

HRM Practices -A Review on Medium Scale Enterprises with Reference to Employee Performance

Reshmi JK Babu¹

*Research Scholar, Department of Commerce and Management, Amrita School of Arts and Sciences,
Mysuru*

Amrita Vishwa Vidyapeetham, India

reshmijkbabu@gmail.com

Dr. Ravi Kumar²

Associate professor, Department of Commerce and Management, Amrita School of Arts and Sciences, Mysuru

Amrita Vishwa Vidyapeetham, India

ravimasalika@gmail.com

Abstract

This study focused on the effect that human resource management (HRM) practices have on employee performance. This article shows the review of literature in the field of human resource management on employee performance. In every organization HRM plays a major role. As they act as a bridge between employees and employer, they have a critical role in balancing employee employer needs. This article helps us to know in details abouts the researcher who undergo some fair idea about the effect of human resource management practices and the employee performance in India. To retain the employees and to achieve profit in organization well developed and well-constructed human resource practices should be followed in the organization. This article deals with the literature review on the effect of human resource management practices on the performance of employees.

Introduction:

Human resources are the source of competitive advantage because of their ability to convert other resources (money, machines, methods and materials) into outputs (products/services). Competitors can imitate other resources such as technology and capital, but human resources are unique. Research shows that human resource management involves the process of dealing with employees. The sales people of these companies are their main strength as operational efficiency completely depends on it. human resource management systems were significantly associated with superior employee performance (Horgan and mohlau 2006). Anupama Gupta (2010) explained the consequences of the challenges that human resource management faces in the current economic context and the challenges faced need to be considered. This article highlights the problem of the lack of talented employees. It

also emphasizes how human resource management approaches the issues handled in day-to-day operations. He also suggests that some key points handle things better. According to Khatri (1999), people are one of the most important factors that provide flexibility and adaptability to organizations. Rundle (1997) argues that it is important to note that it is the person (manager), not the company, that is the adaptive mechanism that determines how the company will respond to the competitive environment.

Effective human resource management requires a strong human resource management system. Storey (1995) defines HRM as a distinctive approach to employment management that seeks to gain competitive advantage through the deployment of a highly skilled and engaged workforce, using a range of strategies. Skill. HRM can help companies improve organizational behaviour in areas such as

employee commitment, competence and flexibility, which in turn leads to improved employee performance (Koch & McGrath, 1996). To develop a strong HRM system, an organization must have effective human resource management practices. HRM practices refer to an organization's activities for managing human resources and ensuring that resources are available. used to achieve the goals Jackson, 1987; Schuler and MacMillan, 1984; Wright and Snell, 1991). HRM practices can vary from organization to country and from country to country. The impact of human resource management practices on organizational performance has been the subject of much research for many years. The results of studies, from developed to developing countries, have repeatedly shown that HR practices have a significant impact on organizational performance (Delaney & Huselid, 1996; Katou & Budhwar). , 2007; Sing, 2004; Tzafrir, 2006). Unfortunately, however, a very small amount of research has been done in this area in developing countries.

Research methods:

The study was descriptive in nature and only secondary data were used. Secondary data including books and different research journals.

Employee performance:

To develop a robust HRM system, an organization must have effective human resource management practices. HRM practices refer to an organization's activities to manage human resources and ensure that resources are available at all times. achieved target Jackson, 1987; Schuler and MacMillan, 1984; Wright and Snell, 1991). HRM practices can vary from organization to organization and from country to country. The success of any organization depends on the behavior of its employees and their decisions, although there are many other factors that contribute to this success, such as the size of the organization, the environment the field in which it operates and its activities. Typically, human resource management practices are used to evaluate employee performance within the organization, and in the modern age and in the highly competitive environment between organizations, trends to improve employee performance is to improve human resource management practices. Employee performance is the use of

knowledge, skills, experience and abilities, to accomplish assigned tasks as required by their manager efficiently and effectively. The importance of employee performance can take the form of a score of such as 1) which helps to consider the cost of resources used, 2) a measure of the quantity and quality of work done, 3) help survive and excel across companies, 4) help measure and achieve established performance goals, and finally, 5) increase employee productivity helping to make decisions respectable. Kaplan explains the main methods for evaluating employee performance based on: 1) employee attributes that confirm traits or qualities important to the business, 2) employee behaviors that are widely used to evaluate or identify the behaviors necessary for employees to perform their jobs successfully; and, 3) employee performance indicates the extent to which specific goals or objectives are met, exceeded or failed.

Recruitment and selection:

Recruitment is the process of fully filling the proposed positions with sufficient numbers and qualities of candidates, as well as meeting the expectations and requirements of the organization. Recruitment uses job analysis to select and identify the needs and requirements of the organization, and it is linked to the strategy adopted by the organization through human resource management planning. The organization chooses its recruitment policy carefully because of what is reflected in the overall strategy of the organization. There are Many factors influence the hiring process and can be divided into internal and external factors. Government and labor market constraints limit the process of improving recruitment policy and are seen as the main external factors. Organizational policies and organizational vision can be considered as an indicator of recruitment efforts and it is an example of internal factors. As a professional human resource manager, it is essential to have the skills and ability to select the right employees and put them in the right jobs. Recruitment is an important factor in the HR function because employee selection has a close relationship and is linked to the growth of the organization. Screening collects information about candidates to decide who is suitable and should be hired for each job position.

Compensation:

Compensation corresponds to the bonus paid to the employee as a result of his services. The compensation process can be divided into direct financial compensation and indirect compensation, whether financial or non-financial. Compensation is a strategic policy within an organization where it can affect an employer's ability to attract new candidates, retain employees, and ensure maximum performance levels are achieved. goals and objectives of the labor organization. The compensation system in the organization provides employees to increase employee motivation, performance and productivity. As a result, most organizations have become interested in establishing and maintaining optimal compensation systems. According to the theory of expectations, once compensation is linked to group or individual performance, employees are more likely to increase their efforts by working hard to increase their performance. individual and organizational, but related to the increase and improvement of the overall organization. performance of s. Based on the theory of expectations, it can be expected that, if the company offers the compensations and rewards desired by the employee in question, that employee is more likely to perform to that employee can be rewarded. "Selection of an appropriate compensation mechanism is perhaps the central issue of human resource managers and represents the heart of the HR economy." Caruth and Handlogten stated that: "Employees are motivated when there is a performance reward". Leonard and Jonathan have stated that when an organization adopts a long-term incentive plan, it achieves and increases ROE more than an organization that does not.

Training and Developments:

According to Armstrong (2006), training can be defined as a systematic approach that enables employees to acquire the knowledge and skills to perform their duties effectively. Training can also be defined as a learning process that involves acquiring knowledge, concepts and skills to improve employee performance (Byars, 2004). Hassan (2016) conducted research to verify the relationship between HRM practices such as compensation, career planning, performance appraisal, training, employee engagement and performance of

employees and the results show that training ($r = 0.781$), shows that there is a positive relationship between training practice and employee performance. The study also considers the value of the coefficient of determination R^2 (0.797), which means that a 79% change in employee performance is due to HRM practices such as compensation, career planning, evaluation. performance, training and employee engagement. Another study by Mohamed, (2014) on the impact of human resource management (HRM) practices on employee performance (A case from Telekom Malaysia) indicates that there is a positive relationship between training and employee performance with $r = 0.303$. This means that every time an employee is trained, their performance will increase by 30.3%. The study also looked at a positive regression beta of 0.282, showing that training contributed to a 28.2% increase in employee performance. Based on the above research done by researchers, training can be considered as a tool that can be used to improve employee performance.

The Effect of Recruitment and Selection on Employee Performance:

Hiring and selection are composite factors affecting employee performance. Recruiting and selecting the right employees for the right positions are closely related and tied to the development of the organization. Many studies have found a positive relationship between recruitment and selection and employee performance. Huselid points out that the application of best practices in recruitment and selection enables a good quality of skills in the organization. He also emphasized the importance of training as a complement to selection practices through which organizational culture and employee behavior can be adjusted to produce positive results. Tessema and Soeters — the extent of HR practices affecting employee performance in Eritrea. Since performance is a complex and multifaceted concept, HRM results are used as a mediator between HR practices and employee performance and the results are positive for the relationship between recruitment and employee performance. employee selection and performance. Alnaqabi identified HR practices and other factors such as job satisfaction, organizational commitment and leadership

practices that affect employee performance in UAE, focusing on public organization. Alnaqabi has shown the positive impact of recruitment and selection on employee performance. A related study by Smith and Lynch has shown that recruitment and selection is the first step in the employee evaluation process. This involves identifying, attracting and selecting the right candidate to meet the needs of the job within the organization. This process is important to ensure the outcome of the recruitment and selection process within the organization. Qureshi and Ramay stated that HRM practice was positively and significantly related to employee performance and that training and selection were the most important factors affecting employee performance of all the practices. onion. Based on the previously mentioned studies, it can be safely assumed that employee performance is positively affected by recruitment and selection.

The Effect of Compensation on Employee Performance:

The compensation system is motivating and attractive for employees to perform their duties appropriately. Based on the theory of expectations, once pay is tied to the performance of a team or an individual, employees are more likely to increase their efforts by working hard to increase individual performance. and of the organization, which is related to the increase and improvement of the entire organization. So, influence them to get more compensation and rewards based on their high performance. Performance-based compensation is the primary HR method that companies use to evaluate and reward employees' efforts. Clearly, performance-based compensation has a positive effect on employee and organizational performance. Teseema and Soeters reported a positive correlation between compensation practices and employee performance. A study by Shahzad, Bashir and Ramay shows that the existence of a positive relationship between salary and job performance of university professors is quite clear. Therefore, if senior management continues to ignore and not apply compensation programs, employee performance will also continue to decline. A study from Frye found a positive relationship between compensation and organizational performance. Frye argues that compensation plays an important role in

organizations that depend on human capital as an incentive to attract and retain talented employees. Since universities are seen as human capital-intensive institutions, a university's compensation scheme can play an important role in recruiting and retaining skilled and high capacity. Compensation plans affect employee performance positively and significantly if they are linked to innovative work methods such as flexible work design, employee collaboration as a team to solve problems. Solve problems encountered, develop the skills of employees by submitting to them for job security and Training programs. Research Huselid shows that there is a statistically significant relationship between compensation and financial performance of employees and the company. The study by Teseema and Soeters also confirmed a significant positive relationship between compensation practices and employee performance.

The effect of training and development on employee performance:

Practical training in an organization is guided by personnel training policies. A company that wants to increase its productivity must be prepared to technically deal with innovations and new technologies (Coyle Shapiro et al. 2013). New technologies require the kind of workforce a business wants. With this new demand for labor, a company has to go through rounds of hiring new employees. In addition, the company can use the training of existing employees. This training provides the company with the opportunity to invest in employees, thereby increasing the average level of employee productivity. Research indicates that employee performance is directly based on the training function with motivation (Masood, 2013). A well-trained and motivated employee will do a better job. In the performance model, Blanchard illustrated that an employee can have skills, knowledge, and abilities, but if he is not well motivated, he can still perform poorly (Masood, two thousand and thirteen). Thus, organizational factors such as size play an important role in shaping employee performance beyond simply providing training opportunities. On-the-job training, instructor-led off-the-job training, and formal courses are among the most effective training methods (CIPD, 2005). Although in the real world there

is a difference in the performance of 4,444 employees, even among similar workers employed in a given company, training methods are applied in personnel policy. clearly affects the amount of human capital invested in an employee. These practices play a role in securing skills and creating motivation for employees. For them to improve employee performance, they need to focus on motivating employees to work hard. Some companies give discretion to their employees and about how work is done in the workplace. Managers may want to maintain tight control and direct workers (i.e., “control”). Alternatively, they may think it's reasonable to give employees a substantial amount of time, as they believe it will motivate them to perform better. The strategic HRM training policy aims to make the most of employees' productive potential. For his part, the employee must be aware that the company relies on his competence and be aware of what is expected of him (CoyleShapiro et al. 2013). To create employee readiness, organizations emphasize extrinsic satisfaction with extrinsic rewards or intrinsic satisfaction with intrinsic rewards. Practical training can take many different forms. These include introductory training, remedial skills training, and refresher training. Additional training for new employees joining the company. It provides general information about the company's processes, rules and organization. Advanced skills training serves to fill existing skills gaps, especially with changes in technology and the work environment. Progressive training involves acquiring skills such as management skills and attitudes that the company will need in the future. However, some companies have ignored the training aspect to the detriment of employees, for fear of losing employees to competitors (Saba, 2013). Technological advances and the war for talent in recruiting and retaining top-performing employees are among the other top reasons organizations seek to capitalize on training outcomes. In this regard, organizations seek to promote the improvement of performance in the workplace, to facilitate the effective development of individuals and organizations. They aim to establish and maintain market share in a rapidly changing business environment, as Braham (2005) and Michael, Handfield Jones and Axelrod (2001) recall.

Conclusion:

This study reviewed various studies that have been conducted in the area of the effect of Human Resource Management Practices such as recruitment and selection, training and developments, compensation, on employee performance and found a positive relationship between HRM Practices and employee performance. Therefore, the study concluded that HRM practices can enhance the employee's level of performance.

Conflict of interest:

We here by declared that this research article entitled HRM PRACTICES -A REVIEW ON MEDIUM SCALE ENTERPRICES WITH REFERENCE TO EMPLOYEE PERFORMANCE is the original work. This research article is submitted to journal of positive school psychology, not submitted to any other journal and our contribution has no conflict with any others publication.

References:

1. Shaukat, H., Ashraf, N., & Ghafoor, S. (2015). Impact of human resource management practices on employees performance. *Middle-East Journal of Scientific Research*, 23(2), 329-338.
2. Munjuri, M. G. (2011). The effect of human resource management practices in enhancing employee performance in catholic institutions of Higher Learning in Kenya. *International Journal of Business Administration*, 2(4), 189.
3. Zakaria, N., Mohd Fauzi, W. I., Abdullah, N. A. C., & Yusoff, R. Z. (2018). The link between HRM practices and performance in Malaysian SMEs. *International Journal of Supply Chain Management (IJSCM)*, 7(6), 118-126.
4. Naz, F., Aftab, J., & Awais, M. (2016). Impact of human resource management practices (HRM) on performance of SMEs in Multan, Pakistan. *International Journal of Management, Accounting and Economics*, 3(11), 699-708.
5. Al-Qudah, H. M. A., Osman, A., & Al-Qudah, H. E. M. (2014). The effect of human resources management practices on employee performance. *International Journal of*

- Scientific & Technology Research*, 3(9), 129-134.
6. Mahmood, F., Iqbal, N., & Sahu, S. R. (2014). The impact of human resource management practices on employee performance in banking industry of Pakistan. *Euro-Asian Journal of Economics and Finance*, 2(1), 86-99.
 7. Imna, M., & Hassan, Z. (2015). Influence of human resource management practices on employee retention in Maldives retail industry. *International Journal of Accounting, Business and Management*, 1(1), 1-28.
 8. Marwat, Z. A., Qureshi, T. M., & Ramay, M. I. (2006). Impact of human resource management (HRM) practices on employees performance. *International Journal*, 5(1), 1-5.
 9. Ondieki, D. O., & Bula, H. O. (2018). Human Resource Management Practices and Employee Performance in Tea Factories in Nyamira County, Kenya. *The University Journal*, 1(2), 147-156.
 10. Tiwari, P., & Saxena, K. (2012). Human resource management practices: A comprehensive review. *Pakistan business review*, 9(2), 669-705.
 11. Zakaria, N., Zainal, S. R. M., & Nasurdin, A. M. (2011). Investigating the role of human resource management practices on the performance of SME: A conceptual framework. *Journal of global management*, 3(1), 74-92.
 12. Muthoni, J. W., Nyang, S., & Paul, A. (2010). Effect Of Human Resource Management Practices on The Performance of Employees in The Energy Sector in Kenya.
 13. Makhamara, F. H. (2017). *Influence of strategic human resource management practices on employee performance in level five public hospitals in Kenya* (Doctoral dissertation, COHRED-JKUAT).
 14. Fajana, S., Owoyemi, O., Elegbede, T., & Gbajumo-Sheriff, M. (2011). Human resource management practices in Nigeria. *Journal of Management and Strategy*, 2(2), 57.
 15. Patterson, M., Rick, J., Wood, S. J., Carroll, C., Balain, S., & Booth, A. (2010). Systematic review of the links between human resource management practices and performance.
 16. Bowra, Z. A., Sharif, B., Saeed, A., & Niazi, M. K. (2012). Impact of human resource practices on employee perceived performance in banking sector of Pakistan. *African Journal of Business Management*, 6(1), 323-332.
 17. Saif, N. I., & Sartawi, K. S. (2013). Relationship between human resource management practices and perceived performance of employees in Jordanian hospitals. *Planning*, 3(1).
 18. Maina, D. K., & Kwasira, J. (2015). Role of human resource planning practices on employee performance in county governments in Kenya: A case of Nakuru County. *International Journal of Economics, Commerce and Management*, 3(5), 1569-1580.
 19. Lim, C. T., & Ahmad, N. (2021). The Relationship Between Human Resource Management Practices and Employee Performance. *Research in Management of Technology and Business*, 2(1), 123-136.
 20. Shabbir, M. S. (2014). The impact of human resource practices on employee perceived performance in pharmaceutical sector of Pakistan. *African Journal of Business Management*, 8(15), 626-632.
 21. Nandikove, M. R., Otiso, K., Robert, E., & Yatundu, F. (2017). Effect of human resource management practices on employee performance in sugar industry in western region of Kenya. *Journal ijcir. com, ISSN, 2395-5775*.
 22. Mellam, A. C., Rao, P. S., & Mellam, B. T. (2015). The effects of traditional and modern human resource management practices on employee performance in business organisations in Papua New Guinea. *Universal Journal of Management*, 3(10), 389-394.
 23. Tanveer, Y., Shaukat, M. Z., Alvi, S. A., & Munir, A. (2011). The way human resource management (HRM) practices effect employee's performance: a case of textile

sector. *International Journal of Economics and Management Sciences*, 1(4), 112-117.

24. Nor, A. I. (2018). Enhancing employee performance through human resource management practices: a review of literature. *European Journal of Human Resource Management Studies*.