

ROLE OF HRM PRACTICES IN STEEL INDUSTRY

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Abstract

In today's highly competitive and turbulent business environment all modern organizations are operating in dynamic changing scenario. Due to increasing complexities and cut throat competition running organizations effectively became challenge for employers. To gain competitive advantage organizations need to implement unique strategies. Managing human resources is very challenging as compared to managing technology or capital and for its effective management, organization requires effective HRM system. HRM system should be backed up by sound HRM practices. Organization performance is influenced by set of effective HRM practices. It gives fruitful results like enhancing employee commitment, retention and reduced employee turnover. This article emphasizes the role of HRM practices in increasing organizational effectiveness. The research is carried out to find out the employee perception towards existing HRM practices for better improvement.

Key Words: *Steel Industry, Employee commitment, HRM Practices,*

Introduction

Human resources are the source of achieving competitive advantage because of its capability to convert the other resources (money, machine, methods and material) in to output (product/service). The competitor can imitate other resources like technology and capital but the human resource are unique. In the view of resource based theory of Barney (1991) stated that Human resources lead to competitive advantage when they are valuable, inimitable and well organized. HRM can help firms improve organizational behavior in such areas as staff commitment, competency and flexibility, which in turn leads to improved staff performance (Koch and McGrath, 1996). Managing human resources plays key role in organizational success.

The effective management of human resources requires sound Human Resource Management systems. In order to develop a sound HRM system, the organization should have effective Human Resource Management practices. HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson, 1987; Schuler & MacMillan, 1984; Wright & Snell, 1991). HRM practices may differ from one organization to another and from one country to another. Employee-employer relations can be made improved if the organization implements effective HRM practices.

HRM practices are related to turnover and profitability. Every HRM practice has both direct and indirect influence on operational and financial performance of the organization.

Literature Review

Human resource management (HRM) refers to the policies and practices involved in carrying out the „human resource(HR)□ aspects of a management position including human resource planning, job analysis, recruitment, selection, orientation, compensation, performance appraisal, training and development, and labour relations (Dessler,2007). HRM is composed of the policies, practices, and systems that influence employees□ behavior, attitude, and performance (Noe, Hollenbeck, Gerhart, and Wright, 2007).

Human Resource Management Practices have been changed dramatically during the last two decades owing to globalization, privatization/deregulation, competition and technological advancements. These highly turbulent environmental have forced organizations to adopt new workplace practices that enhance sustained level of high performance. Human Resource Management Practice underlines the importance of job satisfaction of employees. The relationship between appropriate human resource management practice and positive employee attitudes including employee satisfaction, loyalty and productivity has been widely analyzed. It is also suggested that treating employees as a valuable asset improves their commitment and loyalty which leads to higher performance and quality (Silvestro, 2002).

Academic research conducted at the organizational level supports that human resource practices affect organizational outcomes by shaping employee behaviors and attitudes (Arthur 1994; Huselid 1995). Ostroff and Bowen (2000) found that human resource practices shape work force attitudes by moulding employees' perceptions of what the organization is like and influencing their expectations of the nature and depth of their relationship with the organization. There is also a general notion that human resource practices interact with perceptions of organizational support to affect employee commitment.

Researchers have over the years proposed countless varied lists of practices however; there is no agreement on what or which practice qualifies as an aspect of HRM (Beer et al 1984; Storey 1995; Guest 1997; Boselie et al. 2005). It is interesting to note that there are still some practices that form the core of the various practices proposed. These include recruitment and selection, training and development, performance management and reward scheme, however, others such as job design and employee involvement are more sporadic and are yet to gain grounds in the HRM literature. Guest (1997) however puts forward seven practices namely, selection, training, appraisal, rewards, job design, involvement and status and security. However, the study focuses on six out of the seven practices in its analysis. Selection of the practices for study is based on its recurrence in the literature reviewed, its significance and measurability.

Recruitment & Selection

Recruitment is a process of attracting a pool of high quality applicants so as to select the best among them. Top performing companies allocate considerable sources of energy to creating high quality selection systems. Due to the complexity of work increases, organizations that now use more selection methods that capture the applicant's capability to do the work.

Selection procedures should able to improve fit between applicant and other aspects of the work. Such as personality fit and organization fit. (Smith, 1994) . Selection procedure should able match applicant's values with the organization culture.

Training & Development

Training and development deals with updating of skills and competencies of the employees through series of training and development programmes. In today's competitive environment skilled employees with necessary skills and competencies able to enhance productivity, organization competitiveness and performance. Training programs yield both tangible and intangible results. Tangible results like enhanced productivity and quality of goods and services. Intangible results are high self esteem, enhanced morale and high job satisfaction. Blair & Sisakthi(2000) argued that investments on training and development produce enormous benefits.

Performance Appraisal

Performance appraisal process is an activity that ensures mutual understanding between subordinate and supervisor. Performance appraisal is positively related to organizational performance. Lee & Lee (2007) posited that successful performance appraisal systems enhance quality and productivity. Comprehensive, transparent performance appraisal systems enhance talent retention. Rahman (2006) established that a comprehensive performance appraisal system increases subordinate commitment. Performance appraisal influences organizational performance.

Compensation

Effective compensation and reward process enhances productivity, employee retention, and overall organizational performance. (Delaney & Huselid 1996)

Jyothi and venkatesh (2006) established that competency based rewards and pay enhances the quality of goods/services, improves subordinate behavior thereby improving organizational performance. Compensation encompasses all forms of monetary, non-monetary returns,. Berndardin and Rusell (1993) noted that reward planning and compensation are key dimensions of potent HRM practices.

Welfare & Safety Measures

Employee welfare is flexible and elastic and differs widely with time and region, industry, social value and customs, degree of industrialization the general social-economic development of the people and the political ideologies prevailing at a particular time. It is also molded according to the age groups, socio-cultural background, and educational level of workers in various industries. Industrial progress depends on satisfied labour force and in this connection the importance of labour welfare measures was accepted long back. Way back in 1931 the Royal Commission on Labour stressed the need of labour welfare primarily because of the harsh treatment meted out to the workers. This need was further emphasized in independent India by the Constitution, (1950) which lays down the following articles in this regard: “Article 42: The state shall make provision for securing just and humane conditions of work...”

Need for the Study

Organizations in present trend constantly wrestle with revolutionary changes like global competition, deregulation, technological and demographic change, they must strive to withstand in the turbulent business environment. Human Resource is the most important asset for any organization and it is the source of achieving competitive advantage and company performance is influenced by a set of effective HRM practices. Managing human resources is very challenging as compared to managing technology or capital and for its effective management, organization requires effective HRM system. HRM system should be backed up by sound HRM practices. HRM can help firms improve organizational behavior in such areas as staff commitment, competency and flexibility, which in turn leads to improved staff performance. HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals. It gives fruitful results like enhancing employee commitment, retention and reduced employee turnover. Hence research has been undertaken to study the employee’s opinion towards HRM practices in the organization.

Research Objectives

The Objectives of the study are as follows

1. To identify the role of HRM practices in enhancing employee job satisfaction
2. To find out employees perception towards existing HRM practices in organization.
3. To suggest ways and means for improvement of HRM practices in the organization.

Scope of the Study

The scope of the study is confined to the employees of Bharath Steel corporation private limited. The present study has identified various HRM practices like Recruitment &

Selection, Performance appraisal, Training & Development, Compensation, Welfare and Safety measures.

Research Methodology

A research design is the arrangement of conditions for collection and analysis of data. Regarding this study, descriptive research design concerned with describing the perception of each individuals or narrating factors on HRM Practices. The major purpose of descriptive research is description of the state of affairs as it exists at present.

Sources of Data: The data collected for this study was through Primary & Secondary sources.

Primary Data: It consists of original information gathered for the study. The first hand information has been collected through a well structured questionnaire consisting of 30 items on 5 dimensions by direct contact method. The study is mainly based on primary data collected from employees of Bharath Steel corporation private limited. Employee opinion was rated on five point scale.

Secondary Data: It consists of information that already exists that has been collected for the purpose of this study. The second hand information has been collected through the company websites, journals, magazines, & internet.

Sample Size: A sample size of 100 executives working in various departments of the organization was taken for the survey.

Statistical Tools: The statistical tool used for this study is Simple percentage method & Weighted average method

Data Analysis and Results

Recruitment & Selection:

- Majority of the respondents opined that external source of recruitment is followed by the company.
- 40% of the respondents stated that Brand image attracted them to apply for the job, followed by 40% said management efficiency and work atmosphere. 20% stated that remuneration.
- Respondents expressed their moderate opinion towards trained managers and HR department's role in conducting recruitment and selection process with weighted mean scores of 3.87 & 3.65.

Training & Development

- Respondents stated that both on-the-job and off-the-job training methods are followed by the organization.
- Organization is providing continuous training to improve weaker skills and acquire new skills for better job performance stated by the respondents with weighted means of 4.02 & 3.65.
- Respondents stated that inadequate opportunities for professional growth and development with weighted means of 2.92 & 3.55.

Performance Appraisal:

- 360 degree Performance appraisal is conducted annually in the organization.
- Effective performance appraisal consists of promotions linked with performance stated by the respondents with weighted mean score of 3.35.
- Majority of the respondents expressed moderate dissatisfaction towards the existence of post performance appraisal feedback given by superiors in the organization with weighted mean score of 3.42.

Compensation

- Fair and competitive equitable pay package is provided by the organization stated by the respondents with weighted mean of 3.47.
- Respondents expressed their moderate opinion towards adequate financial incentives and benefits by considering employee contributions with weighted means of 3.23 & 3.46.
- Respondents are having moderate satisfaction level towards current salary and benefits provided by the organization with weighted mean of 3.20.

Welfare & Safety Measures:

- Respondents stated that organization is creating awareness regarding safety rules to be followed at the work place provided with safety equipment with weighted mean of 4.02.
- Respondents expressed their moderate opinion towards medical facilities, fringe benefits and PF scheme existing in the organization with weighted means of 3.46 & 3.42.

Conclusion

Hence it is observed that the organization needs to improvise existing HRM practices that enhance employee engagement and commitment. Employee job satisfaction increases organizational effectiveness thus reduces employee turnover. Trained managers may be appointed by the management for the effective recruitment and selection process.

Post performance appraisal to be carried out in the organization for betterment of employee performance in the job. Organization need to implement integrated approach to talent management offers adequate opportunities for professional growth and development, good motivating pay package, exciting rewards and Social security measures. In today's environment the human resources is also important as the financial assets, technologies, etc. So organizations have to consider the human resource because these are very important for betterment of the organization.

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