Impact of HRM Practices on Employee’s Performance across the Sectors through Literature Survey

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Abstract - The success of any organization depends on human resource of such organization. Human resource has the skill, knowledge and competencies required for implementation of organization policy and planning. Human resource is an essential to the enhancement of sustainable competitive advantage and enhanced firm performance. A human resource management practice is one concerned with all aspect of how people are employed and managed in the organization. It covers activities such as strategic HRM, resourcing (human resource planning, recruitment and selection and talent management), performance management, learning and development, reward management, employee relation, and employee well-being. This study examines the impact of HRM practices on employee’s performance across the sectors through literature survey on studies conducted during 2009-2019. Research methodology used here for this paper is secondary data from prior study and literature survey of research paper on HRM practices and employees performance. This paper via an across the broad literature survey establish that HR practices involving recruitment and selection, training and development, compensation impact employees performance. Various numbers of HRM research have indicated positive impact of HR practices on employee’s performance. But some of studies indicated negative impact of HR practices on employee’s performance. Hence, this research further proposes the three practices to be the determinant of employee’s performance. However, this study can be empirically solidified further via collection and analysis of relevant data.

Keywords: HR practice, Employee performance, Recruitment and selection, training and development, Compensation
1. INTRODUCTION

The Most significant and vital resource of any organization is its human resource. Human resources are the people who work in an organization and help to gain competitive advantage. Integrating the concept human resource with human resource management refers to best utilization of human resource to achieve the goals and objectives of the organization.

In the 1890s, approximately 90 percent of people employed in agriculture related jobs. These individual typically their own bosses and were responsible for performing a variety of tasks. Their success or failure was dependent on how well they produced. From the late 1800s until the 1960s, most of countries moved from agrarian societies to industrial societies.

In this shifting, the management started to recognize the importance of human resource. Until then every organization used to have a department called administration /personnel department which was used for recruitment, administration of leave, increment, placement / transfer and administration of wage management.

Since 1981 onwards Indian management started to recognize the importance of HR to maintain competitive edge. This necessitated the need for upgrading the skills of its workforce and linking of capabilities to get-up the market requirement.

After the globalization, the Human Resource Management Department assumed greater importance in the area of organizational practices.

Human resource (HR) is taken into account to be significant and important area of management including HR practices within the western world for the previous couple of years. The effect of HR practices on performance is attract a significant attention globally since the past 25 years (Mohammad, Miah, Rahman, & Rahaman, 2017) cited by (Khan, Yusoff, Hussain, & Ismail, 2019). In the past two decades, researchers also began to focus more directly on employee-centered outcomes like employee well-being and to seem more closely at the effect that HR practices have on employee well-being (e.g. Jiang et al., 2012) cited by (Khoreva & Wechter, 2017). The role of employee well-being as a mechanism through which HR practices affect employee performance has also been studied (Fisher, 2010; Van De Voorde and Beijer, 2015) cited by (Khoreva & Wechter, 2017).

Various numbers of researches have established the link between human resource practices and employees performance. This paper focuses on reviewing literature on human resource practices involving recruitment and selection, training and development, compensation and employee performance.

2. LITERATURE REVIEW

The practices can take the shape of a system, a process, an activity, a norm, a rule, an accepted or expected habit, or simply how of doing things (Goyal & Shrivastava, 2012). A human Resource practice is the one which forms the framework for the culture in the business management; create awareness towards the need to achieve the business goals by the employees in the best possible and ethical manner. It
is widely accepted that employees constitute a vital part of organization resource, with the potential to improve the organization’s practical reserved advantage (Hazra, Sengupta, & Ghosh, 2013). Employee performance is the job related activities expected to worker and how well those activities were executed. Most of the organizations assess the employee performance on an annual or quarterly basis in order suggest the area for improvement in general. Employee performance refers to how your employees perform in daily in your business. Employee’s performance involves factors such as quality, quantity and effectiveness of work as well as the behaviors, your employees show at the workplace. Employee performance is defined as the attained outcomes of actions with who perform in some situation (Andrew, 2017).

2.1 Impact of Recruitment and selection on employees’ performance via Literature survey

Collins & Kehoe (2009) examined the link between the different staffing system and firm level performance. This study looks existing theory of organizational design and structure to raised understanding the role of recruitment and selection. Kumar & Garg (2010) recognized internet recruitment methods from significant literature and describe how their benefits can influence the recruitment performance. The findings of the study showed that increasing importance of information technology for recruitment processes. Kepha et al., (2012) established the influence of recruitment and selection on performance of employees in research institute in Kenya. The study adopted stratified sampling technique and sample size was 256 employees. Data were collected through questionnaire method and analyze by using SPSS. The result discovered that the association between employee’s performance and recruitment & selection were highly significant. The study recommended that research institutes strictly adhere to job specification when filling vacant positions. Mokaya (2013) examined the effect of recruitment practices on employee performance within the cooperative sector in Kenya. Data were collected through questionnaire from 177 employees and analyzed by using Descriptive statistical tools like frequencies, percentage, mean and SD while inferential statistical tools like correlation and regression wont to determine the connection. The study showed that recruitment sources contribute more to the employee’s performance.

Ntiamoah (2014) evaluated recruitment and selection practices within the public sector in Ghana. Data were collected through self administered questionnaire and analyzed using correlation and regression. Result showed that there was high direct correlation between the construct of recruitment and selection processes, selection decision and public sector. Qudah et al., (2014) examined the effect of HRM practices towards employee’s performance in Malaysian Skill Institute (MSI). Data were collected through questionnaire and analyzed by using Descriptive statistics and correlation analysis. The result indicated that recruitment and selection and compensation significantly correlated with the employee’s performance. Kepha et al., (2014) stated that HRM practices can play a crucial role in achieving top quality workforce. Recruitment and selection has been specifically singled out as major human resource management practices which will have an influence on the level of employee performance in organization. This study determined the influence on the extend of employee performance in organization. For the aim representative sampling technique was wont to obtain sample size of 256
employees. Data were collected from the workers through questionnaire and analyzed by using statistical techniques like tables, bar-graphs and pie chart. Results of this study revealed highly significant correlation between employee performance and recruitment & selection. This study also recommends that research institutions should strictly adhere to job specification when filling vacant position. Ekwoabo et al., (2015) investigate the impact of recruitment and selection criteria on performance using Fidelity Bank PLC Logas Nigeria as Focus. Data were collected through self administered questionnaire from 130 respondents. The study revealed that recruitment and selection criteria had significant impact on performance. Sutanto & Kurniawan (2016) examined the many impact of recruitment, employee retention and labor relations on employee performance. Data were collected from 712 people and analyzed by using Partial Least Square Analysis and T-statistics. The study identified that the great recruitment programme can have a positive influence in increasing employee commitment, productivity and therefore the quality of labor including performance. This study further recommends a big effect of recruitment, retention and labor relations on employee performance. Oaya et al., (2017) examined the impact of recruitment and selection strategy on the worker performance in real sector using descriptive survey research design. Data were collected from 150 employees and analyzed by employing a one sample T-test. This study concluded that organization strength and weakness comes from caliber of its employee and a honest recruitment strategy enables organization to urge suitable and qualified employees which will enhance performance. This study also recommends that the interior employee recommendation of recruitment agency within the recruitment/selection process enables organization to recruit committed and productive employees. Rehmany (2018) conducted to assess the impact of recruitment and selection process on employee performance and located that organizational performance is directly associated with performance of their employee. For the aim Primary data also as secondary data were collected from 120 respondents. The study found that Organization which have high qualified employees enjoy high level of performance and outcomes. The study also revealed a high level of correlation between employee performance and recruitment & selection processes and therefore the Performance of employees is very trusted their recruitment and selection process. Wambua & Genga (2018) determined the effect of recruitment and selection process on the performance of teachers. Data were collected through questionnaire from 347 respondents including teachers, principals, and teacher managers and analyzed through descriptive statistics. Results of this study showed a direct correlation between teacher’s performance and recruitment & selection. The researchers recommend that Teacher Service Commission should emphasize on conducting transparent and fair recruitment & selection. Suwarto & Subyantoro (2019) determined the effect of selection on performance, the effect of placement on performance, the effect of selection on placement at PT Green Glover Indonesia. Data were collected from 90 employees and analyzed by using Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach. The result showed that recruitment has no effect on performance, selection affects performance, placement affects performance, recruitment affect selection and selection affects placement.
2.2 Impact of coaching and development on employee performance via Literature survey

Anis et al., (2010) emphasized on compensation package after employees training and development practices for retention purpose. Data were collected from 330 employees and analyzed by using Structure Equation Modeling (SEM) Technique. Result revealed that retaining employee’s future after their training and development has been completed, without increasing their compensation is not as favorable as when compensation is increased to reflect the completion ability to apply their field related skill and capability. Truitt (2011) explored the connection between training experience and attitude and attitude about perceived job proficiency. Data were collected from 237 employees from one academic institution and three businesses within the states of Maryland, Delaware and Arizona. Result showed that 86.8% of these who had adopted training had the foremost positive attitude towards training. 80% of these who had negative views on their proficiency.

Saleem et al., (2011) identified the main purpose of coaching and development also because the key impact on employee’s performance. This study concluded that if many employees are given training and development opportunities then organization enter high position as before training. Sultana et al., (2012) examined the impact of coaching on employee’s performance of Telecommunication sector in Pakistan. Data were collected from 360 employees of 5 telecom companies and analyzed by using Regression and Correlation analysis. The study concluded that if organization invests in right sort of employees training it can enhance employee’s performance also as competencies and skills. Gamage & Imbulana (2013) measured the effect of the training and development on the employee’s performance of Shri Lanka Telecom sector. Data were collected through self administered questionnaire from 226 employees. The study revealed that there was a significant positive relationship between Training & development and the employee’s productivity, a significant negative relationship with job satisfaction.

Kum et al., (2014) focused on the impact of training and development on employee’s performance at ESCON. A random sampling method was used to select participants for the study. Data was collected using questionnaire. Finding revealed that working condition and a lack of resources affect the training and development of employees. Kepha et al., (2014) sought to establish the influence of training and development on the performance of employees in research institute in Kenya. The study adopted representative sampling technique while the sample size was 256 employees and analyzed using statistical technique like tables, bar- graphs and pie charts. Result revealed that the correlation between employees performance and training and development were highly significant. The study recommended that research institute initiate training and development programs that are relevant to their needs. Mozael (2015) discussed the training methods to maximize the performance of employees. Finding of the study was that there is several training method which are used to enhance employees performance. Based on the result, several new methods are suggested for better employee training. Mohammed Raja Abularaheem salah (2016) examined the relationship between training & development and employee performance & productivity. Data were collected from 188 employees and analyzed by using inferential statistics like Pearson Product Moment Correlation Coefficient (r) and Linear Regression
were used. Result of this study showed that there was significant relationship between training &
development and employee performance. This study recommends that effective training programs and
carefully set development plan should be provided to all employees to facilitate them to improve for
upgrading knowledge.

Shafiq & Hamza (2017) investigated the effect of training and development on employee performance. Data
were collected through questionnaire from 105 employees. Correlation and Regression analysis were used for
analysis. Result of this study showed that on the job training, off the job training, and job rotation had an
insignificant while job enrichment had significant impact on employee performance. This study recommends
that company need to implement the progressive HR programs and policies to achieve the goal, build a high
performing employee in the organization. Owotunse & Yetunde (2018) investigate whether coaching and
development had an impact on employee performance and productivities. Data were collected through
questionnaire designed on two point likert scale (1= agree, 2= disagree) from 80 employees. The result of this
study showed a significant relationship between training & development and employee performance. This
study recommends that institutions administrations which are interested in their productivity and efficiency is
left with no other option than to adopt training and development. Sanyal & Hisam (2018) examined the impact
of training and development practices on employee performance of the selected Omani public and private
sector banking organization. Convenience sampling method used to obtain sample size of 300 for data
collection which were analyzed by using descriptive statistics, Pearson Correlation analysis, Regression analysis
and ANOVA. Result of this study concluded that training and development had positive influence on employee
Data were collected from 500 employees through questionnaire based on five point likert scale and analyzed by
using Pearson correlation. Finding of this study revealed that development leads to better employee
performance, training and development both increases the employee performance and had a positive impact
on employee performance. This study recommends that organization needs to spend on training and
development of its employee for long term competitive edge.

2.3 Impact of compensation on employee’s performance via literature survey

Data were collected through in depth interview at senior, middle, junior leadership and shop floor level
employees. Finding showed that compensation can only have a positive impact on employee’s
performance if it is not only linked to employee’s performance but democratized to incorporate the
input of employees, properly installed and maintained. Yamoah (2013) examined the relationship
between compensation and productivity in the banking industry in Ghana. Descriptive survey was
carried out to collect data from the employees of Ghana commercial banks in the Greater Accro
Region. Data were analyzed via Descriptive statistics and Pearson Chi- Square Test. Result indicated a
significant relationship between compensation and productivity. Permeate (2013) examined the impact
of compensation on the performance of employees and extend to which compensation management can
be used as tool for improving organizational performance in service sector. Analytical survey method was employed to collect the information from 100 respondents. Data were analyzed by using Chi-Square test. The result showed that compensation management had a direct impact on employee’s performance. Study also showed that monetary rewards had to be supported with non monetary benefits to retain the talent in the long run. Odunlami & Mathew (2014) examined the effect of compensation management on employee’s performance in the manufacturing sector. Data were from primary as well as secondary and analyzed using inferential and descriptive statistics. The study concluded that there was a positive significant relationship between management and employees performance. Sangwan (2015) founded the impact of the compensation on the employee productivity of private banks employees and employee perception and satisfaction level towards the compensation. Data were collected from secondary sources like journals and research papers, newsletters, HR websites. The study concluded that the performances of employees depend on the existing compensation and performance management programs at individual company. Njoroge & Kwasira (2015) studied the influence of compensation and rewards on performance of employees at Nakuru county government. Data were collected through questionnaire and interview schedule with a compensation of open and closed questions and analyzed by using SPSS. The finding indicated that there was a strong relationship between compensation and rewards on employee’s performance. Akhter et al., (2016) examined the impact of employee compensation discrimination on the performance of employees of Engro Food Limited leader of Sahiwal. Data were collected through questionnaire from 100 employees of Engro Food Limited and analyzed by using Multiple Regression and Correlation. The result of the study showed that compensation has a critical role in the recruitment and retention of employees. The research has revealed that in some industry there was discrimination on the basis of designation and level will enables the practitioners and employees to reduce job turnover and increase the level of employee’s performance. Mohamed et al., (2016) investigated the influence of organizational compensation practices on performance among the Enforcement employees in Malaysia. Data were collected through questionnaire from 300 employees and analyzed by using Regression and Structure Equation Modeling Technique. The study founded that employees performance were influenced by the compensation practices. Kimani et al., (2017) analyzed the effect of compensation strategies on employee performance. This study used questionnaire as a primary source for collecting data from 153 employees. The data were analyzed by using statistics such as mean, SD, frequency, percentage and Pearson Correlation method. The study concluded that employee benefits such as allowance, incentive and bonus had positive effect on employee performance. Further, the study recommends that HR manager should develop a system that will ensure proper salary plan entailing proper job evaluation processes and pay structure to motivate the employee to perform. Dayanandan (2017) assess the impact of compensation on job performance of hospital employees. Data were collected through primary and secondary sources. Sample size was comprised 206 employees, identified through representative sampling technique. Data were analyzed by using descriptive statistics like frequency, percentage, mean, SD and inferential statistics such as T-test, Correlation and Multiple Linear
Regression. The study found a significant effect of salary, reward and indirect compensation on job performance. The study recommends that hospital management need to improve its compensation system time to time. Rajan & Mishra (2017) measured the impact of reward system on employee performance of Indian Oil Corporation. Sample size was comprised 102 employees at managerial level. Data were collected through structured questionnaire designed on five point likert scale. Chi-square test has been used to analyze data. Descriptive statistic based on frequency, table and graph were also used in this study. Finding of this study showed that rewards had positive impact on employee’s performance. Widagdo et al., (2018) analyzed the effect of partial compensation and partial motivation on employee performance as well as the direct influence of compensation and motivation on employee performance. Data were collected by using survey method through distribution of questionnaire to 180 employees and analyzed by using factor analysis and F- test. This study concluded that compensation, motivation and organizational commitment influence the employee’s performance and commitment as an intervening variable. Ehsan (2018) examined that impact of HRM practices on employee performance in telecom sector with Sample size of 100 employees consisting managerial and non-managerial staff. Data were collected from primary and secondary sources. Finding of this study showed that performance appraisal, compensation and work design had positive impact on employee performance. So organizations need to improve their HR practices for improving employee performance. N et al., (2019) investigate the influence of performance-based compensation, competency-based compensation, and equity-based compensation on employee performance in Nigerian organization. Data were collected through questionnaire from 257 public secondary school and analyzed by using Z-test. Equity-based compensation, performance-based compensation and competency-based compensation has significant effect on employee’s performance. Given the explanation put up above, this research proposes thus:

1) Recruitment and selection positively influence employee’s Performance
2) Training and Development positively influence employee’s performance
3) Compensation positively influence employees performance

3. RESEARCH FRAMEWORK

![Figure 1: The Proposed Framework](image-url)
In the literature review, it has been observed that employee’s performance has been impacted by different HR practices like recruitment and selection, training and development, and compensation. Based on the review of relevant literature it is proposed that there is enough evidence to show the impact of HR practices on employee’s performance. This is illustrated in the Figure 1 which depicts the proposed framework where HR practices are independent variables and employee performance is dependent variable. HR practices are measured through recruitment and selection, training and development. Compensation while employee performance could be measured by task and contextual performance.

4. CONCLUSION AND DISCUSSION

The purpose of the study was to determine the impact of HRM practices on employee’s performance across the sectors via Literature survey. This paper surveyed the research on the impact of HR practices involving recruitment & Selection, Training and Development and compensation on employee’s performance.

In recruitment and selection practices, the studies found that there was a high correlation between employee’s performance and recruitment and selection practices in research institute (Kepha, Mukulu, & Waittu, 2014). Recruitment resources contribute more to the employee’s performance (Makaya, Mukhweso, & Njugana, 2013). In public sector, there was high positive correlation between recruitment process and public sector. Malaysian Skill Institute (MSI) showed that recruitment & selection and compensation significantly correlated with the employee’s performance. Real sector found that organization strength and weakness comes from caliber of its employees and good strategy enable organization to get suitable and qualified employees that can enhance performance (Oaya, Ogbu, & Ramibkun, 2017). Education sector found that there was a positive correlation between teacher performance and recruitment and selection and recommend that teacher service commission should emphasized on conducting transparent and fair recruitment & selection.

In training and development practices, the studies showed that if organizations invest in right type of employees training it can enhance employee’s performance as well as competencies and skills and also found that there was a significant positive relationship between training and development and employee’s productivity and significant negative correlation with job satisfaction in Telecommunication sector. Working conditions and lack of resource affect the training and development of employees at ESCON (Kum, Cowden, & Karodia, 2014).

In compensation practices, the studies found that there was a significant relation between compensation and employees productivity in banking sector (Yamoah, 2013). Service sector revealed that monetary rewards had to be supported with non- monetary benefits to retain the talent in long run (Premalatha, 2013). Manufacturing sector showed that there was positive significant relationship between
compensation management and employee performance (Odunlami & Mathew, 2014). Engro food limited found that in some industry there was discrimination on the basis of designation and level will enable the employee to reduce job turnover and increase the level of employee performance.

The overall conclusion from the literature is that HR practices have an impact on employee’s performance. However, since this paper focuses purely on the conceptual prospective of the impact and relationship between recruitment and selection, training and development, compensation and employees performance. It can be suggested to the future research to empirically test to what extend and how HR practices (e.g. Recruitment & selection, training and development, compensation) are related to employees performance.

BIBIOLIGRAPHY AND REFERENCES

Books


Journals


