

The Role of HR Practices on Organizational Effectiveness: a case study of BEL Kotdwara

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ARTICLE DETAILS

Article History

Published Online: 20 February 2019

Keywords

HR Practices, Organizational Effectiveness, Organizational Commitment, BEL

ABSTRACT

Now a day's market value of organization depends more on intangible resource rather than tangible resources, human resource is important intangible resource which significantly reflect market value of organization. Recruiting and retaining the best employee, however is only part of the human resources development framework. Organization also has to leverage the skills and capabilities of its employees by encouraging learning capability of individual and creating a healthy environment in which knowledge can be created, easily shared with the employees and applied to achieve corporate goals of the organization. Impact of human resource management practices on organizational effectiveness has been a widely researched area for years. This study mainly focuses on investigating the HR practices that influence organizational effectiveness. This paper is descriptive in nature, and data has been collected through various primary and secondary sources. The major finding of the study is that human resource practices are positively related with organizational effectiveness.

1. Introduction

An organization cannot build a good team of worker without effective Human Resources. An organization is made up of a number of people who contribute to the maximum possible effort in order to achieve both individual and organizational goals. Human Resource is the set of individuals or personnel within an organization responsible for performing the tasks given to them in order to achieve individual and organizational goals. Human resources have a significant impact on the overall efficiency and organizational effectiveness. Human beings differ from one another in their energies, skills, talents and & knowledge. Managing different types of individual is a difficult task, these different individual works for achieving common goal. In the present competitive era most suitable way to survive and grow is to effectively manage human resource for better development of organization as well as employees.

1.1 Concept of human resource practices:

Human resource practices develop the key competencies that enable individuals and organizations to perform current and future jobs through well planned learning process. Good human resource practices are instrumental in helping achieve departmental objectives and enhance productivity. Currently, human resource practices make significant difference for all those who maintain their position for a long time in the global market.

Now days, if organization want to survive in long run then, it is must that organization should have skillful and innovative employees to work and achieve organization as well as individual objective. An organization's goal can be achieved only when organization have right type of people in right number and providing them effective working environment and

proper training to gaining competitive advantage. Efficient employees contribute to the growth of the firm. HR Practices helps in enhancing internal capabilities of an organization to deal with current or future challenges effectively.

Human resource practices are generally based on organizations mission and objectives. The main aim of human resource practices is to developed and managed agreeable sound relationships at workplace and maintaining balance between organizational goals and individual goals. An organization performs best when all of the human resource practices are managed well.

Therefore, the development of organizational commitment and organizational effectiveness needs effective human resource management practices.

1.2 The need for hr practices in oraginazational effectiveness

Human resource practices are needed by any organization that wants to be growth-oriented and to succeed in a fast-changing environment. Different human resource practices are needed to achieve a high level of organizations performance. Also different types of human resource practices generate different organization outcomes. An organization is unable to build a good team of working professionals without good human talent. Organizational can become dynamic and grow only through the effort and competencies of their human resources.

Implication of effective human resource practices enhance the morale and motivation of employees, but these efforts are not enough to make the organization dynamic and take it in new directions. Employee capability must continuously be

acquired, sharpened and used, for this purpose an effective organizational environment is essential. When employees use their initiative, take risks, experiment, innovative and make things happen, the organization may be said to have an enabling and effective culture. Even an organization that has reached its limit in terms of growth should be ready to adapt changes in the environment.

1.3 Unit Profile BEL-Kotdwara

Established in 1985-86, BEL-KOT is the 9th and the youngest Unit in the family of BEL. Soon after its inception, the Unit undertook manufacturing of Radio Relay Equipment. The Unit entered in the highly competitive market of telecom and became one of the leading suppliers of C-DOT switching equipments. It also received CII-EXIM Bank Excellence recognition for strong commitment to TQM/Excel for three consecutive years 2003, 2004 & 2005

2. Review of literature

Zaini, Nilufar and Syed, (2009) were focusing on four human resource practices, such as:-

- Human resource planning
- Training and development
- Team work
- Performance appraisal

The researcher identified that above four human resource practices directly influence performance of employees.

Herman Aguinis and Kurt Kraiger, (2009) in their study focused on the various benefits of human resource practices for individual, team, organization and public. According to them human resource practices contain various benefits for each stakeholder. They point out some conditions under which the benefits of human resource practices were maximized. Their study also examined how training needs can be evaluated.

According to the study of Altarawneh and al-Kilani (2010) discussed in their study the impact of human resource management practices on employee turnover. The study remarked that job analysis influenced employees' turnover. The studies suggest various incentive schemes which provide strategic benefits to organizations. The following incentive scheme provides strategic benefits to organizations:-

- Rewards
- Bonus
- Salaries Enhancement
- Remuneration
- Compensation
- Performance appraisal

However, no statistical evidence was found regarding the effects of other HRM practices on employee turnover. The research described three variables: job training, supervision and pay practices that mostly influenced employee turnover and satisfaction levels of employees.

Mohammad Hafiz and Al-Jabari (2012), found in their book "Factors affecting human resource practices in a sample of diversified Palestinian organizations" that the size of organization plays an important role in deciding the level of extent to which application of human resource practices will

become effective. The study revealed that in large organizations efficiency and effectiveness of human resource practices are comparatively greater than in small organizations. The authors have found that non-government organizations implement better human resource practices than private and other public organizations. The study showed that for better performance and positive results organizations should provide merit-based compensation to their workers.

Swaha Bhattacharya, & Monimala Mukherjee, (2013), in his study of private sector employees described a positive relationship between organizational climate and work motivation. Work motivation of employees is affected by

- Organization structure & climate
- Benefits & remuneration
- Effective communication channel
- Promotion policy etc.

Research also concluded that duration of service has a significant impact upon organizational climate and work motivation.

3. Research objectives

The present study was conducted to know the following things related to the BEL organization. The objectives of the study were:

- To investigate various HR practices in BEL Kotdwara
- To assess the attitude of employees of BEL Kotdwara towards HR practices
- To evaluate on various parameters the impact of human resource practices on the effectiveness of organization.
- To bring forth suggestions for the organizational effectiveness.

4. Research methodology

Research methodology was one of the important parts of research. Therefore it should be well organized in nature. The main purpose of the present chapter is to focus on how the hypotheses of this research were investigated by referring to the sample group of respondents used in the study, the procedure that was followed for conducting the present study and the measuring instruments used. This chapter outlines the overall research work, research-related techniques, statistical tools such as correlation, regression analysis, T-test and ANOVA test, CFA & VFA to make the research valid and reliable in today's challenging era of research. The present study shows the direct effect of independent variables on dependent variables. Apart from this, the study has also brought a mediator to test the relationship.

4.1 Research Design

The present study has adopted a descriptive research design for the purpose of data collection and its analysis, taking into account the quantitative approach. Keeping in mind the limitations caused due to time and resource constraints, convenience sampling technique was followed for collecting the data. The sample population was the 402 employees of BEL Kotdwara.

4.2 Research Hypothesis

- H1: Planning (one of the dimensions of HRM practices) is positively significantly related to the dimension of organizational effectiveness.
- H2: Recruitment & selection (one of the dimensions of HRM practices) is positively significantly related to the dimension of organizational effectiveness.
- H3: Performance appraisal (one of the dimensions of HRM practices) is positively significantly related to the dimension of organizational effectiveness.
- H4: Organizational commitment is positively significantly related to the dimension of organizational effectiveness.

4.3 Research Area

The study covered the employees of BEL Kotdwara district Pauri Garhwal. The area why did we select, this was one of the most important questions. This BEL unit (Pauri) was very much

5. Analysis of data and results

near about me so we had no problem in a stay and collecting the data.

4.4 Data Analysis Tools

Table: 1.1
Data Analytic Tools and Technique

Tool applied	Purpose
SPSS	Mean, S.D, Correlation
AMOS	CFA
SPSS	Model Mediation

4.5 Limitation Of The Study

- The study was limited up to some extend because it was not possible to cover the all unit of BEL Kotdwara.
- The study did not covered all the employees of BEL Kotdwara

Table: 1.2

Demographic Profile of Respondent N=402				
		Frequency	Percent	Cumulative Percent
Gender	Male	268	66.7	66.7
	Female	134	33.3	100.0
Age	Upto 30 Yrs	69	17.2	17.2
	31- 40 Yrs	157	39.1	56.2
	41-50 Yrs	123	30.6	86.8
	51 Yrs and Above	53	13.2	100.0
Income	Upto 4 Lacs	7	1.7	1.7
	4 - 6 Lacs	37	9.2	10.9
	6 - 8 Lacs	193	48.0	59.0
	Above 8 Lacs	165	41.0	100.0
	Total	402	100.0	
Qualification	Up to Intermediate	11	2.7	2.7
	Graduate	210	52.2	55.0
	Post Graduate	150	37.3	92.3
	Professional	31	7.7	100.0
	Total	402	100.0	

5.1 Variance Inflation Factor (VIF):-

Table 1.3

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.413	.099		4.175	.000		
	HRP	.288	.055	.298	5.245	.000	.245	4.089
	RnS	.192	.049	.204	3.954	.000	.297	3.364
	PA	.155	.049	.161	3.164	.002	.306	3.272
	OC	.232	.053	.238	4.363	.000	.267	3.752

a. Dependent Variable: OE

In the present study the variance inflation factor (VIF) method was applied to test the normality, non-multi co linearity, skewness and kurtosis of the variables. VIF method is quite relevant method and VIF is calculated when there is more than one independent variable in the study in order to check the multi co linearity issue. The results revealed that human resource management practices such as human resource planning, recruitment & selection, training & development and performance appraisal, organizational commitment were positively skewed.

Value below 10 lies in the acceptable range of VIF, and results have found VIF values of independent variables of the present study, human resource management practices such as human resource planning, recruitment & selection, training & development, performance appraisal and organizational commitment ranged from 3.272 to 4.089 which are considered

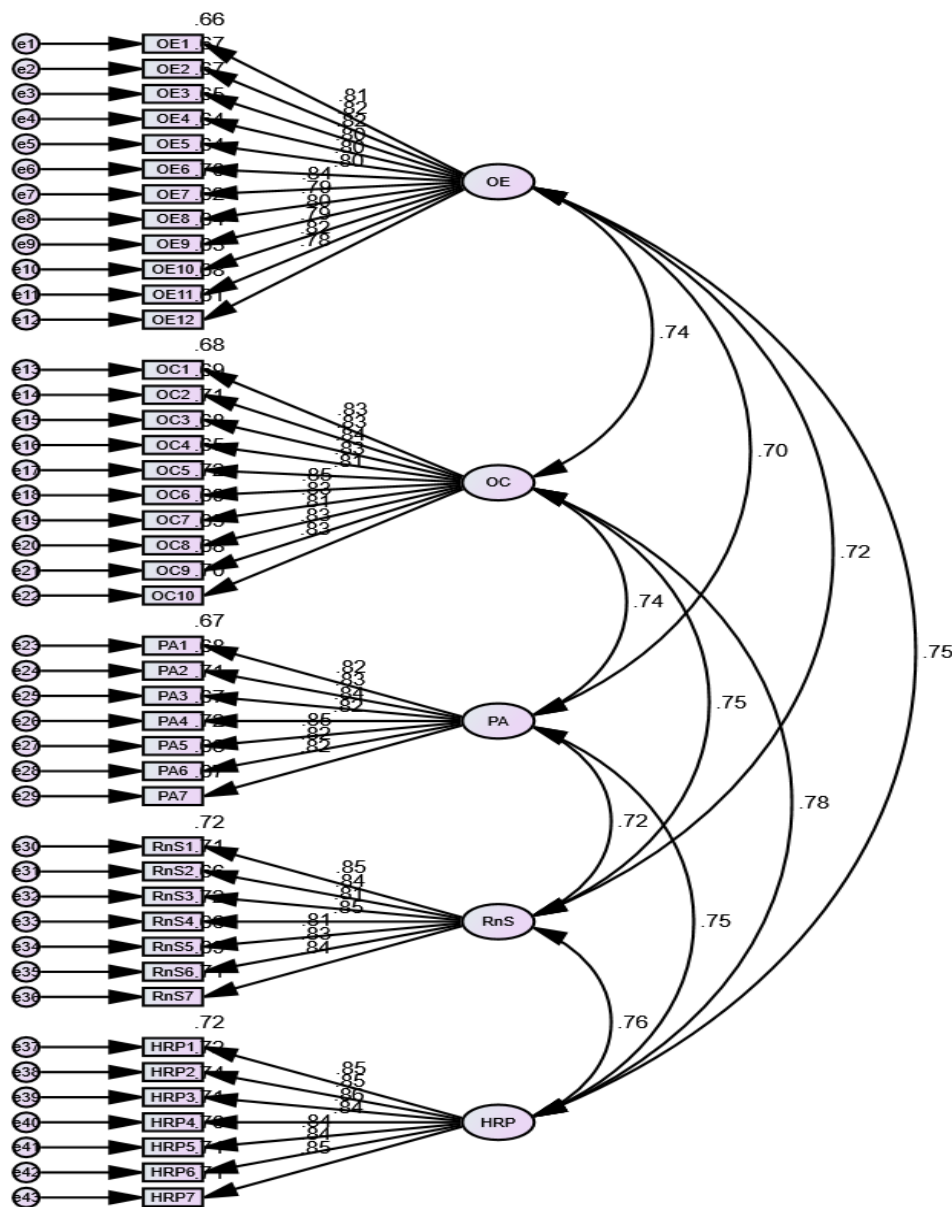
within the acceptable range, which signifies the non-multi-collinearity (O'brien, 2007) of the data.

5.2 Validity Of The Scale

Validity of the scale is explained what study want to measure, it is dependent upon the consistent measurement of the items which are being measured. All the items of the scale must signify the same constructs, thus validating the scale.

For proper validity of the scale, according to Hair et al. (2009), it is mandatory that factor loadings of each item with relation to its construct always lie above the value of 0.6. Confirmatory factor analysis was applied for testing of validity and its results have been presented in fig no 6.1.

Confirmatory Factor Analysis



It was observed that factor loading for organizational effectiveness, organizational commitment, performance appraisal, recruitment & selection and human resource planning is more than

0.6. Thus, construct validity was proved.

5.3 Model Validity Measures

Table: 1.4

	CR	AVE	MSV	OE	OC	PA	RnS	HRP
OE	0.957	0.652	0.561	0.807				
OC	0.956	0.685	0.610	0.736***	0.828			
PA	0.938	0.685	0.565	0.702***	0.741***	0.827		
RnS	0.941	0.696	0.575	0.715***	0.746***	0.717***	0.834	
HRP	0.947	0.717	0.610	0.749***	0.781***	0.752***	0.758***	0.847

Discriminate validity of the variable was also checked to see the distinctness of one construct from the other. In discriminate validity value of average variance extracted is more than the value of maximum shared variance (MSV).

In Table 6.6, all the value of average variance extracted is in the range of 0.652 to 0.717. The values of AVE must be more than 0.50 which is acceptable. Hence, the discriminate validity was successfully proved because value of the entire variable is more than 0.50. Discriminate validity can also be checked by the comparing the value of average variance extracted with maximum shared variance. Average variance extracted should be more than maximum shared variance. Table 6.6 shows that AVE of all the variables is more than MSV hence proved the discriminate validity.

AVE > MSV

5.4 Reliability Of The Scale

Reliability defines the consistency of the scale; reliability of scale is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but acceptable value is required to be more than 0.6 for the scale to be reliable. In the present study, we, therefore, used Cronbach's alpha scale as a measure of reliability. The cronbach's

coefficient alpha was calculated for each field of the questionnaire.

In the present study the scales were found to be highly reliable as the value of cronbach's alpha for all the scales was higher than 0.90 with the application of the SPSS. The reliability values for the scales were:

Table 1.5

Variables	Cronbach's alpha
HRP	.947
R&S	.93
PA	.938
OC	.956

The acceptable limits of alpha coefficient show higher range, above 0.6. These results show that the questionnaires were reliable with no inconsistency.

5.5 Hypothesis Testing Results:-

- H₁: There is positive relation between Human Resource Planning and Organizational Effectiveness.**
- H₂: There is positive relation between Recruitment & Selection and Organizational Effectiveness.**
- H₃: There is positive relation between Performance Appraisal and Organizational Effectiveness.**

Table: 1.6

SN	Hypothesis	B Value	t- Value	P Value	Conclusion
H ₁	HRP--- > OE	.391	7.261	.000	Hypothesis Accepted
H ₂	RnS--- > OE	.268	5.310	.000	Hypothesis Accepted
H ₃	PA--- > OE	.223	4.471	.000	Hypothesis Accepted

Mediation Analysis

H₄: There is positive relation between Human Resource Planning and Organizational Effectiveness is positively mediated by Organizational Commitment.

- H₅: There is positive relation between Recruitment & Selection and Organizational Effectiveness is positively mediated by Organizational Commitment.**
- H₆: There is positive relation between Performance Appraisal and Organizational Effectiveness is positively mediated by Organizational Commitment.**

Table: 1.7

SN	Hypothesis	Direct Effect	Indirect Effect	Total Effect	Result	Conclusion
H ₄	HRP--- > OE	0.272***	0.087***	0.36***	Partial Mediation	Hypothesis Accepted
H ₅	RnS--- > OE	0.19***	0.061***	0.251***	Partial Mediation	Hypothesis Accepted
H ₆	PA--- > OE	0.157***	0.06***	0.218***	Partial Mediation	Hypothesis Accepted

6. Summary of Findings

The findings have revealed that all the proposed hypothesis of the study is well proved and show positive relationships between the human resource management practices and the organizational effectiveness. When there is proper adoption and implementation of the effective human resource practices, it brings positive impacts on the organizational effectiveness.

The increase in the level of the organizational effectiveness takes place in accordance to the human resource practices adopted and implemented.

Findings of this study show that effective human resource management practices are positively related to organizational effectiveness. Previous research result also suggested that organization with effective human resource management practices achieve growth and success. Effective implication of human resource management practices also provides employees satisfaction. The results of this study revealed that human resource planning, recruitment & selection, performance appraisal, training & development and organizational effectiveness were found to be explanatory factors having significant effects on organizational effectiveness.

6.1 Hypothesis Discussion

The hypothesis for the present study was developed on the basis of the objectives of the study. These were proved successfully by application of the statistical tools. The following section deals with the findings and the justification for the hypothesis.

These have been discussed in this chapter in detail.

Hypothesis 1: Human Resource Planning is positively significantly related to the dimension of organizational effectiveness.

The first hypothesis is based on the assumption that better human resource practices enhance the organizational effectiveness. This was found positively correlated with each other, it is evidenced that better human resources practices support the effectiveness of the organization and employees may work more efficiently and employee may develop novel ideas and the thoughts which may be useful for the organization in different terms.

In contrast if employees are not provided with the quality based HR practices then it leads to the deterioration in the level of organizational effectiveness. If the organization is not adopt and implement effective human resource management practices than the employees may not become part of

organizations, which leads to the failure in providing value based services to its customers.

Hypothesis 2: Recruitment & selection is positively significantly related to the dimension of organizational effectiveness.

The second hypothesis is based on the assumption that effective recruitment & selection method enhance the organizational effectiveness. This was found positively correlated with each other, it is evidenced that that effective recruitment & selection method support the effectiveness of the organization.

Findings of this study show that effective recruitment & selection method is positively related to higher growth. Evidences from the previous research also suggested that organization with high recruitment & selection investment is positively related to attracting best talent for organization

In addition, this study found that recruitment & selection techniques matching the best candidate with the job. Talented employees possessed with the capacity to take the right decisions at the right time. This may help organization to resolve the organizational problems in effective manner. A problem free working environment is the key to success for any organization.

Hypothesis 3: Performance Appraisal is positively significantly related to the dimension of organizational effectiveness.

The third hypothesis is based on the assumption that effective performance appraisal system improved the performance of the employees. This was found positively correlated with each other, it is evidenced that performance appraisal system encourage employees to do their best. As per the findings, performance appraisal is human resource tool that encourage employees to evolve the new ideas which are useful for the organization. Performance appraisal is a controlling variable that influence the productivity of employees.

The findings have revealed that the proposed hypothesis of the study is well proved and show positive relationships between the performance appraisal and the organizational effectiveness. When there is proper evaluation of performance of employees it brings positive impacts on the organizational effectiveness. In addition, this study found that Performance appraisal doesn't provides benefit to only employees, but its helps to improve the overall performance of the organization.

Findings of this study show that BEL proper use the results of performance appraisal to identify areas of strength

and opportunity can benefit as well. Performance appraisal also identified the need of training for employees. Performance appraisal system encourages employees to perform well.

Hypothesis 4: Organizational Commitment is positively significantly related to the dimension of organizational effectiveness.

The last hypothesis was proposed that there exist a positive relationship between the organizational commitment and organizational effectiveness. The testing of the samples proved that there was a positive relationship between both the variable and thus hypothesis was proved; the findings clearly suggested that higher organizational commitment support the BEL organization. The findings are consistent to the previous studies which have suggested that organizational support is required for the enhancement of the organizational effectiveness.

Past researches have inferred that a better level of organizational commitment leads to the effectiveness of organization. It is important for an organization to understand that employees need their support so that they can work with more dedication.

6.2 Suggestions

- In the light of the findings of present study, the researcher recommends the following suggestion
- BEL can increase the satisfaction of their employees by increasing the pay increments, and employee relations.
- Since the employees of BEL have lower level of satisfaction with organizational commitment therefore BEL should take steps to improve organizational commitment, it is necessary to improve performance of employees.

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- Performance appraisal of BEL employees should be evaluated periodically for encouraging employees to do their best.
- BEL should give security to its employees with respect to the future growth of the employees.
- The promotion practices should be unbiased and regular to make the employees remain motivated.
- Human resource professionals must provide manuals, guidelines, checklists, organization policies for the employee to know what he is supposed to do in the organization. Design key responsibility areas of employees in line with their education qualification, interest areas, specialization and background.
- Jobs in BEL must be designed in a way that an employee knows about the description as well as the specification of the job well. He must know what to do, when to do and how to do his job. So that he can work with more confidence.
- Training and development should be conducted more because training improves the performance of the employees.

7. Conclusions

In conclusion, this chapter has presented the explanation for the results after the analysis of the data. All hypotheses have been validated with the support from the past studies and practical reasons were also scrutinized to support the relationship identified in this study. The findings of the present study have much relevance for the BEL Kotdwara. The relevance needs to be interpreted with respect to the role of various human resource practices with organizational effectiveness. It may help these to strengthen their capacity in delivering the services.