

THE IMPACT OF HUMAN RESOURCE MANAGEMENT (HRM) PRACTICES ON EMPLOYEE SATISFACTION LEVEL AND PERFORMANCE

Swaroopa Dubisetty¹, K.Sreenivasulu Reddy²

Abstract

Human Resource Management is a significant function in a company designed to improve human resource performance in provision of their management strategic objectives. Human resource is primarily concerned with how workforces are maintained with in companies' concentrating on plans, procedures and systems. This study focuses on Information Technology sector in India. This study analyzes the Human Resource Management (HRM) practices that increase employee satisfaction towards the company to enhance employee performance in the organization. Effective Human Resource practices can reduce employee turnover and increase retention rate within an organization. These practices are health and safety measures, Working environment, Welfare programmes, Training and Development, Compensation management, Reward management, Industrial relations, Work life balance, and Fringe benefits. The analysis identified the significance of employee retention practices to improve retention rate of IT organizations. The study targeted a sample of 615 respondents. A questionnaire was developed in this analysis with the help of previous studies or literature to measure the identified HR practices and related with employee retention. Samples were collected using questionnaire from 102 employees in order to test the hypothesis. ANOVA test was done using SPSS_v20 to find out the impact of Human resource practices variables on employee satisfaction level and performance. It was found that there was a significant relationship and identified major impact of reward management and compensation plans on employee performance whereas welfare programmes had less impact on employee performance.

Keywords: Information Technology, Human resource, employee, training.

Author Affiliation: ¹Department of Management, Geethanjali Institute of Science and Technology, Nellore, Andhra Pradesh, India.

²Department of MBA, Narayana Engineering College, Nellore, Andhra Pradesh, India.

Corresponding Author: Swaroopa Dubisetty, Department of Management, Geethanjali Institute of Science and Technology, Nellore, Andhra Pradesh, India.

Email: swaroopa@gist.edu.in

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1. INTRODUCTION

Human resource practices contains various strategies and procedures that are used by topmost executives to recruit, select, train, develop, utilize, reward, and maximize the probable of workers in companies. They have been considered widely by researchers, but the ones that take an important effect on company performance are compensation management & reward management and training & development. And also, researches that have achieved to recognize other variables that could have an influence on the relationship between HRM practices and organizational performance. This research concluded that the connection between HRM practices and company performance, it would assist as a stage for executives in companies by supporting them to accomplish improved performance.^[1]

2. Review of literature:

Zubair Hassan and Mariyam Imna (2016) stated that three important human resource practices such as health and safety procedures, future planning and growth and reward and recognition have a constructive association and important effect on human resource retention.^[2] This study needs to build the influence of human resource management

observes on human resource maintenance. They found the following independent factors to measure human resource practices include training and development, career planning and development, performance evaluation system, and employee compensation and reward management, and health & safety measures. The dependent factor used in this analysis is employee retention. This analysis did not treasure any important effect of training and development nor performance evaluation on human resource retention. Though, when training and development is connected with career development, there is a constructive close and important effect on human resource retention. Also, when performance assessment is connected with reward management and compensation management there is a positive and important influence on employee retention. Enterprise assurance, employee maintenance, and task attachment were found to be significant analysts of employee retention. Though all factors are important, mission attachment is a main predictor for nonprofits organization whereas organizational commitment is a greatest forecaster for turn over companies. Lastly determined, human resource retention was a substantial estimator when linked over the other two variables such

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as enterprise commitment, job attachment.^[3]

Kok (2003), investigated that around are sets of human resource management practices which are influenced by the employee profession then which are considered to as best practice and which if well implemented will ensure employee retention. Chandler (2000), has initiate that the important issue in employee research is whether here is a group of programmes, procedures and policies that represent a group of greater approach to managing human resource and which are combined with organizational performance and human resource retention. There are many variables which influence human resource practices which include both internal and external factors and the same variation from one organization to another organization.^[4]

Fariha Iqubal and Muhammed Azhar Sheikh Wusat Ul – Aamar (2011) analysed to study the company human resource practices such as career planning and development probabilities manager supportive working environment, employee rewards and work like balance practices on engaging employees. The research was focused in the Islamia University of Bahawalpur. The information was gathered using survey from 101 people and was analysed through SPSS statistical software. The author advocated cross lab techniques and frequencies for simplifying the collected information. The analysis identified that there was an optimistic association between HRM practices and the employee retention. Any organization can improve its retention, its success to increase the Human Resource Management policies and their qualities.^[5]

This research exposed that Personnel Management practices are essential for organization performance. The influence that human resource policies have on company performance are deceptive, Human resource practices contains various strategies and procedures that are used by topmost executives to recruit, select, train, develop, utilize, reward, and maximize the probable of workers in companies. They have been considered widely by researchers, but the ones that take an important effect on company performance are compensation management & reward management and training & development. And also, researches that have achieved to recognize other variables that could have an influence on the relationship between HRM practices and organizational performance. This research concluded that the connection between HRM practices and company performance, it would assist as a stage for executives in companies by supporting them to accomplish improved performance.^[6]

3.Statement of the Research Problem:

Information technology has evolved as significant player in the industrial space in terms of creating employment and revenue. To increase the survival rate of IT organizations it is important to focus on human assets, since employees are considered to be the most valuable asset in any company. In IT industry the nature of labor inputs is highly flexible and mobile. For promoting an effective organizational environment, it is necessary that there should exist high-quality human resource management practices together with a positive response from the employees towards these practices.^[7]

4.Objective of the study:

To study the influence of Human Resource Practices on Employee Satisfaction level and Performance in Information

Technology Industry.^[8]

5.Research Methodology:

Research methodology involves to procedure of describing, explaining and estimating phenomenon so as to solve a problem. A methodology does not provide solutions but offers theoretical basis for understanding procedure.

- **Research Design:** Descriptive research design is adopted where in the objectives are clearly framed followed by design of questionnaire and analysis. This descriptive study identifies the problem and gives solution to the considered problem. Its analysis the influence of Human Resource Practices on employee satisfaction level and performance.^[9]
- **Data Collection Methods:** Data collection for the research was done from two sources viz: primary sources and secondary sources.
- **Hypothesis:** There is no significant difference between the perceptions of employees of IT companies with regard to employee retention practices.^[10]
- **Statistical tools used for Data Analysis:** After the field work the data collected from the primary and secondary sources is consolidated, tabulated, analysed and interpreted. For the purpose of analysing the data, statistical methods and samples are used. The total analysis was carried out by using SPSS_v20 software package. Various other statistical tools and tests used for analysis included reliability analysis, reliability testing, Cronbach's Alpha, Mean and Standard deviation, Analysis of Variance, etc.^[11]

6.Analysis-results and Discussions

The employee's opinion on a 5-point Likert scale (1-Strongly Disagree, 2- Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree) is obtained and mean value along with standard deviations are calculated. It can be interpreted from the above table that shows the mean values of human resource practices are health and safety measures (4.4569), working environment (4.3268), welfare programmes (3.0293), training and development (4.1203), compensation management (3.7008), reward management (4.4033), industrial relations (4.0341), work life balance (3.6846) and fringe benefits (3.3789). Hence it can be interpreted that the company employees have good opinion about with health and safety measures provided by the organization and less satisfied about welfare programmes provided by the company.^[11,12,13]

7.Interpretation:

From the analysis it has been inferred that One-way ANOVA test is done across organizations to know the significant difference. The table shows that the calculated F values are 15.097, 9.647, 8.854, 9.057, 13.438, 12.47, 11.023, 15.097 and 9.647 and significant values are 0.00, 0.01, 0.02, 0.00, 0.00, 0.00, 0.00, 0.00 and 0.01. Since F calculated values are less than the tabulated values, we accept the null hypothesis. And measured significance values are less than 0.05 for all practices of employee retention, it can be interpreted that there is significant difference between the opinions the perceptions of employees of IT companies

with regard to “Human Resource Practices”.

Discussions In the analysis, it is found that Human Resource practices are positively linked with employee retention. Based on a comprehensive literature review, the researchers hypothesized that the following HR practices are closely related to employee satisfaction level: Compensation management, reward management and Work life balance.

All these HR practices contributed to perceived

employee retention and to enhance the employee satisfaction towards the organization, which ultimately reduce turnover and result in high performance (Huselid, 1995). Compensation management was positively correlated with employee Satisfaction level, being the strongest predictor of employee retention. Organization manages the employee’s personal and professional life effectively; it leads to improve employees satisfaction. So, employees are very committed to the company and stay long time in the organization.^[14,15]

Table 1: Satisfaction level of employees on overall Human Resource Practices

Human Resource practices	Company (N=615)		F-Value	Significant Value
	Mean	SD		
Health and Safety measures	4.4569	0.72261	15.097	0.00
Working Environment	4.3268	0.65486	9.647	0.01
Welfare programmes	3.0293	1.53009	8.854	0.02
Training and Development	4.1203	0.99926	9.057	0.00
Compensation Management	3.7008	1.20189	13.438	0.00
Reward Management	4.4033	0.71512	12.47	0.00
Industrial Relations	4.0341	0.90626	11.023	0.00
Work Life Balance	3.6846	1.17021	15.097	0.00
Fringe Benefits	3.3789	0.79157	9.647	0.01

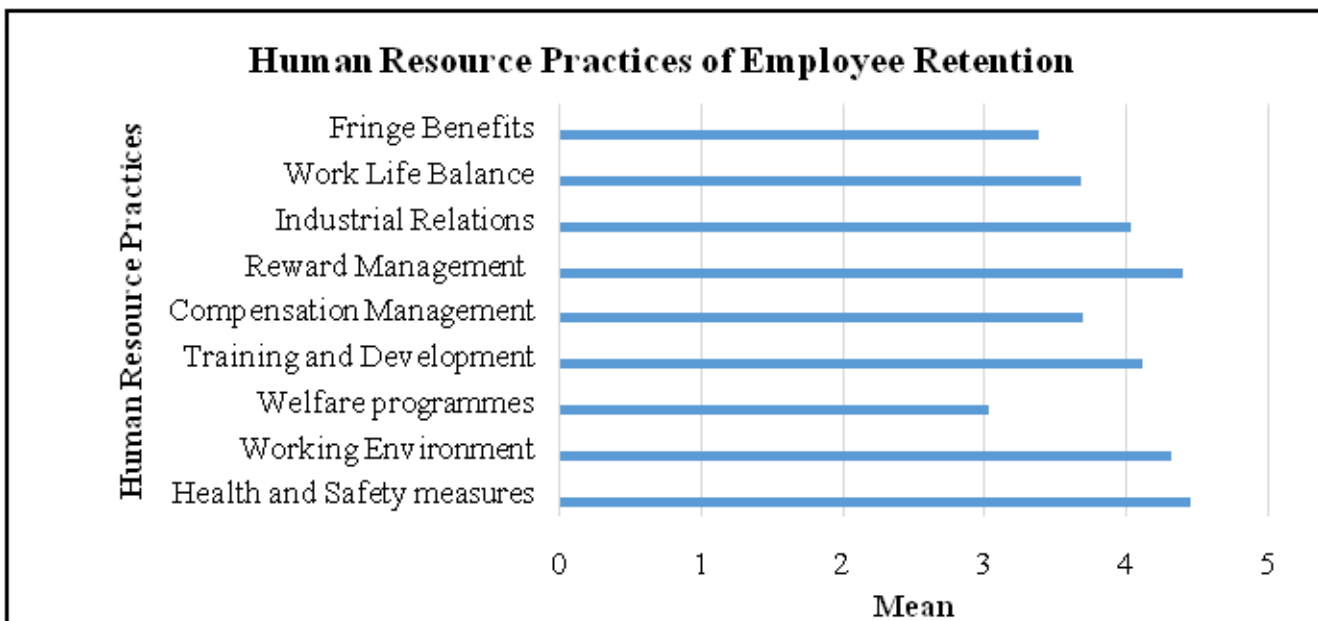


Figure 1: Satisfaction level of Human Resource Practices of the Industry

CONCLUSION

This research exposed that Personnel Management practices are essential for organization performance. The influence that human resource policies have on company performance are deceptive, Human resource practices contains various strategies and procedures that are used by topmost executives to recruit, select, train, develop, utilize, reward, and maximize the probable of workers in companies.

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