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## HRM Practices And Its Role In The Growth Of Business Organisation Of India

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### Abstract

The function of human resources is an important source of competitive advantage in the current era of economic development. It ensures managerial efficiency and organizational performance by having qualified and motivated employees, and maintains a competitive advantage by supporting the development of competences. The subject of the paper has been thoroughly researched and we hope that this work will improve the knowledge and use of HRM methods in creating and sustaining organizational success, especially in the Indian environment. HR managers who have this expertise and understanding will be able to create programs that improve operational results and give them a competitive advantage. Sharing of data and experience forms a significant part of the research conducted in India. The results of the study indicate a meaningful, substantial and beneficial relationship between human resource management practices. HR system effectiveness, employee commitment, and employee performance are ways in which HRM and human resource management practices affect a firm's organizational performance outcomes. Human resource management methods also influence an organization's market orientation, organizational culture, and strategic goals, which are ultimately linked to organizational performance. There is undoubtedly much to be discovered in this area of study, and ideally subsequent empirical research will yield a more accurate and insightful assessment of the theoretical framework established here.

**Keywords:** HRM (Human resource management), SHRM (Strategic human resource management), OP (Organizational performance), HRMS (Human resource management system)

## Introduction

The function of human resources is an important source of competitive advantage in the current era of economic development. It ensures managerial efficiency and organizational performance by having qualified and motivated employees, and maintains a competitive advantage by supporting the development of competences. The subject of the paper has been thoroughly researched and we hope that this work will improve the knowledge and use of HRM methods in creating and sustaining organizational success, especially in the Indian environment. HR managers who have this expertise and understanding will be able to create programs that improve operational results and give them a competitive advantage. Sharing of data and experience forms a significant part of the research conducted in India. The results of the study indicate a meaningful, substantial and beneficial relationship between human resource management practices. HR system effectiveness, employee commitment, and employee performance are ways in which HRM and human resource management practices affect a firm's organizational performance outcomes. Human resource management methods also influence an organization's market orientation, organizational culture, and strategic goals, which are ultimately linked to organizational performance. There is undoubtedly much to be discovered in this area of study, and ideally subsequent empirical research will yield a more accurate and insightful assessment of the theoretical framework established here. Recruiting and optimizing human resources is one of the new challenges facing today's highly disrupted corporate environments. Creating a resilient workplace that can successfully adapt and integrate changes in systems, structures, technologies, processes, etc. is one of the challenges of HRM approaches. The goal of human resource management (HRM) at the organizational level is usually to have qualified and motivated workers to guarantee managerial efficiency and company expansion. Human resources are considered a source of long-term competitive advantage due to their high value and scarcity. Khan (2010) found that in a dynamic business environment, there is a need for a strategy to improve performance and the development and use of HRM strategies. In order to gain a competitive advantage, businesses must invest in these techniques to a significant and non-significant degree. (Appelbaum, 2001) The activities, policies, and procedures involved in planning, acquiring, developing, using, evaluating, maintaining, and maintaining the right number and skill mix of employees to meet organizational goals are part of human resource management (HRM). ) practices. Organizations today compete by implementing their own HRM practices and, as a result of globalization, use the latest HRM techniques to achieve their goals. Employers and employees alike benefit from the best human resource management practices that are key to the positive expansion of the company. One of the most significant areas of organizational research and practice is human resource management (HRM), which has evolved over time. It did not arise in a vacuum, but rather as part of economic growth and industrial transformation. Managers must pay an entirely different kind of attention to HR strategy because of its distinctiveness. The HR department has characteristics that represent both the greatest potential and the greatest challenge. Fragile connections, unstable contributions, and uncertain permanence

make a company's HR department vulnerable (Host, 1991). Organizational culture and HR Since Lewin, Lippitt and White's study on the creation of social climate, the concept of organizational culture has been recognized as a fundamental part of an organization. Employees who are familiar with the culture of the organization are able to understand how things are done there. According to Litwin and Stringer (1968), organizational culture is the perceived, subjective impact of formal systems, informal styles of managers, and other important environmental elements on the attitudes, beliefs, values, and motivation of individuals within a particular organization. Within an organization, organizational culture serves a variety of purposes, including differentiating one organization from another. For the holder of the role, it conveys a sense of identity. Last but not least, culture functions as a sensory and control system that guides and shapes the attitudes and behavior of employees. Siehl and Martin (1990) develop their theory of the relationship between culture and performance and suggest that culture could act as a filter for elements that affect organizational effectiveness. These elements may vary from organization to organization. Research on the relationship between culture and performance requires a deeper understanding of the mechanisms involved. Wilder and Van den Berg (1998) found a significant zero-order association between performance and culture. It is assumed that better performance and greater efficiency will result from more effective HRM systems that simultaneously exploit the potential of organizational culture for complementarily or synergy. Indian organizations are part of Indian culture that shapes and is shaped by social, political and economic elements that are influenced by the outside world. In 1994, Sinha and Sinha found the values of self-actualization and invention as the highest form of work values in Indian culture. Organizations value the core corporate values of self-actualization and resourcefulness as they encourage and recognize innovation, creativity and success.

### **Contribution of HRM for Competitive Advantage**

Michael Porter developed the idea of competitive advantage. Porter emphasized the importance of focus—seeing a particular buyer group or product market "more effectively or efficiently than competitors who compete more broadly"—and differentiation, which means providing a product or service that is considered distinctive in the business. He then developed his famous framework of three general tactics that businesses can use to gain a competitive advantage: focus, differentiation, leadership, and cost. According to Porter's generally accepted theory, the performance of the firm is influenced by the variables of the industrial environment. The resource-based approach, on the other hand, argues that a company's competitive advantage is mostly derived from its use of the wealth of valuable resources available to it. The resource-based approach, on the other hand, argues that human resource practices can help by promoting the growth of competencies. Unlike the environmental strategic management paradigm, another perspective pays more attention to the connections between a company's internal resources, strategy and competitive advantage.

## Review of literature

To examine the relationship between HRM practices and organizational culture, researchers, academics and policy makers have examined several studies over different time periods. Many researchers have shown that HRM practices are key factors in organizational performance and organizational culture. An attempt has been made in this paper to evaluate the relationship between HRM practices and their impact on organizational performance with special reference to Indian industry. Katon (2008) conducted a study to measure the impact of HRM practices on organizational performance in the manufacturing sector of Greece. The result showed that the relationship between HRM practices (resources and development, compensation and incentives, engagement and job design) and organizational performance is partially mediated through HRM outcomes (skills, attitudes, behaviors) and is influenced by business strategies (cost, quality, innovation). The study concluded that HRM practices are linked to business strategies and will affect organizational performance through HRM outcomes. Shikha (2010) investigated HRM practices among employees of Indian commercial banks to study HRM practices that provide a source of sustainable competitive advantage. The study revealed that instead of spending resources on training and development, organizations should emphasize a long-term commitment to human resources. Martin (2011) conducted an investigation to determine the effect of human resource management practices on job satisfaction, organizational commitment, and the effect on intention to quit. Human resource management practices include recruitment and hiring, compensation and benefits, training and development, and supervision and evaluation. The research result found a significant relationship between perceptions of personnel practices and intention to quit, mediated by organizational commitment and performance. Hendry and Pettigrew (1992) suggest that a number of internal factors directly contribute to shaping the content of HRM, such as organizational culture, human resource structure, leadership, the level of technology used and business outputs. Indian organizations generally focus their human resource efforts on developing competencies, culture and effectiveness among employees individually or in groups (Singh, 2003). Organizations can use many mechanisms to achieve their HRM goals because without competent and committed employees, an organization can achieve very little, even with excellent technological and other resources. Such a claim gains more credibility in the context of developing countries such as India, which are typically in the early stages of economic development and are growing faster than the traditional developed economies of Japan, North America and Europe. Selection in organizations is based on non-job criteria such as attractiveness, goal orientation and interpersonal skills: a general lack of concern for value congruence (Prakash 1994). The dominant emphasis was placed on the universal practice of identifying and improving existing performance strategies. This practice would require a complete turnaround where values should find a place in selection and training. Only then would it be possible to achieve a connection with the values of the wider socio-cultural context in India. For an organization to be effective, the values of society and the cultural environment should be synthesized with the values of the organization and its functioning.

## ORGANIZATIONAL FEATURES:

The most important goal of an HRD program should be the growth of the individual as a whole human being. Whatever activity an organization engages in, one of the significant outputs should be the growth and development of the individuals involved in that activity. Therefore, engagement, exercise of discretion in work performance, autonomy, job design, etc. become areas of focus for HRD programs.—The practices that organizations use to grow individuals vary widely. They range from job redesign (e.g. Bharat Heavy Engineering Corporation, where responsibility for planning and results now lies with the shop floor employee) to consultancy, job rotation, training and the like. Human resource development in each organization is focused and diversely designed to serve its own needs and follows a unique approach. Some human resource development professionals have developed human resource development systems that primarily include functions previously performed by well-developed human resource departments in organizations. The human resource development system consists of the following 12 elements: Business planning; Labor Force Forecasting; Selection, induction and placement; Role analysis; Assessment; Consulting; Self-development, Career planning; succession planning; Job rotation; Training; and data bank. It is assumed that these functions will be performed with a developmental orientation and will have a sharper humanistic perspective. A review of HRD programs in organizations suggests that three distinct features distinguish human resource development from traditional personnel management:

## OBJECTIVES OF THE STUDY

1. To investigate the various human resource management practices.
2. To examine the relationships between various aspects of human resource management practices and organizational culture.

## Methodology

This study is to examine HRM practices in India and their impact on organizational performance. Human resource management practices are viewed from the perspective of planning, recruitment, selection, training and development, performance appraisal, career management and compensation. that human resource management practices influence a firm's organizational performance outcomes through HR system effectiveness and employee commitment and employee performance. HRM practices also have an impact on the organizational culture, strategic goals and market orientation of the organization, which is ultimately linked to organizational performance. HR practices in this model relate to three sets: (1) Training-oriented (2) Performance-based and reward-based, and (3) Period development. Finally, the dependent variables in the model are the organizational performance outcomes. Claim 1a: The chosen set of human resource management practices positively affects (employees') perceived effectiveness of the company's HR system. Assertion 1b: The chosen set of human resource management practices positively affects the company's

organizational culture. Proposition 1c: A selected set of HRM practices positively affects employee engagement and performance. Proposition 1d: Employee commitment and performance positively influence the desired OP outcome through the mediating role of human resource management practices and organizational culture. Proposition 1e: The chosen set of human resource management practices positively affects organizational performance and firm performance. Proposition 1f: The chosen set of personnel procedures positively affects the desired outcome of the OP through the mediating role of the company's strategic goals. The above firm-level conceptual framework is designed to explain how HRM practices directly and indirectly affect organizational performance and organizational performance. And how HR relates to firm performance with particular reference to Indian firms is explored by considering the integration and perceived effectiveness of three complementary HRM practices as an HR system, HRM practices with organizational culture and HRM practices, as well as business and operational strategies .

## **Conclusion**

This paper showed a significant positive and meaningful relationship between HRM practices and organizational performance, organizational culture, employee engagement and performance, but not only work environment and firm output. Because it is clear from academic research that human resources are a permanent competitive advantage. The way an organization manages its HR has a significant relationship with organizational performance. Although published research generally reports a positive statistical relationship between HRM practices and organizational performance, we should consider that many other factors besides HRM practices can affect organizational performance. Knowing the relationships between human resource management practices and organizational performance will enable human resource managers to design programs that will produce better operational results to achieve higher organizational performance. Human resource management should understand organizational performance processes and design human resource practices that affect the outcome variables. This disposes the propositions of this research work and it is hoped that the validity of this conceptualization can be verified in the Indian context through future empirical research.

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