

Do Recent Development in Human Resource Management System Enhances Employee Performance – A Study with Special Reference to Leather Industry

¹Dr.K.Manikandarajan, ²Dr.N.Periyasmi, ³Dr.K.Yasmin, ⁴Mrs.D.Dhivyaa,

¹Assistant Professor of Commerce, St. Joseph's College

(Arts and Science), Kovur-600128. mkrajan.mcom@gmail.com

²Professor, Department of Commerce, Annamalai University, Annamalai nagar, Chidambaram.608002.

³Research Supervisor & Assistant Professor, Depart. of Commerce, Quaide Milleth College for Men, ⁴Research Scholar, Department of Commerce, Quaide Milleth College for Men, Chennai-100.

Abstract

The study aim was to investigate the important aspects of the Human Resource Management System and the changes in Employee Performance brought by the human resource management system. For the study, the descriptive research design was adopted. The data was collected from 81 companies. Only the HR managers and Directors of the company situated at Vellore were considered as samples. The data were collected using a structured questionnaire employing a simple random sampling technique. From the analysis and interpretation, it can be interpreted that, considered variables under the Human resource management system and employee performance is reliable. Also, it was interpreted that the majority of the HR managers and Directors in the leather Industry are aged above 45 years. Further, it was understood that it was mostly the large size company that is employing modern human resource management systems compared to medium and small-sized companies. Further, it was found that there is no significant difference in opinion among the respondents for the human resource management system and employee performance. It was understood that the important aspects contributed by modern human resource management systems are; easy storage and retrieval of data on employee performance, better monitoring system, reduced work complexity and reduction in overall expenses. Furthermore, it was understood that the important changes in employee performance due to the human resource management system are; Decreased Employee turnover, Reduced Employee Absenteeism, Increased Productivity per Employee and Better rewards and recognition. Also, it was found that the human resource management system influence employee performance positively.

Keywords: Human Resource Management System, Employee Performance, Leather Industry

Introduction

The idea that how a company manages its staff influences its performance has a lot of support among individuals interested in strategic HRM. This notion is echoed in the debate over high-performance human resource management (HPHR), in which HR is thought to have a favourable impact on employees. In turn, the employee level is thought to be a key mediator in the interaction between the system and corporate performance or between the system and firm production level results. When it comes to describing this, the assumption that the main benefits come from using a consistent bundle or set of HR dimensions is widely accepted. What, therefore, is the source of this practise coherence? Many studies examine the various sorts of links that might exist between HR practises and evaluate their impact on HR outcomes. When it comes to achieving the targeted HR outcome, the first practices may have an additive relationship (Silic, M., Marzi, G., Caputo, A., & Bal, P. M., 2020). These activities have non-overlapping, independent effects on the outcome. Second, practices may have interactive effects in the sense that their utility is determined by the amount of other practises in the system. Some of these may be interchangeable, resulting in identical results. If two practises are replacements, one practice's marginal contribution is reduced by the existence of the other. The synergistic link between practices is another sort of interacting effect. The synergy between practices means that combining them has a significantly different effect than the sum of their contributions. Synergistic interactions can take two different

forms. One is regarded as 'deadly combinations' since it combines practises acting against one another (Ichniowski, C., & Shaw, K., 1999).

Alternatively, two activities could work in concert or conjunction with one another, improving each other's efficacy, and the combined effect would be far greater than the sum of the separate benefits. In other words, positive synergy suggests that HR practises' performance benefits are highly dependent on the availability of other complementing practises (Dewettinck, K., & van Dijk, H., 2013). But can we evaluate a human resource system in terms of complementary relationships among practices, or can we quantify the potential for positive synergy among practices? This necessitates an understanding of the processes that underpin the good interactions among the HRM system's parts. This paper is an attempt undertaken to investigate the important aspects of the Human Resource Management System and the changes in Employee Performance brought by the human resource management system.

Review of Literature

Despite the developing consensus on this system approach, describing the structure of HR systems remains difficult. First, while HR systems are commonly recognised as bundles of HR practises designed to help firms achieve their goals, the content of HR systems varies substantially from one study to the next. Prior studies, for example, identified high-performance work systems (HPWS), high-commitment HR systems, high-involvement HR systems, and high-investment HR systems as examples of HR systems (Almutawa, Z., Muenjohn, N., & Zhang, J., 2016). Furthermore, many studies discovered that the number of practices included in HR systems, as well as which practices were included in those HR systems, differed considerably between empirical studies (Decramer, A., Smolders, C., & Vanderstraeten, A., 2013). It is difficult to operationalize HR systems correctly without agreement on their substance, and it is less probable that the field will gather knowledge about HR systems based on reliable measures (Ansari, N. Y., Farrukh, M., & Raza, A., 2021).

Aside from the differences in the components of HR systems, another difficulty in comprehending the structure of HR systems is the lack of accuracy in the internal relationships between HR system components (Jain, H. C., 1991). Studies noted that "internal fit deals with the internal consistency and complementarity of HR practises" and claimed that HR practises within an HR system may supplement, substitute, or interact in good or negative ways (Navaz, A. S., Fiaz, A. S., Prabhadevi, C., Sangeetha, V., & Gopalakrishnan, S., 2013). Even though the potential for various sorts of links among HR practises has long been recognised, little study has been done to verify these internal relationships. Although several empirical investigations discovered interaction effects between different HR practises in isolation, such piecemeal bivariate interactions in diverse studies are fragmented and insufficient without a comprehensive understanding of how the elements of HR systems operate. As a result, these findings are unable to reflect the HR system's theoretical goal (Su, Z. X., & Wright, P. M., 2012).

Objective

The objective of the study was to investigate the important aspects of the Human Resource Management System and the changes in Employee Performance brought by the human resource management system.

Methodology

For the study, the descriptive research design was adopted. The data was collected from 81 companies. Only the HR managers and Directors of the company situated at Vellore were considered as samples. The data were collected using a structured questionnaire employing a simple random sampling technique.

Analysis and Interpretation

Herein analysis was carried to identify whether the considered variables under the Human resource management system are reliable for the current study and further research.

Table No.1: Reliability Statistics - Human Resource Management System

Reliability Statistics	
Cronbach's Alpha	N of Items

.711				10
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
A better monitoring system for each employee	36.3951	19.192	.478	.675
Standardized operating hours	36.8519	20.203	.180	.722
Easy distribution of remunerations	36.7901	19.168	.299	.702
Track record of employee performance	36.9012	17.240	.545	.655
Reduced work complexity	36.4074	16.969	.665	.636
Reduction in overall expenses	36.4321	18.548	.533	.665
Decision Support	36.8025	21.510	.054	.738
Eliminated employers organizational structure	36.9012	19.015	.315	.699
Easy storage and retrieval of data on employee performance	36.3457	20.279	.355	.693
Decreased employee grievance and compliance	36.7284	18.075	.401	.683

Source: (Primary data)

The estimated Cronbach Alpha value is greater than 0.7 (0.711). Meaning the considered variables under the Human resource management system is reliable.

Herein analysis was carried to identify whether the considered variables under Employee Performance are reliable for the current study and further research.

Table No.2: Reliability Statistics – Employee Performance

Reliability Statistics				
Cronbach's Alpha			N of Items	
.705			10	
Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Increased Employee participation at the workplace	37.0000	20.700	.003	.737
Increased morale and ethics	36.9383	19.159	.197	.710
Better employee behaviour at the workplace	37.0247	20.024	.077	.729
Increased Productivity per Employee	36.5802	17.997	.459	.670
Decreased Employee turnover	36.4815	19.278	.328	.691
Improved employee engagement	37.0000	17.000	.429	.671
Better rewards and recognition	36.6790	15.196	.607	.631
Reduced Employee Absenteeism	36.5679	16.848	.680	.638
Spontaneous feedback on employee work	36.8889	15.775	.534	.648
Fair treatment by employee	36.8395	17.036	.417	.673

performance and not by reference				
----------------------------------	--	--	--	--

Source: (Primary data)

The estimated Cronbach Alpha value is greater than 0.7 (0.705). Meaning the considered variables under the Human resource management system is reliable.

Herein percentage analysis was carried to identify the demographic and business profile of the leather industry at Vellore district.

Table No. 3: Percentage Analysis – Demographic and Business Profile

Demographic & Business Profile		Frequency	Percentage
Age	Below 35 Years	20	24.7
	35 - 45 Years	30	37.0
	Above 45 Years	31	38.3
	Total	81	100.0
Designation	HR Manager	44	54.3
	Director	37	45.7
	Total	81	100.0
Size of the Company	Small	14	17.3
	Medium	30	37.0
	Large	37	45.7
	Total	81	100.0

Source: (Primary data)

From the percentage analysis, it can be interpreted that the majority of the HR managers and Directors in the leather Industry are aged above 45 years. Further, it was understood that it was mostly the large size company that is employing modern human resource management systems compared to medium and small-sized companies.

Herein Multivariate test was performed to identify whether there is a significant difference in opinion among the respondents for the human resource management practice.

Table No. 4: Multivariate Test – Human Resource Management System

Multivariate Tests						
Effect		Value	F	Hypothesis df	Error df	Sig.
Age	Pillai's Trace	.399	1.373	20.000	110.000	.152
Designation	Pillai's Trace	.126	.778 ^b	10.000	54.000	.649
Size of the Company	Pillai's Trace	.225	.697	20.000	110.000	.821
Tests of Between-Subjects Effects						
Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Age	A better monitoring system for each employee	.730	2	.365	.802	.453
	Standardized operating hours	1.633	2	.816	.886	.417
	Easy distribution of remunerations	1.401	2	.700	.836	.438
	Track record of employee performance	3.069	2	1.535	1.376	.260
	Reduced work complexity	1.631	2	.815	.972	.384
	Reduction in overall expenses	1.074	2	.537	.890	.416
	Decision Support	.086	2	.043	.058	.944
	Eliminated employers	7.042	2	3.521	3.474	.037

	organizational structure					
	Easy storage and retrieval of data on employee performance	.092	2	.046	.104	.901
	Decreased employee grievance and compliance	5.589	2	2.795	2.682	.076
Designation	A better monitoring system for each employee	1.157	1	1.157	2.540	.116
	Standardized operating hours	.879	1	.879	.955	.332
	Easy distribution of remunerations	1.228	1	1.228	1.467	.230
	Track record of employee performance	.142	1	.142	.128	.722
	Reduced work complexity	.045	1	.045	.054	.818
	Reduction in overall expenses	.395	1	.395	.655	.421
	Decision Support	1.475	1	1.475	1.984	.164
	Eliminated employers organizational structure	.264	1	.264	.261	.611
	Easy storage and retrieval of data on employee performance	.462	1	.462	1.050	.309
	Decreased employee grievance and compliance	.213	1	.213	.205	.652
Size of the Company	A better monitoring system for each employee	.898	2	.449	.986	.379
	Standardized operating hours	.348	2	.174	.189	.829
	Easy distribution of remunerations	2.684	2	1.342	1.603	.209
	Track record of employee performance	1.621	2	.810	.726	.488
	Reduced work complexity	5.050	2	2.525	3.008	.057
	Reduction in overall expenses	1.997	2	.999	1.656	.199
	Decision Support	.524	2	.262	.352	.704
	Eliminated employers organizational structure	1.318	2	.659	.650	.525
	Easy storage and retrieval of data on employee performance	.184	2	.092	.209	.812
	Decreased employee grievance and compliance	7.382	2	3.691	3.543	.035

Source: (Primary data)

The estimated Pillai's trace statistics is greater than 0.05, meaning the null hypothesis is accepted. Therefore there is no significant difference in opinion among the respondents for the human resource management system.

Having found there is no significant difference in opinion among the respondents for the human resource management system. Herein rank analysis was carried to identify the important aspects of the human resource management system.

Table No. 5: Rank Analysis - Human Resource Management System

Rank Analysis			
	N	Mean	Rank
A better monitoring system for each employee	81	4.333	2
Standardized operating hours	81	3.877	8
Easy distribution of remunerations	81	3.938	6

Track record of employee performance	81	3.827	10
Reduced work complexity	81	4.321	3
Reduction in overall expenses	81	4.296	4
Decision Support	81	3.926	7
Eliminated employers organizational structure	81	3.827	9
Easy storage and retrieval of data on employee performance	81	4.383	1
Decreased employee grievance and compliance	81	4	5

Source: (Primary data)

From the rank analysis made using the mean score, it can be interpreted that, the important aspects contributed by modern human resource management systems are; easy storage and retrieval of data on employee performance, better monitoring system, reduced work complexity and reduction in overall expenses.

Herein Multivariate test was performed to identify whether there is a significant difference in opinion among the respondents for the employee performance due to the human resource management system.

Table No. 6: Multivariate Test – Employee Performance

Multivariate Tests						
Effect		Value	F	Hypothesis df	Error df	Sig.
Age	Pillai's Trace	.471	1.692	20.000	110.000	.055
Designation	Pillai's Trace	.228	1.591 ^b	10.000	54.000	.134
Size of the Company	Pillai's Trace	.380	1.291	20.000	110.000	.200
Tests of Between-Subjects Effects						
Source		Type III Sum of Squares	df	Mean Square	F	Sig.
Age	Increased Employee participation at the workplace	2.177	2	1.088	1.607	.209
	Increased morale and ethics	.342	2	.171	.209	.812
	Better employee behaviour at the workplace	.231	2	.115	.146	.865
	Increased Productivity per Employee	1.490	2	.745	1.511	.229
	Decreased Employee turnover	.105	2	.052	.139	.870
	Improved employee engagement	6.988	2	3.494	5.190	.008
	Better rewards and recognition	4.007	2	2.003	1.628	.205
	Reduced Employee Absenteeism	.208	2	.104	.202	.817
	Spontaneous feedback on employee work	4.018	2	2.009	1.935	.153
	Fair treatment by employee performance and not by reference	.296	2	.148	.152	.860
Designation	Increased Employee participation at the workplace	2.701	1	2.701	3.986	.050
	Increased morale and ethics	1.067	1	1.067	1.303	.258
	Better employee behaviour at the workplace	.612	1	.612	.773	.383
	Increased Productivity per Employee	.266	1	.266	.540	.465

	Decreased Employee turnover	1.117E-05	1	1.117E-05	.000	.996
	Improved employee engagement	.483	1	.483	.718	.400
	Better rewards and recognition	.790	1	.790	.642	.426
	Reduced Employee Absenteeism	.184	1	.184	.358	.552
	Spontaneous feedback on employee work	1.404	1	1.404	1.352	.249
	Fair treatment by employee performance and not by reference	.846	1	.846	.865	.356
Size of the Company	Increased Employee participation at the workplace	1.040	2	.520	.767	.469
	Increased morale and ethics	.819	2	.409	.500	.609
	Better employee behaviour at the workplace	4.953	2	2.476	3.126	.051
	Increased Productivity per Employee	3.867	2	1.934	3.923	.025
	Decreased Employee turnover	1.236	2	.618	1.638	.202
	Improved employee engagement	2.980	2	1.490	2.213	.118
	Better rewards and recognition	.909	2	.454	.369	.693
	Reduced Employee Absenteeism	1.735	2	.867	1.689	.193
	Spontaneous feedback on employee work	1.222	2	.611	.588	.558
	Fair treatment by employee performance and not by reference	.853	2	.427	.436	.648

Source: (Primary data)

The estimated Pillai's trace statistics in greater than 0.05, meaning the null hypothesis is accepted. Therefore there is no significant difference in opinion among the respondents for the employee performance.

Having found there is no significant difference in opinion among the respondents for the employee performance. Herein rank analysis was carried to identify the important changes in employee performance due to the human resource management system.

Table No. 7: Rank Analysis – Employee Performance

Rank Analysis			
	N	Mean	Rank
Increased Employee participation at the workplace	81	3.889	8
Increased morale and ethics	81	3.951	7
Better employee behaviour at the workplace	81	3.864	10
Increased Productivity per Employee	81	4.309	3
Decreased Employee turnover	81	4.407	1
Improved employee engagement	81	3.889	9
Better rewards and recognition	81	4.210	4
Reduced Employee Absenteeism	81	4.321	2
Spontaneous feedback on employee work	81	4.000	6
Fair treatment by employee performance and not by reference	81	4.049	5

Source: (Primary data)

From the rank analysis made using the mean score, it can be interpreted that, important changes in employee performance due to the human resource management system are; Decreased Employee turnover, Reduced Employee Absenteeism, Increased Productivity per Employee and Better rewards and recognition.

Herein analysis was carried identify whether the human resource management system influence employee performance.

Table No. 8: Regression Analysis – Human Resource Management System Influence the Employee Performance

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.724 ^a	.524	.518		.30768	
a. Predictors: (Constant), Human Resource Management System						
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.224	1	8.224	86.871	.000 ^b
	Residual	7.479	79	.095		
	Total	15.702	80			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Human Resource Management System						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.314	.296		4.444	.000
	Human Resource Management System	.672	.072	.724	9.320	.000
a. Dependent Variable: Employee Performance						

Source: (Primary data)

The estimated R-value is 0.724, meaning there is a 72.4% relationship between Human Resource Management Practice and Employee Performance. Further, the calculated R-Square value is 0.524, meaning the forecasting accuracy of the regression equation is 52.4%, which is acceptable. Furthermore, the ANOVA significance value is less than 0.05, meaning the model is fit. Also, the positive Coefficients and its corresponding significance value which is less than 0.05 indicates that the human resource management system influence employee performance positively. The regression equation to forecast the human resource management practice are; employee Performance = 1.314 + (0.672*Human Resource Management System)

Findings and Conclusion

From the analysis and interpretation, it can be interpreted that, considered variables under the Human resource management system and employee performance is reliable. Also, it was interpreted that the majority of the HR managers and Directors in the leather Industry are aged above 45 years. Further, it was understood that it was mostly the large size company that is employing modern human resource management systems compared to medium and small-sized companies. Further, it was found that there is no significant difference in opinion among the respondents for the human resource management system and employee performance. It was understood that the important aspects contributed by modern human resource management systems are; easy storage and retrieval of data on employee performance, better monitoring system, reduced work complexity and reduction in overall expenses. Furthermore, it was understood that the important changes in employee performance due to the human resource management system are; Decreased Employee turnover, Reduced Employee Absenteeism, Increased Productivity per Employee and Better

rewards and recognition. Also, it was found that the human resource management system influence employee performance positively.

References

1. Almutawa, Z., Muenjohn, N., & Zhang, J. (2016). The effect of human resource anagement system on employees'commitment: the mediating role of the amo model. *The Journal of Developing Areas*, 50(6), 17-29.
2. Ansari, N. Y., Farrukh, M., & Raza, A. (2021). Green human resource management and employees pro-environmental behaviours: Examining the underlying mechanism. *Corporate Social Responsibility and Environmental Management*, 28(1), 229-238.
3. Decramer, A., Smolders, C., & Vanderstraeten, A. (2013). Employee performance management culture and system features in higher education: relationship with employee performance management satisfaction. *The International Journal of Human Resource Management*, 24(2), 352-371.
4. Dewettinck, K., & van Dijk, H. (2013). Linking Belgian employee performance management system characteristics with performance management system effectiveness: exploring the mediating role of fairness. *The International Journal of Human Resource Management*, 24(4), 806-825.
5. Ichniowski, C., & Shaw, K. (1999). The effects of human resource management systems on economic performance: An international comparison of US and Japanese plants. *Management science*, 45(5), 704-721.
6. Jain, H. C. (1991). Is there a coherent human resource management system in India? *International Journal of Manpower*.
7. Navaz, A. S., Fiaz, A. S., Prabhadevi, C., Sangeetha, V., & Gopalakrishnan, S. (2013). Human Resource Management System. *arXiv preprint arXiv:1309.5351*.
8. Silic, M., Marzi, G., Caputo, A., & Bal, P. M. (2020). The effects of a gamified human resource management system on job satisfaction and engagement. *Human Resource Management Journal*, 30(2), 260-277.
9. Su, Z. X., & Wright, P. M. (2012). The effective human resource management system in transitional China: a hybrid of commitment and control practices. *The International Journal of Human Resource Management*, 23(10), 2065-2086.