Employee’s perception on Strategic Human Resource Practices for High Performance in Indian Organizations

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ABSTRACT

An Organization from outside is Concrete Infrastructure but from inside it is the People who form the hierarchical pyramid and establish the organization to high level. It is the people only who dream, develop and deliver outstanding results, so to take care of these special people are Human Resource Practices. The main objective of this study is to understand employee’s perception on Strategic Human Resource Practices for attaining High Performance in Indian Organizations. Keeping aside the traditional practices, Strategic HR practices are identified on the basis of exhaustive literature at International Level. Data is collected through questionnaire, interviews, and focus group discussions. The results of quantitative analysis and qualitative analysis indicate positive and significant relationship between the strategic HR practices and organizational performance in Indian Organizations. The use of Innovation & Empowerment and Learning & Growth Initiatives are more as compared to Leadership, Values and Beliefs and Vision and Mission.

Key Words: Strategic Human Resource Practices, High Performance, Indian Organizations.

I. INTRODUCTION

What differentiates the high performing organizations is not only how they have handled their processes, but on the other hand how smartly they have settled their people affairs. In fact, those organizations that have highest levels of performance are those that have positive influence on their employees for achieving the higher efficiency in processes as well as higher level of customer satisfaction. The dynamics of High Performance is all about leveraging the people issues associated in making successful long term organizations. Researchers like Beatty and Varma (1997) found that firms that were rigorous on changing the internal work values and beliefs and the associated human resource practices as part of the High Performance, achieved significant improvements in operational and financial performance. High performance requires a balanced focus on both financial results and people – a balance that is dynamic and need to be managed on an ongoing basis. (Kaplan & Norton 1996; Becker, Huselid & Ulrich 2001. In the era of globally competitive environment, traditional HR practices seem to have little help to aid a firm to achieve its desired goals. Many researchers who studied traditional ways of HRM have now paid their attention more to strategic perspective (Festing & Eidems 2011, Wright, Dunford & Snell 2001; Arthur & Boyles 2007). Indian Organizations also have focused its concern not only on the typical functions held by traditional HR activities but also give importance to the modern demands and adopt strategic HR practices.

1.1 Selection of Strategic Human Resource Practices based on research findings at International Level

A lot of research has been conducted at International Level on Characteristics of High Performing organizations. Out of these characteristics, People related characteristics are identified and associated with Human resource practices to be undertaken for the study.

Table 1: Selection of Strategic Human Resource Practices based on research findings at International Level

<table>
<thead>
<tr>
<th>S.No</th>
<th>Author</th>
<th>Title &amp; Year</th>
<th>People Characteristics</th>
<th>HR Practices</th>
</tr>
</thead>
</table>
| 1    | Tom Peters & Waterman | In Search of Excellence (1982) | • A bias for action  
• Autonomy & entrepreneurship  
• Productivity through people  
• Hands on Value driven | • Values and Beliefs  
• Innovation & Empowerment |
1.2 Proposed Model of Strategic Human Resource Practice for High Organizational Performance

<table>
<thead>
<tr>
<th>HR INPUT</th>
<th>PROCESS &amp; SYSTEMS</th>
<th>OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Practices</td>
<td>Process &amp; Systems</td>
<td>Organizational Performance</td>
</tr>
<tr>
<td>Vision &amp; Mission</td>
<td>Formation</td>
<td>Product/Service Quality</td>
</tr>
<tr>
<td>Values &amp; Beliefs</td>
<td>Content</td>
<td>Employee Productivity</td>
</tr>
</tbody>
</table>

**Figure 1: Proposed HR Model**

The Proposed model claims that there exists a system of human resource practices that leads to superior organizational performance. There are 3 concepts in this claim: 1) HR input: HR Practices, 2) Systemic Effects: Process and Systems and 3) Output: Organizational Performance.

HR INPUT - HR Input includes 5 strategic HR practices: Vision & Mission, Values and Beliefs, Leadership, Innovation and Empowerment and Learning & Growth. By defining a clear vision and mission, management sets the direction for employees to operate in a dynamic culture, where employees are empowered to be their own leaders by learning and sharing innovative ways of growing together with the organization. Employees enjoy their work by making it more meaningful, more valued by getting opportunities to express their opinion and develop their talents. Employers benefit by having more motivated, committed, loyal employees who achieve outstanding results (Youndt et. al 1996, Pfeffer 1998, combs et. al 2006).

Process and Systems - Every organization has its own system to functioning which includes their processes and systems to provide effectiveness and efficiency to the input and thereby, contributing towards the fulfillment of the output. The process and system includes: Formation – the initial formulating process, parties involved etc, Content which is very closely associated with formation only but content includes the features, policies, rules, regulations etc.
associated with the inputs, Communication means the way the sender conveys the information to the receiver on a regular basis, Implementation: After communicating, there is a need to keep a check and record of the actions and behavior of the employees performing different tasks, Contribution: To highlight and appraise the contribution of each employee for the achievement of the organizational performance.

Organizational Performance - There is no agreement on measures of organizational performance as studies have measured different outcomes ranging from financial performance (Huselid et al. 1997) or firm productivity (Guthrie, 2001) to employee commitment (Whitener, 1994) and customer satisfaction (Rogge et al. 2001). Fey and Denison (2003) suggest and recommend use of subjective and perceptual measure to evaluate organizational performance as it is very difficult to get comparable financial results, difficulty to get uniform unit of employee productivity and not possible to get true market growth potential in the volatile business environment. So the existing study also uses employee’s perception to measure organizational performance. The variables identified from previous researches to be used in our study are: quality of goods and services, employee productivity, employee retention, financial stability, market share, customer satisfaction and other organizational Performance.

Indian Organizations too have adapted this paradigm shift from traditional HR practices to strategic HR practices which includes shifts from hard skills soft skills; shift from mechanistic and bureaucratic structure to focus on teamwork and collaboration; shift from allowing employee just to implement decisions made by senior managers to enabling employee to involve and participate in decision making; shift from punishment measure to performance drive to motivating the employees through monetary rewards to non monetary rewards. Generally, to improve their overall contribution in the era of high end competition, strategic human resource practices play a vital role in always achieving high Performance.

II. LITERATURE REVIEW

Table 2: Summarized tabular format

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Author (date)</th>
<th>Type</th>
<th>Work Practice</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ichniowski (1990)</td>
<td>Manufacturing</td>
<td>System: job design, training, others</td>
<td>System associated with higher productivity</td>
</tr>
<tr>
<td>2</td>
<td>Arthur (1994)</td>
<td>Steel</td>
<td>Employee involvement, team working, others</td>
<td>Lines with most progressive practices had 7% higher uptime</td>
</tr>
<tr>
<td>3</td>
<td>Brain B. Becker &amp; Huselid (1998)</td>
<td>All Industries</td>
<td>Influence of HRM system</td>
<td>Strong positive influence on Organizational performance</td>
</tr>
<tr>
<td>4</td>
<td>Richard &amp; Johnson (2001)</td>
<td>Banks</td>
<td>Strategic HRM</td>
<td>SHRM is directly related to employee turnover.</td>
</tr>
<tr>
<td>5</td>
<td>Katou and Budhwar (2006)</td>
<td>178 Greek manufacturing firms</td>
<td>HRM policies</td>
<td>Positive effect</td>
</tr>
<tr>
<td>8</td>
<td>Ivana Tadic and Snjezana Pivac (2014)</td>
<td>Croatian public companies</td>
<td>Revenue per employee etc</td>
<td>Positive significant correlation b/w HR and financial performance.</td>
</tr>
<tr>
<td>9</td>
<td>Bhadra J.H Arachchige and Alan Robertson (2015)</td>
<td>Sri lankan organizations</td>
<td>HPWS</td>
<td>HPWS have overall higher levels of importance in performance outcomes.</td>
</tr>
<tr>
<td>10</td>
<td>Yousif EI Ghalayini (2017)</td>
<td>International Government Organizations</td>
<td>HRM practices and Organizational Performance</td>
<td>HRM practices have synergistic effects on employee attitudes and their individual efforts.</td>
</tr>
</tbody>
</table>

Source: Updated version of Jeffrey Kling (1995);

III. RESEARCH METHODOLOGY

On the basis of the literature review, it is found that, there is very little comprehensive study in India on these strategic HR practices for High Performance. This is the basis of the Research Problem, where attempt is made the find the significance of the strategic HR Practices High Performance in the Indian Organizations.
3.1 Objectives of the Study

1. To understand and establish the relationship between the strategic HR Practices and Organizational Performance of Indian Companies. (Quantitative analysis)
2. To identify the initiatives taken by the selected Indian companies to develop these strategic HR practices. (Qualitative analysis)

3.2 Research Design

Descriptive Research based on Quantitative (Structured Questionnaires) and Qualitative Analysis (Focus group interviews, Face to face interviews, Observation). The target population is the High Performing Indian Organizations from a diverse set of industries ranging from Manufacturing, IT and Services. In total 400 questionnaires were circulated via online and offline sources. After lot of reminders and personal visits and requests approx. 280 were received and from these 200 were found appropriate for the study.

IV. RESULTS AND DISCUSSION

4.1 Quantitative Analysis

Table 4: Quantitative findings

<table>
<thead>
<tr>
<th>S. No</th>
<th>HR Variables</th>
<th>Components</th>
<th>R</th>
<th>R Sq</th>
<th>F</th>
<th>F Sign</th>
<th>Std B</th>
<th>t</th>
<th>Sign</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Vision &amp; Mission</td>
<td>Content Communication</td>
<td>0.52</td>
<td>0.27</td>
<td>6.84</td>
<td>0.16</td>
<td>2.2</td>
<td>0.03</td>
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<td>Implementation Age (-) Edu (+)</td>
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<tr>
<td>2</td>
<td>Values &amp; Beliefs</td>
<td>Formation Content</td>
<td>0.63</td>
<td>0.39</td>
<td>12.3</td>
<td>0.14</td>
<td>2.18</td>
<td>0.03</td>
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<td>Implementation</td>
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<td></td>
<td></td>
<td>Contribution</td>
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<tr>
<td>3</td>
<td>Leadership</td>
<td>Formation Content</td>
<td>0.6</td>
<td>0.36</td>
<td>10.7</td>
<td>0.19</td>
<td>4.84</td>
<td>0.00</td>
<td>0</td>
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<td></td>
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<td>Communication Age (-)</td>
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<td></td>
</tr>
<tr>
<td>4</td>
<td>Innovation &amp; Empowerment</td>
<td>Formation Content</td>
<td>0.66</td>
<td>0.44</td>
<td>14.6</td>
<td>0.15</td>
<td>2.47</td>
<td>0.01</td>
<td>0</td>
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<td></td>
<td></td>
<td>Communication</td>
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<tr>
<td>5</td>
<td>Learning &amp; Growth</td>
<td>Formation Content</td>
<td>0.63</td>
<td>0.39</td>
<td>12.3</td>
<td>0.14</td>
<td>2.18</td>
<td>0.03</td>
<td>0</td>
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<td></td>
<td></td>
<td>Implementation</td>
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<tr>
<td></td>
<td></td>
<td>Contribution Age (-)</td>
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</table>

1. There is a significant relationship between Vision and Mission and Organizational Performance.

It is observed through quantitative findings that vision and mission has significantly positive relationship on the organizational performance. The results show the F value as 6.84 and significance as 0.000 which is within the acceptable range of 0.05, so our null hypothesis is rejected and alternate hypothesis is accepted. The significant components of Vision & Mission and control variables which contribute in high performance are content, communication; implementation and control variables are age and education. Age has negative effect while education has positive effect. The literature supports the importance of Vision & Mission in the organizational Performance; Bechard & Harris (1997) characterized the need to communicate an image of the future state in order to make it the
present state. Verma (2009) suggested that V & M statements are significant and influential tools for an organization by way of vision and mission statements reflect and define the attitude, behavior & character of the organization (Kaplan & Nortan 2008).

2. There is a significant relationship between Values and Beliefs and Organizational Performance.

It is observed through quantitative findings that values and beliefs have significantly positive relationship on the organizational performance. The results show the F value as 7.43 and significance as 0.000 which is within the acceptable range of 0.05, so our null hypothesis is rejected as alternate hypothesis is accepted. The significant components of Values & Beliefs and control variables which contribute in high performance are formation, content, implementation, contribution and the control variables is Age which has negative effect. Many other researchers also support that values and beliefs contributes in the organizational performance. Kotter and Heskett (1992) studied the relationship between values & beliefs and performance and it suggests those organizations that have supportive culture out-performed those with non supportive culture, their findings in general also concluded that culture has a significant impact on the long run performance and culture can be made more performance oriented. An effective organizational culture is a key component influencing an organization’s ability to compete and to succeed in the long run.

3. There is a significant relationship between Leadership and Organizational Performance.

It is observed through quantitative findings that leadership has significantly positive relationship on the organizational performance. The results show the t value as 10.7 and significance value as 0.000 which is within the acceptable range of 0.05, so our null hypothesis is rejected as alternate hypothesis is accepted. The components of leadership and control variables which contribute in high performance are formation, content, communication, and control variables include Age which has negative effect. Kirkpatrick & Locke (1991) empirically showed that leadership characteristics are correlated with firm success. The literature relates direct impact of the relationship between leadership and organizational performance. (blake & mouton -1964), fedler (1967) argues that leadership influences organizational performance and he proved this by developing theory. Bennis & Nanus (1985) writes that the success of organizational performance is linked to leadership. Leaders are the key decision maker; determine the acquisition, development and deployment of organizational resources, the conversion of these resources into valuable products and services. Thus leadership is a potant source of sustained competitive advantage.

4. There is a significant relationship between Innovation & Empowerment and Organizational Performance.

It is observed through quantitative and qualitative findings that innovation and empowerment has significantly positive relationship on the organizational performance. The quantitative results were able to support the above statement. The results show the F value as 14.6 and significance value as 0.000 which is within the acceptable range of 0.05, so our null hypothesis is rejected as alternate hypothesis is accepted. The significant components of innovation and empowerment and control variables which contribute in high performance are formation, content, communication, implementation, contribution and control variables include Age which has negative effect. According to Ahmed (1998), innovation is the engine of change and in today’s competitive environment resisting change is harmful, so it’s better to provide opportunities to empower employees for innovation. Employees with more empowerment have commitment and more satisfaction along with less job stress; probably have more business cooperation and partnership. By empowering its employees, organizational goals can be easily achieved and better working environment exists (Abdollahi & 2006). Employees can well afford their duties when they have skill, knowledge and ability to achieve the set objectives. Conger & Kanungo (1988) viewed empowerment as motivational construct and perceived empowerment as an enabling factor for innovation.

5. There is a significant relationship between Learning and Growth and Organizational Performance.

It is observed through quantitative and qualitative findings that leadership has significantly positive relationship on the organizational performance. The quantitative results were able to support supports the above statement. The results show the t value as 12.3 and significance value as 0.000 which is within the acceptable range of 0.05, so our null hypothesis is rejected as alternate hypothesis is accepted. The significant components of learning and growth and control variables which contribute in high performance are formation, content, implementation, contribution and control variables include Age which has negative effect. Noubar, Rose, Kumar & Salleh (2011) explored the relationships between learning organization and its performance. Findings of the research provide empirical evidence which supports the concept of learning organization and their positive influence on financial performance. Senge (2000) asserted that learning through knowledge creating and sharing is what distinguishes a successful organization from others. Senge was primarily concerned with changing mindsets and achieving excellence in organizations without specifically providing measurable success criteria. Further he said that organizations that excel in future will be those that discover how to tap people’s commitment & capacity to learn at all levels. Learning organization creates a dynamic culture in every organization, teaches organizations to adapt to changes as quickly as their environment changes.
4.2 Qualitative Analysis

Table 5: Qualitative findings

<table>
<thead>
<tr>
<th>S.No</th>
<th>Strategic HR Practices</th>
<th>Source/Need</th>
<th>HR Initiatives</th>
</tr>
</thead>
</table>
| 1    | Vision & Mission       | • Induction Training  
                                    • Organization’s Website  
                                    • Organizational Premises | **Looking Ahead**  
                                    Corporate Plan for internalization and institutionalization of corporate values  
                                    **Reverse Accountability**  
                                    Authority, Responsibility & Accountability is transferred to value creators. |
| 2    | Values & Beliefs       | • Trust  
                                    • Pro-action  
                                    • Collaboration  
                                    • Openness  
                                    • Experimentation | ➢ Climate Study: Bodh I & II  
                                    ➢ U & I Portal  
                                    ➢ Employee Inclusions, Employee Councils and Social Clubs  
                                    ➢ Progressive Assessment of culture and environment (PACE)  
                                    ➢ JOSH: Joy of sharing happiness, ACT: A caring Touch.  
                                    ➢ Professionalism and time bound resolution |
| 3    | Leadership             | Transformational | ➢ Planned Interventions for potential leaders  
                                    ➢ Young leader Program (YLP)  
                                    ➢ Emerging Business Leader Acceleration Program (EBLeAP)  
                                    ➢ Senior leadership capacity development |
| 4    | Innovation & Empowerment | • Employee Trust  
                                    • Opportunity to explore  
                                    • Continuous Improvement | ➢ Organizational Renewal Cell  
                                    ➢ Idea Labs & Diagnostic Study  
                                    ➢ Professional circles  
                                    ➢ Reverse mentoring  
                                    ➢ Walk the Talk Initiative  
                                    ➢ Open House, HR Interface  
                                    ➢ Educational Enhancement |
| 5    | Learning & Growth      | • Performance Basis  
                                    • Change in Role  
                                    • Business Requirement | ➢ Open 360 degree: Happy Feet. – Feed forward  
                                    ➢ Virtual training Modules.  
                                    ➢ Level based Trainings and Certifications.  
                                    ➢ Career Connect, Talent Identification and succession Program  
                                    ➢ Extensive employee Reward and recognition on timely basis |

The above table discusses the HR practices, existing and followed in the high performing Indian Companies

Suggestions

From the responses collected, the employees feel the need for improvement in certain areas as discussed below:

1. Vision and Mission helps to create a visionary top performing company, efforts are required to have more effective formation of the vision and mission statement, where involvement of employees should be proactive so that they are able to provide multi-dimensional scope to the business. By doing this the employees will be able to realize the importance of their efforts and contribution in the overall performance of the company. Implementation can further be improved by having a proper check on the systems to regulate the job responsibility and work performance of the employees. There should be increased motivation to employees for fulfilling their individual and collective tasks that helps in contributing towards accomplishing the vision and mission of the company.

Ways to Execute – Commit and Align

Continuous communication with commitment – executing and taking commitment from employees at all levels. The corporate vision can be further divided at each level – corporate, department, team and individual level which will help everyone focus on the organizational goals to be fulfilled. Multiple channels can be utilized to spread the vision across via Internet, social media, intranet, verbal and non verbal speeches, interviews, meetings etc, other than just displaying it on walls, mementos, calendars and other ways. Strategic Alignment – Align vision and mission in strategy formulation at every level from top to bottom at various layers of organization. It will be the guiding force in decision making and achievement of goals and objectives. Regular check on the status achieved and further scope of improvement if needed. This helps convert vision into their day job by mentoring specific tasks, actions and behaviors that bring the vision in actual practice.
2. Values & Beliefs flow like water and spreads like air, so efforts are required to communicate to each and every employee at each and every level about the values and beliefs existing in their companies. There is a need to have a flexible and uniform system to analyze, regulate and control the actions and work behavior of the employees to enhance the implementation. Next is the need to emphasize on the contribution of values and beliefs as it connects all the departments and branches at various locations to create collaborative and competitive spirit.

Ways to Execute – Integrate Behavior and Internal Environment
Access the existing values and beliefs in-line with the Vision and Mission. Address the employees concern via collaboration and not isolation, Uniformity and transparency must be maintained at all levels in the organization, Continuous review and feedback should be a regular practice, Appreciate the positive behavior and actions of the employees, Integrate formal and informal interventions whenever required.

3. Leadership is like the coach of the company. In order to improve the leadership practices, an effective system should be in place to assess the performance transitions which gives indication to the leader about their success or failure. Frequent opportunities should be provided to the subordinates to assess their potential as a leader and analyze their decisions and outcome. Leaders must take employee feedback so as to improve and enhance their leadership qualities. Leaders should not only be helpful and supportive in official work but at personal level too.

Ways to Execute – Lead by Action
Develop team work and leadership attitude in employees at an early stage, Helping leaders’ master critical mind shifts and proactive approach, Provide suitable authority and responsibility in decision making, Continuous assessment and enrichment of leaders.

4. Innovation & Empowerment is the spark for advancement which is nowadays a necessity– All most all the selected companies are making efforts to empower and innovate. From the responses collected, the employees feel the need to have free atmosphere where ideas are allowed to flow, implement and be recognized at stage of their work performance. Continuous evaluation system with constructive feedback for future improvements which would help to better the implementation of innovation and empowerment initiatives.

Ways to Execute – Think and Ink Approach
Foster open communication at all levels, Special time zones, contests, portals for brainstorming and thinking differently, Autonomy and Discretion to test and try new ideas without the fear of failure, Adequate resources and guidance at every stage, High level reward and recognition to successful ideas.

5. Learning & Growth is like dream destination – in order to implement the learning and growth initiatives, the company is required to communicate is learning and growth opportunities to all its employees at regular basis. It should also highlight the succession planning for its employees which gives a sense of belongingness and security. There is a need to have a performance management system which would track the performance potential of the employees and provide growth opportunities accordingly and motivates other employees.

Ways to Execute – Re- learn to Succeed.
Self Improvement by Coaching and Mentoring at every level, Feed-forward and Feedback strategies for performance assessment, Exclusive career progression and development assistance for employees, Employee councils and Sub-councils to represent to the top management, Company’s Information and News exchange portal via online or offline sources like intranet, Appreciation of successful employees from different line with the Vision and Mission.

Overall results suggest that selected HR variables are positively related organizational performance, which indicates an increase in HR practices will also increase the organizational performance. Vision & Mission of the organization is the foundation stone on which the functioning of the organization will be established for the long run. Values and Beliefs create the internal culture of the organization which gives oxygen and food to the employees for their existence and survival in the organization. Leadership is like the Olympic flame which gives direction and lights to its team by encouraging and motivating its team to contribute in reaching great heights professionally. Innovation and empowerment is same as bungee jumping, where in employees are empowered to participate, identify new ideas and styles in every attempt, their outlook changes as they can visualize different dimensions of achieving high performance. Learning and growth is like a honeymoon vacation, where the employees can for-see their career progression with the progress of the company. The results indicate significant positive association between the selected HR practice and Organizational Performance.
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