

# HRM Practices and Their Effects on Employee Performance: A Survey of Selected Hyderabad IT Companies

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## ABSTRACT

Human resource management (HRM) refers to the process of making effective use of an organization's workforce in order to achieve its strategic goals. An organization needs human resources to carry out a variety of business operations, and it must utilise these resources extremely effectively. The primary goal of this study was to investigate the impact that human resource management methods have on the organizational performance of companies operating in the information technology industry. We gathered the study's information using a standardised questionnaire. The target population members for this study were the employees at IT companies in Hyderabad. We used the SPSS software to perform quantitative data analysis. The study's findings indicated that human resource management methods have a significant impact on the functioning of organizations that are part of Hyderabad's IT companies. Because employees have a positive perception of HRM procedures, this research also shows that improvements in the organization have led to a decrease in human errors and an increase in product growth.

**Keyword:** Employee Productivity, Employee Performance, Information Technology

## I. INTRODUCTION

A high-performance work system (HPWS) is centred on establishing a work environment and implementing procedures that empower people to achieve optimal performance and make valuable contributions to the organization's achievements. It entails incorporating several human resource management strategies to maximise employee abilities, drive, and involvement. The following are the fundamental principles linked to high-performance work systems: The systemic approach of High-Performance Work Systems (HPWS) is a comprehensive and interconnected method of managing individuals inside an organisation. It acknowledges that different HR practices, when properly coordinated and interconnected, can have a synergistic impact on the performance of individuals and organisations. Employee Skills and Competencies: HPWS

prioritises the recruitment of individuals who possess the essential skills, knowledge, and abilities needed to carry out their duties proficiently. Additionally, it prioritises the cultivation and improvement of employees' abilities by means of training, development initiatives, and ongoing educational prospects. High-Performance Work Systems (HPWS) foster employee involvement and engagement through the provision of autonomy, decision-making power, and avenues for sharing their thoughts and opinions. Performance Management: High Performance Work Systems (HPWS) incorporate comprehensive performance management procedures that establish explicit expectations, offer consistent feedback, and synchronise individual goals with organisational objectives. It frequently includes performance rating systems, performance-based rewards, and recognition to stimulate and compensate for exceptional performance.

HPWS promotes the practice of collaboration and efficient teamwork among its staff. It creates systems and procedures that make communication, coordination, and exchange of knowledge easier amongst teams and departments, promoting a feeling of shared responsibility and collaboration. HPWS acknowledges the significance of continual learning and development in order to ensure that employees' skills remain current and in line with the changing requirements of the business. The organisation provides training programmes, mentorship, coaching, and avenues for personal and professional development. HPWS promotes work-life balance through the implementation of flexible work arrangements, including remote work opportunities, flexible scheduling, and family-friendly policies. The statement recognises the significance of employee welfare and strives to establish a conducive work atmosphere.

High-Performance Work Systems (HPWS) establish a connection between incentives and recognition and the results achieved via performance. It may encompass financial incentives, bonuses, promotions, or non-monetary prizes to inspire and acknowledge top achievers, fostering a culture of excellence. HPWS fosters a culture that emphasises constant improvement, innovation, and adaptability. It motivates employees to recognise and propose enhancements, explore novel methods, and gain knowledge from errors. The concept of high-performance work systems recognises the crucial importance of human capital in achieving organisational success. Organisations strive to improve employee productivity, engagement, satisfaction, and overall organisational performance by following these concepts and practices.

## II. LITERATURE REVIEW

*Macky, K., & Boxall, P. (2007)<sup>1</sup>* In a randomly selected national population sample, HPWS practices increased work satisfaction, trust in management, and organizational commitment, demonstrating that HPWS benefits both employees and employers. The study examines the 'complementarities thesis' from an employee's perspective and finds unfavorable HPWS practice interaction effects. The study suggests that workers may face restrictions on HPWS upgrades. Job satisfaction was the primary mediator of HPWS-related employee sentiments.

*Kloutsiniotis, P. V., & Mihail, D. M. (2018)<sup>2</sup>* Employee outcomes mediated the relationship between HPWS and

service quality. Trust mediated HPWS and employee outcomes, but it did not moderate them. Lastly, the inclusion of trust in the initial study mediated and moderated both HPWS and service quality. This study shows how important a "trusting" workplace is for employee attitudes and outcomes. Positive employee behaviour and willingness to support organisational goals affect productivity, according to this study.

*Mostafa, A. M. S., & Gould-Williams, J. S. (2014)<sup>3</sup>* The study found that HPHRP improved P-O fit, work satisfaction, and OCBs. The study found a positive link between job satisfaction, OCBs, and P-O, which somewhat moderated the HPHRP-OCB relationship. HPHRP enhances employee performance and organizational fit. Thus, managers should utilise HPHRP to increase employee-organisation congruence and enhance employee attitudes and behaviours.

*Latorre, F., Guest, D., Ramos, J., & Gracia, F. J. (2016)<sup>4</sup>* the organisational support, a fulfilled psychological contract, job security, and job satisfaction mediated the association between high-commitment HR practices and employee performance. This study used a social exchange analysis technique to investigate the impact of strong commitment in HRM on performance through the employment relationship. It offers a different, supplementary perspective on the relationship between HRM and performance compared to the well recognized AMO (ability, motivation, and opportunity) model.

*Gardner, T. M., Moynihan, L. M., Park, H. J., & Wright, P. M. (2001)<sup>5</sup>* We looked at the association between HR practices and group behaviors (absenteeism and turnover) in 174 separate work groups. The relationship was mediated by group attitudes (commitment and job satisfaction). The findings indicate that employee behavior and HR procedures are partially mediated by attitudes. The notion that attitudes and behaviors mediate is supported by the study's findings, which indicate both direct and indirect relationships between HR practices and company outcomes. These results highlight the significance of multilevel theory and methodology, as well as the different ways that HR policies work.

## III. RESEARCH GAP

Several studies have investigated the impact of human resource management techniques on organisational performance. While some research has indicated a

relationship between HRM practices and overall business success, very few studies have attempted to determine a relationship between HR procedures and the job performance of specific employees. Furthermore, neither the Hyderabad Region nor the entire state of Telangana have been the subject of any study. By examining the impact of HRM practices on employee mistakes, employee productivity, and product growth—particularly in IT firms situated in the Hyderabad Region of Telangana State—the current study seeks to close the aforementioned gap. The purpose of the study is to look into how HRM practices affect staff productivity, employee absenteeism, and sales growth in the IT sector.

#### IV. OBJECTIVES OF THE STUDY

This study aims to assess the integration of human resource management methods with the perception of employee production errors, employee productivity, and product growth.

This proposal aims to provide recommendations for improving human resource management practices within the information technology industry. The study has taken into account human resource management methods such as recruitment, selection, training and development, compensation, performance appraisal, and employee welfare. The study's primary focus is on HRM practices. What impact do the aforementioned elements have on the overall performance?

#### V. HYPOTHESES

**H<sub>01</sub>:** *There is no significant impact of human resource management practices on Employee Production Errors*

**H<sub>02</sub>:** *There is no significant impact of human resource management practices on Employee Productivity.*

**H<sub>03</sub>:** *There is no significant impact of human resource management practices on product Growth.*

#### V. RESEARCH METHODOLOGY

This study introduced a theoretical framework to examine the correlation between human resource management methods and organisational performance.

#### Construct Measurement

##### *Dependent Variable*

Employee production errors, employee productivity, and product growth are the three elements that the researcher has evaluated in order to assess the dependent variable that the researcher has chosen to focus on, which is the performance of the organization. For the purpose of evaluating the performance of the firms with respect to these three aspects, we requested that the participants use a Likert scale that ranged from 1 (very low) to 5 (very high).

##### *Independent Variables*

During the course of this investigation, the researcher has used six distinct HRM practices. Recruitment, selection, training and development, compensation, performance evaluation, and employee welfare are the departments that fall under this category. We have used a five-point Likert scale for these practices, allowing responses to range from strongly disagreeing (1) to strongly agreeing (5).

##### *Questionnaire and Sampling*

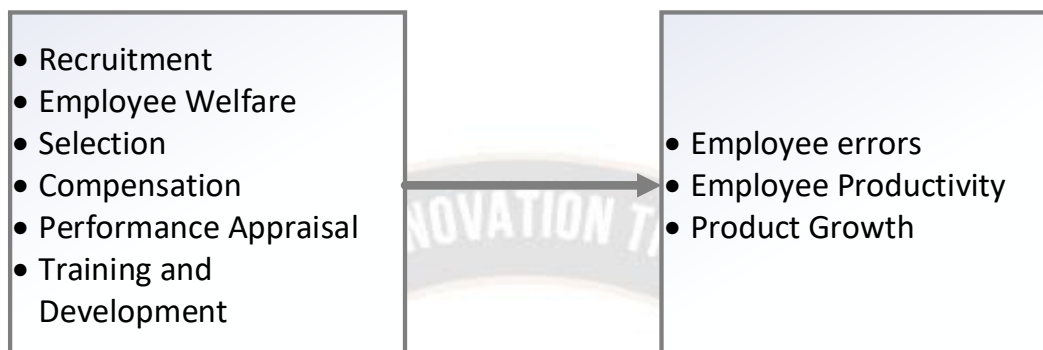
Given the size of the population, the research analysis selected a representative sample of fifteen active businesses in the Hyderabad district's Hitech city region. All of the employees of these 15 companies, which totalled around 435 individuals, were considered for data collection using a straightforward random sample method. We distributed a total of 435 questionnaires, and 380 of them returned completed questionnaires. This represents a return rate of 87.35%, which is considered to be a suitable sample for the study. We gave questionnaires to common employees to learn about the various human resource management techniques implemented in their companies and their impact on the organization's functioning. A survey consisting of 53 questions was devised in order to assess the impact of human resource practices on the overall performance of the organisation. Human resource management practices and the organisation's performance are the two components that make up this section.

The HRM practices encompassed many aspects, such as recruitment (consisting of 8 variables), employee welfare (comprising of 6 variables), selection (comprising of 7 variables), compensation (consisting of 9 variables), performance appraisal (comprising of 7 variables), and



training and development (consisting of 7 variables). The participants were instructed to rate these things on a five-point Likert scale, ranging from 1 to 5, where 1 represents "strongly disagree" and 5 represents "strongly agree." The

aggregate Cronbach's alpha coefficient for these six variables was 0.875, indicating a reasonable level of internal consistency.



We assessed the organisation's success based on three factors: employee absenteeism, employee productivity, and sales growth. We asked the respondents to rate their opinions on a five-point Likert scale, ranging from 1 to 5, with options including "very low," "low," "undecided," "high," and "very high." We used the Pearson correlation coefficient to assess the relationships between the variables of HRM practices, as indicated in the table above. The results indicate positive correlations among the different

variables examined in the study. We used SPSS for statistical analysis to evaluate the hypothesis. We used regression analysis to determine the impact of independent variables on dependent variables. The study's analysis relied on primary data. We administered a survey to employees of small-scale enterprises to gather their opinions on the current human resource management methods and their influence on the overall performance of these industries.

## VI. ANALYSIS AND RESULTS

Showing Regression Analysis conducted on three dependent variables

**Table :1 Employee Production Errors**

R Square	Beta	Dependent Variables	independent Variables	F Statistic	Sig
0.6381	0.979	Employee Production Errors	Recruitment	2997.652	.000
	0.976		Employee Welfare		.000
	0.790		Selection		.000
	0.842		Compensation		.000
	0.578		Performance Appraisal		.000
	0.501		Training and Development		.000

**Table :2 Employee Productivity**

R Square	Beta	Dependent Variables	independent Variables	F Statistic	Sig
0.6658	0.851	Employee	Recruitment	1375.721	.000

	0.843	Productivity	Employee Welfare		.000
	0.945		Selection		.000
	0.936		Compensation		.000
	0.660		Performance Appraisal		.000
	0.596		Training and Development		.000

Table :3 Product Growth

R Square	Beta	Dependent Variables	independent Variables	F Statistic	Sig
0.5325	0.531	Product Growth	Recruitment	1086.127	.000
	0.593		Employee Welfare		.000
	0.584		Selection		.000
	0.676		Compensation		.000
	0.937		Performance Appraisal		.000
	0.942		Training and Development		.000

### Employee Production Errors

The coefficient of determination, also known as the explained variance, has a value of 0.6381, as shown in the table above. The six components of HRM practices account for 63.81% of the variability in employee output mistakes. Furthermore, the investigation indicates that the F statistic has a value of 2997.652, and its significance level is 0. There is a significant relationship between the levels of absenteeism among employees and the approaches taken by HRM.

variation in product growth may be attributed to the six HRM strategies. Additionally, the analysis reveals that the F statistic is 1086.127, with a significance level of 0. There is a strong correlation between sales growth and HRM practices.

### Effect on Organisational Performance

According to the research findings, human resource management methods have a beneficial effect on the performance of organisations in the information technology industry. Factors such as performance reviews and employee wellbeing have a significant impact on workers' workplace production errors. According to the study's findings, an efficient application of HRM practices is likely to reduce the number of production errors made by employees. The study also highlights the significant impact of certain HRM practices on employee productivity. Researchers found that factors such as employee wellbeing, performance evaluation, and training and development influence the amount of work employees complete. According to the research findings, human resource management methods have a major influence on the product's growth. A number of independent factors, including remuneration, performance evaluation, and training and development, have a significant influence on the organization's performance.

### Employee Productivity

The table above indicates that the R<sup>2</sup> value, which represents the coefficient of determination or explained variance, is 0.6685. The six components of HRM practices account for 66.58% of the variability in employee productivity. Additionally, the analysis reveals that the F statistic is 1375.721, with a significance level of 0. There is a strong correlation between employee productivity and HRM procedures.

### Product Growth

The table above indicates that the R<sup>2</sup> value, which represents the coefficient of determination or explained variance, is 0.5325. The data indicates that 53.25% of the

## VII. CONCLUSIONS

According to the findings of the aforementioned research, human resource management methods have a favourable influence on the performance of organisations operating in IT sectors. The implementation of human resource management methods is necessary for small-scale industries that wish to improve their performance must implement human resource management methods. The organisation ought to enhance its training and development, remuneration, performance assessment, and employee welfare procedures, all of which have a substantial impact on the organisation's overall success.

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