A Critical Study of Human Resources Management Influence on Workers and Organizational Efficiency in Manufacturing Industries in India

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Abstract

One of the key purposes of Human Resource Management (HRM) is to improve organisational performance. Few studies, on the other hand, have specifically addressed the multidimensional nature of performance and related HR practises to distinct outcome aspects. The goal of this research is to look at the link between employee performance and HRM practises (compensation and benefits, work-life policies, performance appraisal, and training and development). A questionnaire was used to collect data from 155 workers of an Indian manufacturing business. Employee performance was highly associated to performance assessment and training and development, according to the results of the multiple regression analysis. According to the data, the most significant component that positively promotes employee performance is training and development, followed by performance assessment.

Keywords: *Employee; Performance; Human Resource Management; Manufacturing.*

I. INTRODUCTION

Human resources are the most important asset for an organization's growth. It is the resource that makes the greatest use of other resources in order to maximise their value. Employee happiness is influenced by a variety of elements such as compensation, promotion, the work itself, supervision, coworker relationships, and advancement chances. However, getting the most out of human resources necessitates massive organisational and managerial changes. If the human resources or employees are satisfied with the employer's decisions and activities, they will give their all for the sake of the company. However, if they are not in this state, they may do irreparable harm to the organisation.

One of the most researched constructs in industrial psychology is employee satisfaction. Employee satisfaction is typically characterised as a pleasant or positive emotional state arising from one's perception of work, conceptualization and assessment of the work environment, work experience, and perception of all aspects of one's job and workplace.

Employees are one of an organization's most valuable assets since they contribute to its growth and success. Knowledge capital must be kept in this era of fast and continuous change in order for enterprises to be productive and responsive to their stakeholders' requirements. Universities, as teaching and research institutions, must also recruit, retain, and develop their staff. Universities require well-trained and motivated staff who are dedicated to their profession of performing research and training for national growth. Some human resources management (HRM) strategies assist university personnel to be devoted to their job in order for the institutions to function well.

II. MANAGEMENT OF HUMAN RESOURCES AND ORGANISATIONAL EFFICIENCY

It is commonly understood that human resource management (HRM) policies and practises are expected to have a significant and unique influence on business efficiency. Either increasing productivity or adding to revenue growth would be the evident link. Opinions on the particular communication method or model that connects the two, on the other hand, have improved significantly over time. This change has occurred as people's perceptions

of human capital have shifted from an expenditure to be cut and a potential source of productivity gains to a source of profit, or what "great" organisations have found and rated. Other testimonies were inspired by this study to write about the value of inclusive HRM strategies and initiatives. Staff involvement and accountability, as well as job reorganisation, are often considered to improve organisational efficiency, with team-based development procedures, intense staff preparation, and performance-based incentive pay being examples. Since the late 1980s, several studies have been published in journals such as the Academy of Management Review, Review of Accounting and Economics, and Industrial Relations, among others, on the premise that human resources may have a significant economic influence on a company's bottom line. A expanding study community has demonstrated positive relationships between firm-level measures of HRM programmes and organisational efficiency in studies conducted in environments other than India. However, in order to analyse the efficacy of HR, the environment in which it is done must be considered in the research.

III. EFFECTS OF HUMAN RESOURCES MANAGEMENT ON ORGANISATIONAL EFFICIENCY

Human Resource Management Any organization's management is developed with the express objective of forging a strong bond between the company and its employees. Human resources management is used by a company to assist its personnel in upgrading their abilities. These abilities are then put to use in order to help the organisation grow. Here are a few things that tell us about some of the effects.

1. Positive behaviour is encouraged by providing advantages to workers who stay with the company. Human resource managers evaluate and reward employees who have consistently supported the company's policies. Employees who are not as concentrated, on the other hand, earn fewer incentives for their efforts.

2. Flexibility in the job is really important these days. With the number of different types of employees entering the workforce increasing, it is critical that the company provides them with packages and benefits that are tailored to their needs. Employees can change their working style to fit their lifestyle demands in such flexible settings.

3. It is the manager's responsibility to positively inspire juniors. This boosts employee motivation and, as a result, enhances the quality of work they do. It is a well-known fact that employees of companies with effective HRM policies perform better.

IV. METHODOLOGY

Participants

This research was carried out at an Indian manufacturing business. A total 155 Indian employees took part in the survey, with men (50.3%) and females (49.7 percent). The bulk of the respondents (65.8%) were Indian, and the majority of them were between the ages of 31 and 40. (41.6 percent). The majority of the participants are in the 6-10- and 11-15-year service groups.

Instruments and Methodology

This research used a quantitative approach. A basic random sampling procedure was used to create the samples. The employee performance scale (which consists of ten components) was modified. Measures (5 items) were utilised in the study for compensation and benefits. Meanwhile, work-life policies were assessed using modified questionnaires (5 items). Five new measuring items were created to assess the respondents' performance, and training and development measures were implemented. The level of agreement for employee performance and the relevant human resource management (HRM) procedures was measured using a Likert scale. 1 (Strongly Disagree), 2 (Disagree), 3 (Neutral), 4 (Agree), and 5 (Strongly Agree) were the starting points for the scale (Strongly Agree).

Data Analysis

Factor Analysis is used in this study for both the dependent and independent variables to determine the validity of the instrument's measuring scales after the data collection for the actual survey is done. The reliability test, correlation analysis, and multiple regression analysis are among the data analysis methods used. The data is analysed using the Statistical Package for Social Sciences (SPSS) software.

V. RESULTS

Factor Analysis

The responses of 155 people were thoroughly evaluated, and the outputs are given in this part. In order to assess the test's validity, the Factor Analysis was carried out using Principal Component Analysis (PCA). The concept validity was determined using Bartlett's Test of Sphericity, and the KMO/MSA test revealed the variables' strengths. The findings of the factor analysis were shown in Tables 1 and 2. The value of Kaiser-Meyer-Olkin for Measuring of Sampling Adequacy (KMO/MSA) was 0.776 for the independent variable and 0.893 for the dependent variable, employee performance, according to the findings. KMO/MSA ratios between 0.7 and 0.8, according to Hutcheson and Sofroniou, are appropriate for factor analysis. Following that, the Bartlett's test of sphericity was found to be statistically significant at p.001, indicating that the correlation matrix is factorable. According to principal component analysis, there were four components with high loadings. Factor 1 was designated as performance assessment (4 things), Factor 2 as salary and benefits (4 items), Factor 3 as training and development (4 items), and Factor 4 was designated as work-life policy (3 items). Performance appraisal, compensation and benefits, training and development, and work-life policies, according to the Factor Analysis results in Table 1, contributed 30.398 percent, 15.730 percent, 10.774 percent, and 9.468 percent of the common variance, respectively, with Eigenvalues of 4.560, 2.359, 1.616, and 1.421. The four variables together explained 66.371 percent of the variation. The scale's factor loading values ranged between 0.361 and 0.866.

Table 1: Factor Analysis and Reliability Test for the HRM Practices

Item	**Description**	**Factor Loading**			
		1	2	3	4
pa16	Performance appraisals are based on objective and quantifiable results.	0.759			
pa17	The performance review process is linked to compensation plans.	0.793			
pa18	The performance review process is standardized and documented.	0.771			
pa19	Promotions and pay increases are based on achieving documented performance objectives.	0.849			
cb6	I am satisfied with my current salary.		0.866		
cb7	I am satisfied with the amount the company pays for my benefits.		0.856		
cb8	I am satisfied with the raises I have received in the past.		0.798		
cb9	I am satisfied with my benefit package.		0.717		
td21	My employer encourages me to extend my abilities.			0.698	
td22	This organization has provided me with training opportunities enabling me to extend my range of skills and abilities.			0.766	
td23	I get the opportunity to discuss my training and development requirements with my employer.			0.805	
td24	My work pays for any work-related training and/or development I want to undertake.			0.782	

wlp11	Managers allow generally enough time for the completion of projects so that employee can do good quality work with limited stress.				0.361
wlp13	My work schedule is not in conflict with my personal life.				0.859
wlp14	My job does not affect my role as a spouse and/or a parent.				0.847
Eigenvalue		4.560	2.359	1.616	1.421
Percentage of Common Variance (%)		30.398	15.730	10.774	9.468
Cumulative Percentage (%)		30.398	46.127	56.901	66.371
Reliability Coefficient (Cronbach's Alpha)		0.844	0.607	0.838	0.803

Note. KMO=0.776, Bartlett's test of Sphericity: Approx. Chi-Square=990.606, p<.001.

Table 2 presents a ten-item employee performance scale factor. Using principal component analysis, it was discovered that all of the items are still associated with the original ten components. As stated in the table, the total % for all products is 49.891.

Table 2: Factor Analysis for Employee Performance

Item	Description	Factor Loading
ep_26	I complete my job accurately and timely to achieve the work objective.	0.717
ep_27	I meet work hours schedule and attendance expectations.	0.522
ep_28	I able to identify, analyze problems and find solution for it.	0.793
ep_29	I deal confidently and efficiently with top management and colleagues.	0.740
ep_30	I demonstrate necessary knowledge and skills to perform the job effectively.	0.819
ep_31	I establish my job objectives with regard to the department and company goals.	0.761
ep_32	I am capable of completing my task within the time frame.	0.540
ep_33	I volunteer to complete extra tasks.	0.546
ep_34	I produce high quality work.	0.792
ep_35	I complete duties according to procedures.	0.747
	Eigenvalue	4.989
	Percentage of Variance Explained	49.891
	KMO	0.893
	Bartlett's Test of Sphericity	695.380
	Reliability Coefficient (Cronbach's Alpha)	0.882

Note. KMO=0.893, Bartlett's test of Sphericity: Approx. Chi-Square=695.380, p<.001.

As indicated in Table 2, factors with eigen values larger than one is deemed important. When the eigen values are less than 1.0, the factor conveys less information than a single item. These statistical findings, as shown in Tables 1 and 2, validated the validity of the measuring scales utilised in this investigation.

Reliability Test

Tables 1 and 2 show the results of the reliability tests on the independent and dependent variables, respectively. The reliability coefficients for the independent variables of performance assessment, remuneration and benefits, and training and development were 0.838, 0.844, and 0.803, respectively. The dependent variable, employee performance, has a Cronbach's Alpha value of 0.882. Except for the variable of work-life policies, all measures were declared trustworthy and consistent throughout the research since all values above the minimal value of 0.7 established by Nunnally and DeVellis. For work-life policies, the Cronbach's Alpha value is 0.607. Any measuring device, according to Kerlinge, should have a dependability value greater than 0.60. Even if the optimal value is over 0.7, George and Mallery suggest that only Cronbach's Alpha values below 0.5 are regarded undesirable. As a result, the variable of work-life policies is regarded as fairly trustworthy. As demonstrated in Tables 1 and 2, these statistical results validated the reproducibility of the measurement scales utilised in this investigation.

Correlation Analysis

The association between employee performance and the independent variables, namely remuneration and benefits, work-life policies, performance assessment, and training and development, was investigated using Pearson correlation analysis. Table 3 shows that the dependent variable and the independent variables have a correlation. The results show that among the four variables, training and development has the strongest correlation with employee performance (r=0.493 and sig=0.000 (p0.01)), while compensation and benefits (r=0.229, sig=0.004 (p<0.01)) and work-life policies (r=0.310, sig=0.000 (p<0.01)) have a weak correlation with employee performance (r=0.310, sig=0.000 (p<0.01). Performance assessment has a moderate association with employee performance, according to the test result of this correlation, with r=0.420 and sig=0.000 (p <0.01).

Table 3: Correlation between Human Resource Management Practices and Employee Performance

Compensation and Benefits		**Work-life Policies**	**Performance Appraisal**	**Training and Development**	**Employee Performance**
Compensation and Benefits	1				
Work-life Policies	.295**	1			
Performance Appraisal	.170*	.283**	1		
Training and Development	.278**	.261**	.409**	1	
Employee Performance	.229**	.310**	.420**	.493**	1

**. Correlation is significant at the 0.01 level (2-tailed).

<u>Multiple Regression Analysis</u>

Multiple Linear Regression Analysis among Independent Variables and Employee Performance is shown in Table 4. According to the findings, the four human resource management approaches may explain 32.3 percent (R2 =0.323) of the variance in employee performance. Training and development has a substantial positive association with employee performance (β=0.348, p0.01), according to the findings. This indicates that the

greater the employee's performance, the more training programmes he or she attends. Aside from that, performance assessment shows a substantial positive link with employee performance (β=0.229, p 0.01). The employee's performance may have been boosted through the performance assessment system. However, the current study's regression results revealed that employee training and development had a greater impact on employee performance than performance assessments.

Table 4: Multiple Regression Analysis among Independent Variable and Employee Performance

Independent Variable	**Employee Performance**				**Result**
	beta, β	**Sig.**	**Tolerance**	**VIF**	
Compensation and Benefit	0.052	0.465	0.869	1.150	Rejected
Work-life Policies	0.139	0.055	0.846	1.181	Rejected
Performance Appraisal	0.229**	0.002	0.799	1.251	Accepted
Training and Development	0.348***	0.000	0.778	1.286	Accepted
F value			18.586		
R Square			0.32		

***Significant at the 0.001 level, ** Significant at the 0.01 level, * Significant at the 0.05 level

VI. CONCLUSION

As a result, it may be argued that Human Resource Practices are vital in retaining personnel and improving organisational performance. Different types of organisations (for example, businesses and government agencies) are increasingly recognising HR's potential as a source of competitive advantage. Employees can help you get a competitive edge if you pay attention to the strategies that effectively exploit these assets. As a result, in the last 10 years, there has been an upsurge in study focusing on the influence of HRM practises at the organisational level. HR as a source of competitive advantage. Many studies have found that HR strategies have a favourable impact on employee performance as well as organisational performance.

VII. REFERENCES

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