Human Resource Development Practices and Employee Performance: Study of Indian Automobile Industry

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ABSTRACT

Human resource plays a vital role in highly skilled and knowledge intensive industries like automobile industry. The growth and development of an organization greatly depends upon its human resource than the other resources and to achieve success it is necessary that right person must be placed at right job and his potential must be enhanced through multiple and continuous training since development and delivery of quality products and services depend upon quality of human resource. Talented and learned human resource is the need of highly competitive, dynamic and technical industries, needed continuous and multiple-skill training. Thus, to attain such human resource, industries should emphasize on developing and nurturing a strategy based human resource development practices. Results of this study could provide human resource professionals with useful and valuable information to formulate strategies to decide what human resource practices should be effectively implemented in their organizations that maximizes employee's performance. This study investigated the impact of HRD Practices namely compensation, performance appraisal, training and development, job definition, career planning, employee participation, selection on employee performance of selected Indian automobile industries.

INTRODUCTION

Indian Automobile industry is the one of the industrial sector that has shown tremendous growth after 90's. The \$93 billion automotive industry contributes 7.1% to India's GDP and almost 49% to the nation's manufacturing GDP (FY 2015-16) and it is likely to grow up to 12% (FY 2016-17). The industry employs 29 million people, directly and indirectly, and contributes to 13% of excise revenue for the Government. With this pace of growth & contribution it's necessary for them to meet the market requirements and the global demands which entail for efficient and challenging human capital.

Automobile industries in achieving their overall objective faces certain issues like global competition, product development, cost containment, problems related to HR department and its challenges. The major problem faced is employee retention which arises due lack of growth and development of the present employee on both personal and professional front, low pay package, lack of benefits or poor work environment. To overcome the problem a well developed HR

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department is crucial with its well framed HR policies.

Human Resource Development (HRD) plays a significant role in developing an efficient and skilled workforce so that the organization as well as employees can accomplish their objectives. It provides opportunities to the employees in terms of training, performance management, performance appraisal, succession planning etc that leads to overall organizational development.

Organizations can become dynamic and grow through the efforts and competencies of their human resources. HRD thus plays an important role in framing such practices that can help the employees in motivating and keeping their morale high. Such practices further have a positive impact on the employee's performance. Hence in the present age of cut throat competition the survival and growth of an industry needs well developed and efficient human resource with varied skills.

LITERATURE REVIEW

There are number of HRD practices that could be tested in connection with employee performance. Karami, et al., (2017) proposed five sub-constructs for HRM namely; HR strategy, employee retention, employee assessment, employee management, and HR developments. All the constructs were extracted based on the literature review and found most suitable for the Saudi aluminum industry. A self-administered questionnaire was developed and a random sampling method was used to select the samples for this study. All the questions were tested for reliability, validity and unidimensionality through confirmatory factor analysis. Finally, SEM analysis was carried out to test the proposed model for HRM contributed to the development of new framework on the relationship between HRM and TM that increases organisational performance in the UAE aluminum industry perspective. Sarker (2017) measured the effect of human resource practices on the employee performance in banking sector of Bangladesh. A sample survey on convenience sampling based data set about 328 different levels of employees from the banks in different locations of Bangladesh were selected. A structured questionnaire was used to collect primary data related to some HR issues namely-institutional Commitment and motivation, Employee relations, Compensation, Physical Work Environment, Training & Development, Promotion, Job Satisfaction (independent variables) and the

employee performance (dependent variable) of the designed banks. The study revealed that all the HRD Practices except compensation and training & development have significant impact on the employee performance in the banking industry of Bangladesh. The findings of study provided a clear guidance to the banking practitioners/policy makers to take further steps in achieving the organizational goal through the employee performance. Hassan (2016) conducted a study to determine the impact of HRD Practices on employee's performance in the Textile industry of Pakistan. The sample size of 68 employees was considered to check the association between HRD Practices and employee's performance. It was found from the results that HRD Practices (Compensation, Career Planning, Performance Appraisal, Training, and Employee Involvement) impact on employee's performance positively.

Al_Qudah et al., (2014) investigated the effect of HRD Practices (recruitment and selection, compensation) on employee performance in Malaysian Skills Institute. The results indicated that recruitment and selection and compensation significantly correlated with the employee performance in Malaysian Skills Institute. Khatibi et al., (2012) investigated the impact of HRD Practices (Compensation, Evaluation, and Promotion) on perceived employee performance in a sample of 9 hospitals in Iran. The results showed that compensation impact employee performance significantly. Patnaik, et al., (2012) conducted a study to examine the impact of three important HRD Practices, namely, selective hiring, compensation and promotion practices on perceived performance of 294 teachers in Indian universities. It was found from the results that HRD Practices positively impact on perceived performance of teachers and compensation practices, in particular, are found to be of the highest importance. Riaz et al., (2012) conducted a study to establish the relationship between Employee's Performance and HRD Practices in the developing countries like Pakistan and found the positive association between promotion and compensation with employee performance but employee performance are not significantly associated with performance evaluation. Pakistani hospitals need to change some compensation for the improvement of hospital employee's performance. Gyensare and Asare (2012) conducted a study to examine the impact of three HRD Practices (compensation, performance evaluation and promotion) on perceived performance of

psychiatry nurses in the mental hospitals in Ghana. The sample size was 130, Pearson correlation and multiple regression analyses were used. It was found from the results that compensation impact perceived employee performance positively. It was also revealed a positive relationship exist among performance evaluation, promotion, and employee perceived performance. Zaitouni et al., (2011) investigated the impact of HRD Practices on the affective, continuance, and normative organizational commitment among employees in the banking sector in Kuwait. The full-time, and part-time employees (managers and non-managers) of five large private banks in Kuwait were included as sample. Both Exploratory Factor Analysis (EFA) and hierarchical regression analyses were used to draw the relationship between these variables. The results showed that fifty percent of the variables confirmed previous studies and the remaining fifty percent did not support these studies due to factors such as culture and values. Tanveer et al., (2011) evaluated the impact and links between HRD Practices and employee's performance of the textile sector of Pakistan. This was achieved by developing and testing the model based on HRD Practices (recruitment and selection, training and performance appraisal) as independent variables on the employee's performance as a dependent variable. Research findings proved a significant relationship exist between human resource practices and employees performance. Aleem et al., (2011) examined the relationship between HRD Practices (compensation, performance appraisal, employee relations, job security, promotion, employee participation, and pension fund) and perceived employee performance in the health sector of Pakistan. Furthermore, satisfaction with HRD Practices was a moderating variable between employee performance and HRD Practices. Data were collected from 220 employees (top, middle and lower level) of autonomous medical institutions of Pakistan (Punjab) through questionnaires. The results indicated that the compensation, employee relations, job security, promotion, and pension impact performance of health sector employees positively except employee participation and performance appraisal. Baloch et al., (2010) measured the impact of HRD Practices (compensation, promotion and performance evaluation) on perceived employee performance of Bankers in NWFP, Pakistan. The results indicate that compensation, promotion practice; performance evaluation practices and perceived employee performance exist. Multiple Regressions showed that 57% percent of the variance in

perceived employees' performance can be accounted for compensation, performance evaluation and promotion. Marwat et al., (2010) explored the relationship between HRD Practices including selection, training, career planning, compensation, performance appraisal, job definition and employee participation and perceived employee performance in telecom sector in Pakistan. It was found that all the tested variables were positively correlated but compensation and training were highly correlated. Shahzad et al., (2008) conducted a study among university teachers in Pakistan. The results of the study indicate that compensation, promotion were positively related to employee perceived performance while performance evaluation was not significantly correlated with perceived employee performance.

Teseema & Soeters (2006) studied eight HRD Practices and their relationship with perceived employee performance. These eight practices include recruitment and selection practices, placement practices, training practices, compensation practices, employee performance evaluation practices, promotion practices, grievance procedure and pension or social security. Singh, A. K. (2005) attempted to identify the relationship between HRD Practices (planning, recruitment, and selection) and the philosophy of management of the Indian business organizations. The sample for the study consisted of 95 respondents from two private sector organizations and 119 respondents from two public sector organizations. The findings of the study indicate that the variables of HRD Practices were highly but negatively related to the philosophy of management in the private sector organizations.

It is seen from the above literature reviews that most of the studies are showing correlation between HRD Practices and employee performance in academics and other sectors in other countries too, limited to manufacturing sectors in Indian context. Therefore, the present study is an attempt to test the impact of HRD Practices on employee performance in developing countries like India particularly for Automobile Companies.

OBJECTIVES

1. To study the employee performance level of selected Indian Automobile Industry

2. To determine the relationship between HRD Practices and employee performance.

HYPOTHESIS

- H_o1: HRD Practices are negatively correlated with the employee performance.

- H_o2: Selection is positively correlated to employee performance.

- H_o3: Training and Development impacts employee performance positively.

- H_o4: Performance appraisal is positively correlated to employee performance.

- H_o5: Career planning is positively correlated to employee performance.

- H_o6: Compensation is positively correlated to employee performance.

- H_o7: Employee participation is positively correlated to employee performance.

- H_o8: Job definition is positively correlated to employee performance.

RESEARCH METHODOLOGY

In order to study the objectives and hypothesis framed for the study, descriptive research design was used. The population of the study includes employees of the selected automobile industries of India. Keeping in view the objectives of the study and certain limitations, non-probabilistic sampling technique (convenience sampling technique) was adopted to select the sample. The sample size for the study was 100 employees employed in automobile industries located in Delhi-NCR in India. Organizational citizenship behavior (Argentero et al., 2008) and Qureshi M Tahir (2006) questionnaires for employee performance and HRD Practices were used to collect the data. Initially, questionnaires distributed to 150 employees of the automobile industries, out of which 128 questionnaires returned by the employees. 28 questionnaires were rejected due to incompleteness. Finally, 100 questionnaires were used for the study.

DATA ANALYSIS

The data were gathered, tabulated and analyzed using the statistical analysis software. The Statistical Package for Social Sciences (SPSS) version 21 was used to perform Mean, Standard deviation, Correlation analysis, Regression analysis.

It is observed from the **Table No- 1 (see appendix)** that Performance Appraisal (PA) has highest mean followed by Job Definition and Selection. Rest of the variables means value ranging between 3.78 and 3.94 for HRD Practices whereas highest mean of Civic Virtue of Organizational Citizenship Behavior is 4.07 followed by Cconscientiousness and Altruism.

Similarly the Employees' Participation has highest standard deviation followed by Job Definition. Rest of the variables standard deviation value is ranging between 0.394 and 0512 for HRD Practices whereas Altruism of Organizational Citizenship Behavior has highest standard deviation value followed by Cconscientiousness and Civic Virtue.

Correlation Analysis

It is statistically measures the strength of linear association between the two sets of data. It determines the degree of relationship between variables. One very convenient and useful way of interpreting the value of coefficient of correlation between two variables is to use the square of coefficient of correlation, which is called coefficient of determination. The coefficient of determination thus equals r^2. If the value of r= 0.9, r^2 will be 0.81 and this would mean that 81 percent of the variation in the dependent variable has been explained by the independent variable. Both the variables were standardized and Karl-Pearson's coefficient of correlation was carried out.

It is found from the analysis **Table No-2 (see appendix)** that there is significant relationship lies between HRD Practices and OCB. It appears from the table that HRD Practices and Organizational Citizenship Behavior have a positive and significant correlation at 1% level of significance. It is also observed from the analysis **Table No-3 (see appendix)** that there is significant relationship lies between the variables of HRD Practices and OCB. It appears from the table that the variables of HRD Practices and Organisational Citizenship Behaviour have a positive and significant correlation at 1% level of significance.

Regression Analysis

It is a procedure of functional relationship used for prediction. A simple regression analysis was carried out. Both the variables were standardized and 'F' ratio for analysis of variance (ANOVA) was also estimated. The student t' test was used to test the hypothesis of impact of independent variables on dependent variables.

The resulted regression model **Table No-4 (see appendix)** is the estimation of impact of HRD

Practices (HRDP) on Organisational Citizenship Behaviour (OCB). It is found that the R square is not so impressive (0.271). This indicates that the determination power of the regression equation is about 27.1 percent. This shows that HRD Practices explain 27.1 percent variation in Organisational Citizenship Behaviour for the selected Automobile Industries in Delhi-NCR. The rest of 72.9 percent of Organisational Citizenship Behaviour is unexplained in the model. The standard error of the estimates is 0.66923, which is less than one. The F-ratio (ANOVA) is 36.351 is statistically insignificant at 1% level of significance. Therefore, the model is acceptable, estimated by enter method.

It is observed from the analysis that the value of R square is very low which implies that independent variable i.e. HRD Practices in the model explaining 27.1 % variation in the dependent variable i.e. Organisational Citizenship Behaviour. It implies that other variables not included in the process are explaining 72.9% variation in dependent variable. R square is also known as the coefficient of determination. Its value lies between 0 and 100. The regression model obtained by enter method is good, supported by the value of adjusted R Square (0.263) which is found to be positive.

It is found from the ANOVA **Table No-5 (see appendix)** that value of F is 36.351 at p<0.01, significant. It implies that the P value of the overall F-test is significant; regression model can predict the response variable better than the mean of the response. It also shows that the P value for the overall F-test is at significance level, can conclude that the R-squared value is significantly different from zero.

Regression Model: OCB = 1.987E-16 + (0.538) HRDP

It is found from the **Table No-6 (see appendix)** that the intercept is very small and statistically significant. This implies that there is no scope of autonomous Organisational Citizenship Behaviour. This also supports the value of R square in the model.

Therefore, it may be concluded that HRD Practices has positive but moderate impact on Organisational Citizenship Behaviour.

Hypothesis Testing

It is found from the analysis that hypothesis H_{o1} is accepted i.e. HRD Practices and Organisational Citizenship Behaviour are positively and significantly correlated. Also, the hypotheses H_{o2} to H_{o7} are accepted i.e. all the variables of HRD Practices and Organisational Citizenship Behaviour have positive and significant correlation.

CONCLUSION

Today as organizations operate in a dynamic environment it becomes necessary to enhance the competencies of their employees through adopting the HRD practice. The present study brings out positive relation between HRD practices and employee performance. The practices namely compensation, performance appraisal, career planning etc leads to employees development enhancing their skills, increased motivation and moral boosting resulting in increased overall performance of the organization.

This study provides additional information for the management the influences of HRD practices toward employee performance. The result of the study could also be a determinant towards making more reliable decisions on the planning process in HRD matters and implementation of associating program to increase management awareness and other employees' involvement.

LIMITATIONS AND FUTURE STUDY

There are also many limitations of this study which includes;

- First, the study is only limited to automotive industries of Delhi-NCR. So the results of this study can only be used for further research in automobile industry at Delhi-NCR level.

- Secondly the HRD Practices parameters discussed in this study are very short in numbers. These HRD Practices are taken from the research work already done by different researchers. Hence there are several other parameters practices which could be focused in future studies.

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Appendix

Table 1: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
AL	100	3	5	3.66	0.593	0.360	0.241
CV	100	3	5	4.07	0.425	-0.272	0.241
CS	100	3	5	3.98	0.471	-0.058	0.241
T	100	3	5	4.05	0.415	-0.090	0.241
PA	100	3	5	4.10	0.394	-0.285	0.241
CP	100	2	5	3.85	0.492	-1.077	0.241
EP	100	2	5	3.78	0.694	-0.208	0.241
JD	100	3	5	4.07	0.603	-0.134	0.241
C	100	3	5	3.94	0.512	-0.371	0.241
S	100	3	5	4.05	0.491	0.156	0.241

Table 2: Correlation Analysis (OCB and HRDP)

Variables		OCB	HRDP
OCB	Pearson Correlation	1	0.520**
	Sig. (2-tailed)		0.000
	N	100	100
HRDP	Pearson Correlation	0.520**	1
	Sig. (2-tailed)	0.000	
	N	100	100

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

Table 3: Correlation Analysis (OCB and HRDP Parameters)

Variables		T	PA	CP	EP	JD	C	S
OCB	Cor	0.383**	0.386**	0.548**	0.177	0.390**	0.482**	0.378**
	Sig.(2-T)	0.000	0.000	0.000	0.079	0.000	0.000	0.000
	N	100	100	100	100	100	100	100
T	Cor	1	0.668**	0.566**	0.411**	0.435**	0.701**	0.684**
	Sig.(2-T)		0.000	0.000	0.000	0.000	0.000	0.000
	N	100	100	100	100	100	100	100
PA	Cor	0.668**	1	0.688**	0.422**	0.298**	0.645**	0.685**
	Sig.(2-T)	0.000		0.000	0.000	0.003	0.000	0.000
	N	100	100	100	100	100	100	100
CP	Cor	0.566**	0.688**	1	0.260**	0.309**	0.516**	0.534**
	Sig.(2-T)	0.000	0.000		0.009	0.002	0.000	0.000
	N	100	100	100	100	100	100	100
EP	Cor	0.411**	0.422**	0.260**	1	0.297**	0.341**	0.434**
	Sig.(2-T)	0.000	0.000	0.009		0.003	0.001	0.000
	N	100	100	100	100	100	100	100
JD	Cor	0.435**	0.298**	0.309**	0.297**	1	0.472**	0.324**
	Sig.(2-T)	0.000	0.003	0.002	0.003		0.000	0.001
	N	100	100	100	100	100	100	100
C	Cor	0.701**	0.645**	0.516**	0.341**	0.472**	1	0.719**
	Sig.(2-T)	0.000	0.000	0.000	0.001	0.000		0.000
	N	100	100	100	100	100	100	100
S	Cor	0.684**	0.685**	0.534**	0.434**	0.324**	0.719**	1
	Sig.(2-T)	0.000	0.000	0.000	0.000	0.001	0.000	
	N	100	100	100	100	100	100	100

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.520[a]	0.271	0.263	0.66923	0.271	36.351	1	98	0.000

a. Predictors: (Constant), HRDP

Table 5: ANOVA[b]

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.280	1	16.280	36.351	0.000[a]
	Residual	43.891	98	0.448		
	Total	60.172	99			

a. Predictors: (Constant), HRDP

b. Dependent Variable: OCB

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.987E-16	0.067		0.000	1.000	-0.133	0.133
	HRDP	0.538	0.089	0.520	6.029	0.000	0.361	0.715

a. Dependent Variable: OCB