfaction, commitment, motivation) and employee behaviors (absences, turnover, disputes).
- According to Yoon Jik Cho and Theodore H. Poister (2013) in Public Management Review stated that Both public and business management scholars have demonstrated that HRM practices affect employee attitudes (e.g. Arthur, 1994; Gould-Williams, 2004; Huselid, 1995). Reflecting organizational philosophy, HRM practices signify interactions between employers and employees (Tzafirir, 2005). For example, Arthur (1994) classified human resource policies into two categories: ‘control’ and ‘commitment’ human resource systems. Whereas the former focuses on increasing efficiency by reducing labour costs, the latter seeks to enhance desired employee attitudes and behaviours – and thus performance – by strengthening psychological linkages between employees and organizations (Arthur, 1994).
- According to B. P. Cozzarina,* and S. A. Jeffreyb (2014) in his research on Human resource management practices and longitudinal workplace performance stated that HRM by itself reduces productivity while **HRM with BENEFIT** increases productivity.

Conclusion-

1. HRM Practices in any organization directly affects the performance of employee.
2. Effective HRM Practices motivates employees towards work which improves employees as well as organizational performance.
3. HRM Practices with benefits like flexible job definitions, cross training and work teams, incentive based pay will definitely improves the employee performance.

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