

## **Influence of HR Practices on Organizational Performance of Automobile Firms in Chennai**

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### **Abstract**

*The article pursuits to address the relationship between influence of HR practice on organisational performance. It is a known fact that HR practices could play a significant part in enhancing competencies of employees. It also seeks to analyze in depth of profiteering human resource management towards increased organisational performance. HR practices can either have a direct or indirect influence on employee competence leading to organisational performance. The research tool was a structured non-disguised questionnaire for collection of primary data from a sample of 75 respondents. The results reveal that the HR practices influence organisational performance.*

**Keywords:** *HR practices, employee competence and organisational performance.*

### **Introduction:**

The success stories of organisations revolve around the idea that an organisation is supported in an infinite manner by efficient and successful use of the essential and most important element the human capital. It will be able to succeed and thrive in the marketplace by evaluating the fundamental factors that aid in making an enterprise have the potential to innovate. Through introducing the current technical innovation in HR activities, companies should expect to see an improvement in organizational efficiency.

### **Need for the Study**

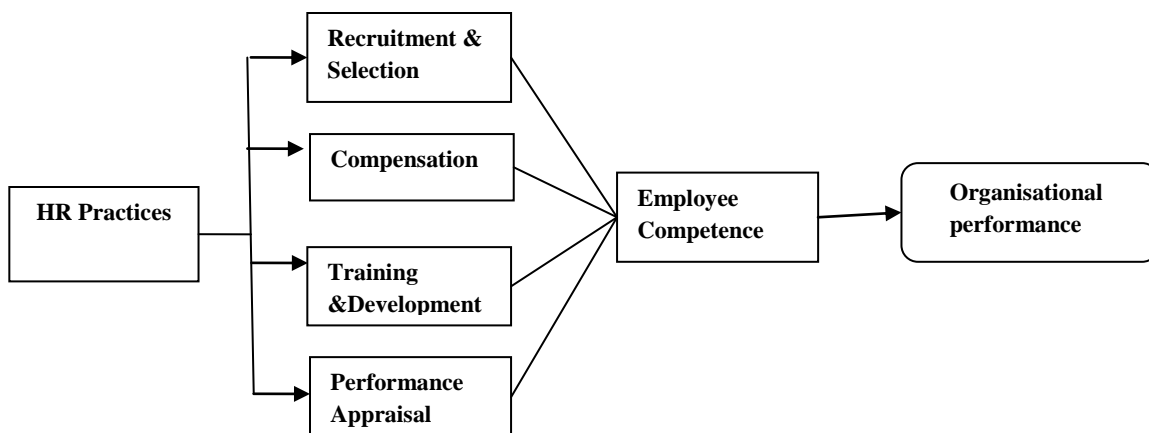
In line with previous HR research, the present study's aim is to emphasize the value of various HR activities and organizational success competencies. Soomro, Gilal & Jatoti (2011) acknowledge that it is being explored in empirical studies of HR practice. Chiang, Shih & Hsu, (2013) confers on the organization's workplace experience an impact on recruiting and selection, pay, preparation and performance evaluation. Dessler (2000) delegate that recruiting and placement, preparation and development, and rewards subsist on HR activities.

### **Review of Literature**

Parry (1996) characterizes competency as a collection of similar behaviors, expertise, and awareness of jobs. Cummings & Worley, (2001); Vathanophas, (2007) considers workplace abilities as one of the reasons leading to improved operational success. Nowadays the imperative principles of competencies need to be reiterated, as the model of HR studies is commonly used. Generally, these capabilities are deemed by the researchers to promote potential organizational progress, McClelland(1973); Rodriguez et al. (2002).

To allow a company to gain productivity and increased corporate efficiency, Rowland's recruiting and selection approach (2011) is the most important aspect to define, retain and grow

personnel. Zingheim & Schuster (2009) delegate that proper recruiting and hiring strategies will promote workplace competence. In his research Vazirani (2010) shows that recruiting and hiring processes contribute to employee performance that supports this report.



**Figure 1 : Conceptual Model for HR Practices Influencing Organisational Performance**

### **Objectives of the Study:**

- To identify the influence of HR practices on organisational performance of automobile firms in Chennai
- To know the influence of HR practices on employee competence

### **Methodology:**

A series of questions were designed to analyze respondents' specifics about their backgrounds and also to calibrate them to assess HR activities and their interaction with corporate success in a standardized questionnaire using the 5-point Likert scale. Anchors from the Likert scale strongly agree (1) and firmly disagree (5).

The various constructs used in the of the study are organisational performance, competence and HR practices. The study sample of 75 respondents consists of employees from different organisations. The following table shows the demographics of the samples.

### **Data analysis:**

**Table: 1 Demographics of the Sample**

Variable		Frequency	%
Gender	Male	44	59%
	Female	31	41%
Age	Below 40 years	49	65%
	Above 40 years	26	35%
Qualification	Under Graduate	29	39%
	Post Graduate	46	61%
Designation	Junior Manager	33	44%

	Senior Manager	42	56%
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The demographic details of the sample chosen for the study included 59% males and 41% females, 65% of them were below the age of 40 years, 35% were above 40 years, 61% were having post graduate qualification, 39% were under graduates, 44% of them were designated as ion of a Junior Manager and 56% were Senior Managers.

**Table: 2 Mean and SD of factors of HR Practices and Organisational Performance**

HR Practices	Mean	SD
Recruitment and Selection	4.073	.765
Compensation	4.116	.722
Training and Development	4.044	.835
Performance Appraisal	4.136	.848

With respect to the mean and standard deviation of the factors of HR practices influencing organisational performance it can be seen that performance appraisal has the highest mean score of 4.136 and training and development actor has the least mean score of 4.044.

**Table: 3 Mean and SD of factors of HR Practices and Employee Competence**

HR Practices	Mean	SD
Recruitment and Selection	4.126	.846
Compensation	4.027	.895
Training and Development	4.073	.763
Performance Appraisal	4.116	.722

With respect to the mean and standard deviation of the factors of HR practices influencing organisational performance it can be seen that recruitment and selection has the highest mean score of 4.126 whereas compensation has the least mean score of 4.027.

## **HYPOTHESIS I**

*Null Hypothesis: There is no significant difference between mean ranks towards HR Practices and Employee Competence*

**Table: 4 Friedman Test for significant difference among mean ranks of HR Practices and influencing Employee Competence**

HR Practices influencing employee competence	Mean Rank	Chi-Square Value	P value
Recruitment and Selection	3.27	88.602	<0.001**
Compensation	2.71		
Training and Development	3.29		
Performance Appraisal	2.59		

Note: \*\* Denotes significant at 1% level

P value being less than 0.01, the null hypothesis is rejected at 1% level of significance proving that there is significant difference among mean ranks of HR Practices and influencing employee competence.

With respect to the HR practices influencing employee competence it can be seen that training and development has the highest mean rank of (3.29) and performance appraisal has the least mean rank (2.59).

## **HYPOTHESIS II**

*Null Hypothesis: There is no significant difference between mean ranks towards HR practices influencing organisational performance*

**Table: 5 Friedman Test for significant difference among mean ranks towards the factors of HR practices influencing organisational performance**

<b>HR practices influencing organisational performance</b>	<b>Mean Rank</b>	<b>Chi-Square Value</b>	<b>P value</b>
Recruitment and Selection	2.12	182.634	<0.001**
Compensation	2.21		
Training and Development	2.58		
Performance Appraisal	3.09		

*Note: \*\* Denotes significant at 1% level*

P value being less than 0.01, the null hypothesis is rejected at 1% level of significance proving that there is significant difference among mean ranks of HR Practices and influencing organisational performance.

With respect to the HR practices influencing organisational performance it can be seen that performance appraisal has the highest mean rank of (3.09) and recruitment and selection has the least mean rank (2.12).

## **Discussions:**

With respect to the mean and standard deviation of the factors of HR practices influencing organisational performance it can be seen that performance appraisal has the highest mean score of 4.136 and training and development actor has the least mean score of 4.044. With respect to the mean and standard deviation of the factors of HR practices influencing organisational performance it can be seen that recruitment and selection has the highest mean score of 4.126 whereas compensation has the least mean score of 4.027. The influence of HR practices on employee competence and organisational performance has shown interesting results.

With respect to the HR practices influencing employee competence it can be seen that training and development has the highest mean rank of (3.29) and performance appraisal has the least mean rank (2.59). With respect to the HR practices influencing organisational performance it can be seen that performance appraisal has the highest mean rank of (3.09) and recruitment and selection has the least mean rank (2.12).

Overall, the conclusion is that the study has proven positive correlation between HR practices and employee competence and organisational performance in line with the study conducted by Fey et al., (2000),

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