

Human Resource Management Practices and Employee Performance: A Case of Software Company in India

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Abstract

To apply and retain human resources, organizations need to encompass their workforce as they are considered an essential source of competitive gain. If the workers are made aware of their work environment and their tasks and duties, it becomes easy for them to enhance their potential and increase productivity. The purpose of this study is to examine the relationship between human resource management techniques and employee outcomes at a Hyderabad-based software company. Samples were collected using a questionnaire from 110 employees, and data were analyzed using SPSS after. A comprehensive evaluation was conducted based on statistics and correlation analysis. The findings recommended that creating a balance and equal importance of work-life policies, recruitment and selection, training and development, compensation, and benefits can transform the present situations of software companies from less performing into high performing entities that provide more avenues on the employee.

Keywords: Human Resource Management, Training, Compensation, Work-life Policies, Employee Performance

JEL Code: M1, M10, and M12

Introduction

The corporate sphere has turned out to be competitive with tremendous changes over the years; hence it is more unbalanced. The software division of the corporate world, on the one hand, has to maintain its position in a cut-throat competitive environment as well as be innovative and creative at the same time. Firms must emphasize HRM strategies relevant to their organizations' people resources to accomplish this goal. Mello (2005) mentions that human resources are documented as a highly crucial factor in operating a business as the organization's performance and profitability are strongly reliant on workforce performance. According to Caliskan (2010), HR systems and practices of a workplace may be a competitive advantage. It is possible to use human capital to build 4M's: money, methods; material; and machines; the most critical criterion is that human resources differ within workplaces (Shaukat,

Ashraf, and Ghafoor, 2015).

Hence, effective and emerging organizations imagine that human resource strategies have an impact on staff performance. For a business to survive and grow in emerging markets, a new pattern of human resource practices must be developed to attract and retain qualified employees who will have a fresh perspective on the path to their profession.

In line with the insight mentioned above, this paper examines the consequences of HR practices on workers' performance in a software enterprise in Hyderabad, India, wherein the results of this research are helpful for a software business to gain an understanding of effects of employee performance as a result of human resource policies from Indian perspective.

Literature Review

Human Resource Management Practices

HRM today has undergone numerous makeovers from its initial task where the personnel manager was just involved in HR specifications. However, now their task is concerned with additional personnel concerns, including all the activities related to the HRM domain. In their study, Wood and Wall (2002) concluded that HRM is used to signify the function of workplace activities related to recruitment, promotion, and supervision of its workers.

Dessler (2013), in one of his studies, says that HRM refers to the rules used to run the human resources parts of a management job, like planning, hiring, training and development, job analysis, orientation, performance evaluation, reward, and labor relations.

Recruitment & Selection

One of the critical functions of HRM is the recruitment that assists managers to attract and choose top applicants, which sequentially directs to enrich workplace performance (Rehman, 2012). Formal recruitment and selection systems involve newspaper classified ads, network periodicals, advertisements, and human resource tiers. In contrast, informal systems involve personal networks and initiations through gurus and other employees (Chen & Cheng, 2012).

Work-life Policies

Owner-supported assistance or working environments to equalize work and non-work ultimatums (e.g., daycare, retirement benefits, sick and holiday leave, motherhood leave, insurance reportage) and to evade work-life clashes when tasks inside and outside of the establishment are awe-inspiring to a staff or interfering with one another (e.g., daycare, retirement benefits, sick and vacation leave, maternity leave, insurance coverage). Furthermore, work-life balance plans were offered by permitting workers for improved assimilation and monitoring in job and family accountability to assist employees, reducing stress levels, work-family discord, and ensuring continuous output among the job and family unit (Rupert et al., 2009).

Compensation & Benefit

Compensation may be described as extremely the extrinsic incentives that workers achieve in exchange for their effort: the establishment of a base salary or compensation, incentive payments or extra benefits, and perks (Byars, 2004). Compensation, typically referred to as variable compensation and rewards (Curran and Walsworth, 2014) have become more and more imperative for workers' contentment to perform efficiently at work. Stock options, commissions, profit-sharing, housing allowances, medical allowances, and bonus pay are all forms of compensation (Hassan, 2016).

Training and Development

There are three fundamental activities linked with training and development, such as training aimed at individuals, instructing inside customers, and their development finally. Training is one of the critical HRM practices and methods. Armstrong (2006) points out training as a logical approach that facilitates the workforce to gain expertise to accomplish their tasks positively and effectively. Training performs a joyous task in influencing the workforce to participate in projects, assist plans to achieve organizational goals (Bolman and Deal, 2011).

Sattar, Ahmad, and Hassan (2015) intimated that training revealed encouraging and substantial influence over the

performance of employees. Hassan (2016), in his research, interpreted that training represents an influential role in enhancing staff's performance and output.

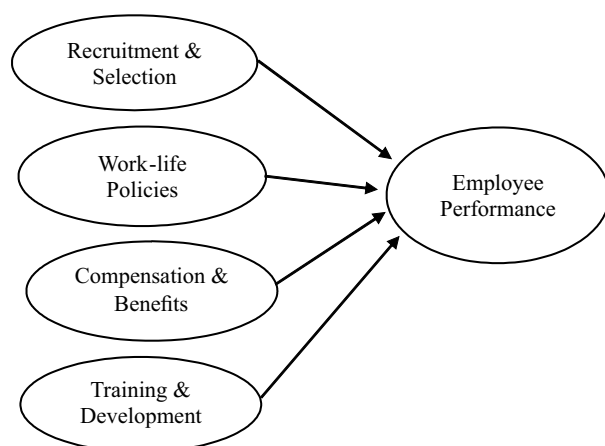
Employees' Performance

Dubrin (2006) highlighted that the skills and abilities of employees to complete the assignment allocated properly and effective means are identified as employees' performance. Performance at the workplace ultimately depends on the workforce performance and efficiency; hence the organization needs to be consistent with a human resource to achieve performance goals (Al-Qudah et al., 2014). The employee performance is evaluated through HRM techniques, and in this period of extreme competition, new HRM methods have led to an increase in workforce productivity (Bowra et al., 2012).

Research Framework

In this study, the independent variables (Recruitment and Selection, Work-Life Policies, Compensation and Benefits, Training and Development) were expected to have an impact on employee work performance substantially. The framework was constructed based on previous literature, as illustrated in Figure 1.

Figure 1. Conceptual Framework of the Study



Statement of the Problem

Quite a several types of research have already been conducted about human resource management and employee performance in India which emphasize

recruitment and selection, compensation and benefits, training and development, but fewer studies that include work-life balance as determining factor of performance. Moreover, limited studies were performed of the same scope in Hyderabad in the IT sector. This study aimed to bridge that gap by allowing the industry to assess its current level of HRM practices and its influence on employee job performance.

Need of the Study

This research is essential in today's situation wherein many employees lose jobs due to the recent worldwide pandemic. The outcome offers the management the opportunity to review human resource management practices and identify areas for improvement. It also adds value to the previous literature and the researchers worldwide with updated information and more avenues of more comprehensive studies expanding the scope of the topic.

Objectives of the Study

The HRM practices and employees' performance are the primary focus of this research regarding IT company in Hyderabad, India. Its sub-objectives are as follows:

- To ascertain the effects of recruitment & selection over staff performance
- To examine the link between work-life policies and staff performance
- To investigate the impact of compensation & benefit over staff performance
- To determine the influence of training & development over staff performance

Hypotheses of the Study

Based on the research objectives, the hypotheses were drawn:

H1: Recruitment and selection have a favorable effect on employee performance.

H2: Work-life policies and employee performance have a good correlation.

H3: Compensation and benefits have a positive correlation with employee performance.

H4: Training and development have a positive correlation with employee performance.

Research Methodology

Sample Selection

Convenience sampling was used to obtain 110 respondents from a total population of 180 employees in an IT company in Hyderabad, India, to meet the study's objectives.

Source of Data

Primary data with self-administered validated questionnaires through google documents were distributed online to retrieve the 110 respondents.

Period of the Study

The study was conducted from June 2020 until August 31, 2020, amid the COVID pandemic crisis in Hyderabad, India.

Tools Used in the Study

The study adopted a quantitative research approach using

the SPSS 21 to analyze the demographics of respondents, correlation, and regression to determine relationships of independent and dependent variables used.

Data Analysis and Interpretation

Measures

To determine the respondents' individual answers to HRM practices, the variables of human resource management techniques were determined and measured using a five-point Likert scale from 1-Strongly Disagree to 5-Strongly Agree (5). The next section includes the dependent variable i.e., employee performance which is also measured using the same scale.

Distribution of Respondents

The respondents were distributed from the different departments of the company as follows:

Table 1: Department

Departments		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accounting & Finance	24	24.0	24.0	24.0
	HRM Department	28	28.0	28.0	52.0
	Maintenance Department	11	11.0	11.0	63.0
	Operations Department	12	12.0	12.0	75.0
	Sales and Marketing	14	14.0	14.0	89.0
	Others	21	21.0	21.0	110.0
	Total	110	110	110	

Source: Primary Data Collected Through Google Forms (2020).

Reliability and Validity of the Measures

A team of specialists was consulted to certify the content and face validity of the questionnaire and followed by pretesting. During the investigation, the internal dependability of the variables was tested by means of Cronbach's alpha, which was chosen because of its

simplicity. Based on various studies, the reliability measurement was set on the criterion that the acceptable Cronbach's alpha value to be considered consistent is 0.700 and above (Hair et al. 2010). All the measures were estimated to be reliable. Table 2 shows that the assessed reliability value is between $\alpha = 0.836$ to 0.893 throughout the scales.

Table 2: Reliability Value of the Scale

Scale	No. of Items	Cronbach's alpha (α)
Recruitment & Selection	6	0.879
Work-life Policies	5	0.859
Compensation & Benefits	5	0.844
Training & Development	4	0.836
Employee Performance	8	0.893

Source: Primary Data Analyzed Using SPSS Version 21 (2020)

Correlation and Regression Analysis

In this study, the relationship was determined for the main variables: recruitment & selection, work-life policies, compensation & and benefits training & development, and employee performance. SPSS 21 was employed through bi-variate correlation at 0.01 (two-tailed) and 0.05 level of significance. Table 3 implicates that training &

development by value $r = 0.822$, ($p < 0.01$) has the highest positive effect with employee performance; then, recruitment & selection $r = 0.784$, ($p < 0.01$). Furthermore, strong positive significant relationship is experienced with work-life policies $r = 0.676$, ($p < 0.01$) and, employee remuneration and benefits are based on their performance with $r = 0.535$, ($p < 0.01$).

Table 3: Correlation between HRM Practices and Employee Performance

Variables	Recruitment & Selection	Work-life Policies	Compensation & Benefits	Training & Development	Employee Performance
Recruitment & Selection	1	.572** .000 110	.535** .000 110	.632** .000 110	.784** .000 110
Work-life Policies		1	.693** .000 110	.648** .000 110	.676** .000 110
Compensation & Benefits			1	.573** .000 110	.535** .000 110
Training & Development				1	.822** .000 110
Employee Performance					1

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

**. Correlation is significant at the 0.05 level (2tailed).*

Regression analysis was performed to analyze the previously established link between each of the independent components and employee performance. Table 4 indicates that the four variables significantly affect

employee performance. The F-value is 20.994, and the $R^2 = 55\%$, which indicates that these four independent variables can clarify 55% of the variation on worker performance. Thus, Hypotheses 1 to 4 is accepted.

Table 4: Multiple Reg. Analysis among Independent Variables & Employee Performance

Independent Variables	Employee Performance				Hypothesis	Interpretation
	Beta, β	Sig.	Tolerance	VIF		
Recruitment & Selection	0.201	.044	.497	2.012	H1	Significant
Work-life Policies	0.191	.049	.433	2.208	H2	Significant
Compensation & Benefits	0.321	.000	.507	1.971	H3	Significant
Training & Development	0.262	.003	.605	1.653	H4	Significant
F Value	20.994					
R Square	.550					

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

Findings of the Study

This study has clarified the issues concerning HR policies and their influence on employee output. The main findings were identified as follows:

- Recruitment and selection, work-life policies, compensation, benefits, training, and development significantly impact performance of the workforce.
- Pay and benefits are the most predictors of staff performance.
- Training and development occupy the second-highest priority by the company.
- A balance between work policies and the personal life situations of the employees is an essential consideration for the company's management.

Suggestions

For software companies to be effective and efficient when dealing with employee performance, they might want to look at their policies and guidelines again to see where they could be better. They might also want to make new policies or revise old ones, whichever is best, to ensure that all aspects of employee performance are considered.

Conclusion

Different workplaces require varied HRM approaches in dealing with workforce performance. In this study, the main emphasis dwelt on four variables: recruitment and selection, work-life policies, compensation and benefits, training and development, and its effect on workforce productivity in the case of software establishments in Hyderabad, India. Perspectives can be drawn that companies should prioritize the abovementioned variables in dealing with employees in their operations, considering their significance on employee performance. Creating equal importance of these variables can transform the present situations of Software companies to better employee and organizational performance.

Limitations of the Study

This study was conducted in an IT company in Hyderabad, India, to only 110 respondents from June to August 31, 2020. The result is limited to the HRM practices identified

by the researchers in the study. Hence, it may not produce generalized findings.

Scope for Further Research

Firstly, in this investigation the size of the sample is moderate, and the scope is constrained to the Hyderabad area. More comprehensive studies can be conducted to include different cities in India to obtain a larger sample. Secondly, the study's variables are limited; hence, more variables can be integrated with these practices to provide more generalized findings.

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