

The State of Organisational Heart in the Heart of India: Mapping Employee's Human Resource Policies Perception of the Manufacturing Industry (Bhopal, M.P.)

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Abstract

The employees of an organisation are often referred to as the heart and souls of it. Every organisation depend on the human resource for materializing its development and growth strategies, thus aptly performing the function of a hearth. This human resource of the organisation is governed by a set of policies to achieve the organisational goals. This research paper tries to map the perception of employees towards the Human Resource Policies of their respective organisations. The research is based on primary data collected from the white collar workers of manufacturing sector of Bhopal, Madhya Pradesh.

Keywords: Employee Perception, Human Resource Policies, Manufacturing Industry, Madhya Pradesh.

INTRODUCTION

The human resource policies of an organisation are systems of codified decisions or simply putting rules and regulations established by an organization relating to the members of the workforce. According to Michael Armstrong, HR policies provide guidelines on how key aspects of people management should be handled. The HR policies of an organisation basically ensure that whenever any people related issue arise it will be dealt according to the values and principles of the organisation. Moreover all the similar issues will be dealt with consistency which helps both the employees as well as the organisation by laying down clear procedures for all consistent and inconsistent activities within the organisation.

LITERATURE REVIEW

To achieve their development and growth strategies, industrial organizations essentially depend on human resources as the hub of the development process and the cornerstone in

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their growth. Human resources also form the heart of an organization that gives momentum to the whole production process (Abbas, 2003). The social and economic growth in states and organizations created not only by production expansion, increase and diversity of factories, or greater employment of capital assets; rather effective investment of production factors of which human resources the most significant is also involved (Al-Zghailat).

As suggested by the study of AlDamoe, Yazam, & Ahmid, 2012 the unique features of HRM is that better performance is achieved through the employees of the organization. Ulrich, Halbrook, Meder, Stuchlik, and Thorpe (1991) stated that the competitive panorama is constantly being changed and has been demanding new models of competitiveness which in turn require organizational capacities that will enable the companies to better serve their customers and distinguish them from their competitors. These organizational capacities come from the redefinition and redistribution of HRM practices, functions and professionals.

The work of Lee and Lees (2007) also supported the fact that the effect on business performance of HRM practices such as training and development, teamwork, compensation/incentive, HR planning, performance appraisal, and employee security leads to improved firms' business performance including that of employee's productivity, product quality and the firm's flexibility.

The work of Huselid (1995) of over 900 organisations in the US, found that skill enhancing HR activities including selection, training, and development are associated with turnover and financial performance, and that motivation enhancing activities including performance appraisal and compensation activities are associated with measures of productivity. Many researchers are of the view that HRM plays a very important role in the achievement of organisational objectives which as suggested by the study of Holland, et al 2007 is achieved through the policies which each firm enacts, and through the methods that each organisation uses to attract and retain the

right employees for its needs

HRM policies and practices may vary among organizations and should be aligned with business strategy (Chênevert & Tremblay, 2009). Boxall and Purcell (2000) add that the effects of individual HRM practices depend on both the nature of the effects of other HRM practices and the business strategy. Also, Lim (2012) argues that external business environment has a strong influence on HRM activities. From the perspective of Strategic HRM, policies and practices can be mutually reinforced and create a strong impact on organizational goals (Morris & Snell, 2010). Moreover, HRM policies are guided by the logic of skills developed in accordance to the requirements of business processes (Serpell & Ferrada, 2007). Thus, they provide tools to capture and communicate the strategic vision and objectives of the organization in clear terms that can be more easily understood and requested (Vakola, Soderquist, & Pratascos, 2007). In this study, the focus is on 4 HRM dimensions they are:

- Recruitment and Selection Policies (RS)
- Training, Development & Education Policies (TD&E)
- Compensation and Rewards Policies (CR)
- Involvement Policies (INV)

RESEARCH METHODOLOGY

- i. **Research Philosophy** - Positivistic
- ii. **Research approach**- Inductive
- iii. **Research Design** - Descriptive
- iv. **Research Timing** - Cross Sectional
- v. **Research Method** - Quantitative
- vi. **Research Instrument** - Questionnaire
- vii. **Sample Location** - Bhopal
- viii. **Sample Unit** - 5
- ix. **Sample Elements** - HR Department

x. **Sample Size** - 451

xi. **Sample Method** - Non Probability

xii. **Data Collection Method** - Judgment, Convenience, Snowball Technique.

xiii. **Response rate** -51.67%

CONSTRUCTS AND MEASUREMENT

Table Construct, Indicators and Description

SUB-CONSTRUCT	Indicators	Source
Recruitment and Selection	6	Adopted from HRMPPS - Human Resource Management Policies and Practices Scale developed and validated in Brazil by Demo et al. (2012)
Training, Development & Education	6	
Involvement	12	
Compensation and Rewards	5	

DATA ANALYSIS

Table below outlines the mean and S.D., of the constructs and sub constructs taken in the

study. The data in the descriptive statistics described trends among respondents completing the survey.

Table Descriptive Statistics

	Mean	Std. Deviation
Variables	Statistic	Statistic
Recruitment and Selection	25.4124	2.56528
Training Development and Education	16.3548	2.06087
Involvement	24.4922	2.85452
Compensation and Reward	15.3570	2.51110

Sampling Adequacy

Table KMO and Bartlett's Test FOR HRP

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.836
Bartlett's Test of Sphericity	Approx. Chi-Square	3991.568
	Df	231
	Sig.	.000

Kaiser-Meyer-Olkin (KMO) test measures Sampling Adequacy through an index ranging from 0 to 1. The values closer to 1 are better and the value of 0.6 is the suggested minimum (Tabachnick and Fidell 2007 in Pallant, 2010, Hair *et al.*, 1998). The Bartlett's Test of Sphericity is used to test the null hypothesis which states that the correlation matrix has an identity matrix.

Normality

The two aspects that are being tested in normality are skewness which is whether the shape is in balance and not sloping positively or negatively, and kurtosis, being whether the curve is peaked or flat (Hair *et al.*, 2010). To test whether the variables are normally distributed, frequency analysis was undertaken

and skewness & kurtosis observed to check for the outliers. As suggested by Kline (2011), skewness values between -3 and +3 and kurtosis values between -8 and +8 were chosen as an acceptable range of normality.

It was observed that skewness and kurtosis values of all the variables were between the acceptable ranges, therefore satisfying the normality assumption for further analysis. The results are given in the table below.

Table: Skewness and Kurtosis

	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
TOTAL_RS	451	-.127	.115	-.026	.229
TOTAL_TDE	451	-.823	.115	1.505	.229
TOTAL_INV	451	-1.021	.115	2.269	.229
TOTAL_CR	451	-1.070	.115	2.846	.229

Correlation Analysis between HR Policies dimensions.

Table: Correlation Between HRP Dimensions

	TOTAL_RS	TOTAL_TDE	TOTAL_INV	TOTAL_CR
TOTAL_RS	1			
TOTAL_TDE	.318**	1		
TOTAL_INV	.433**	.284**	1	
TOTAL_CR	.317**	.416**	.439**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The correlation among the Human Resource Policies dimension are summarized in the above Table. Pearson’s correlations test is employed for total 451 respondents. It is to be noted that correlations among all the dimensions are significant and positive. It can be observed from the table that the correlation coefficients are significant at 0.01 levels

indicating a positive relation RS, TDE, INV and CR. The values of correlation coefficients are 0.317, .416 and 0.439 respectively.

Factor analysis

Factor analysis is done for HRP variables. The table below shows factors along with % of variance and factor loading items.

Table: Total Variance Explained of HRP Variables

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.372	28.964	28.964	3.887	17.667	17.667
2	2.391	10.870	39.834	3.079	13.994	31.661
3	1.972	8.964	48.797	2.945	13.387	45.048
4	1.417	6.443	55.240	2.242	10.193	55.240
5	1.072	4.871	60.111			
6	1.056	4.799	64.910			

7	.881	4.006	68.916			
8	.787	3.580	72.495			
9	.710	3.227	75.722			
10	.674	3.065	78.787			
11	.585	2.658	81.445			
12	.563	2.559	84.004			
13	.486	2.207	86.211			
14	.464	2.111	88.322			
15	.410	1.865	90.187			
16	.382	1.737	91.924			
17	.349	1.586	93.511			
18	.320	1.457	94.968			
19	.316	1.435	96.402			
20	.293	1.333	97.736			
21	.265	1.203	98.939			
22	.233	1.061	100.000			
Extraction Method: Principal Component Analysis.						

Factor analysis was undertaken as a data reduction method. The original scale used had 29 questions relative to the four Human Resource Policies undertaken for the study. In the area under study it was found that the scale with 22 questions is able to justify the scale. Principal component analysis was employed for extracting factors through Varimax Rotation Method with Kaiser Normalisation for HRP variable. All factor loadings are greater than 0.30 are considered for further analysis. The Four factors together accounted to explain 55.2% of the variance

explained. Total Variance Explained shows all the factors extractable from the analysis along with their Eigen values, the percent of variance attributable to each factor, and the cumulative variance of the factor. Here first factor accounts for 17.667% of the variance, the second 13.994%, third 13.387 % and the fourth factor accounted for 10.193 % of variance. The component matrix shows the loadings of the 22 variables on the 4 factors extracted. Rotated component matrix shows further reduced number of variables.

Table: Rotated Component Matrix^a of HRP Variables

	Component			
	1	2	3	4
RS1		.608		
RS2		.707		
RS3		.586		
RS4		.676		
RS5		.655		
RS6		.731		
TDE1			.731	
TDE4			.743	
TDE5			.819	

TDE6			.741	
INV4	.530			
INV6	.655			
INV7	.657			
INV8	.627			
INV9	.758			
INV10	.685			
INV11	.598			
INV12	.707			
CR1				.607
CR2			.527	.585
CR3				.786
CR4				.725
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
sa. Rotation converged in 6 iterations.				

Reliability

Table Reliability Statistics of Constructs

First Order Construct	Items	Cronbach's coefficient ALPHA	Second Order Construct	Items	ALPHA
Recruitment and Selection	6	.783	HR POLICIES	20	.868
Training, Development & Education	4	.800			
Involvement	6	.828			
Compensation and Rewards	4	.745			

Cronbach’s alpha test was performed to check the reliability of items. The above tables display the results obtained. The data collected from all 451 valid or completely filled in questionnaires have been analyzed through SPSS 16.0. The Cronbach’s alpha test was performed and it resulted in an overall score of **0.868** indicating internal consistency of the items. Data highlights that all the scales are reliable and coherent. Moreover as values for all constructs are higher than standard criteria, therefore data was reliable for further analysis purposes.

CONCLUSION

The research paper aims at testing the HRMPPS - Human Resource Management

Policies and Practices Scale developed and validated Demo et al in 2012. It is significant as the state has recently come out of the BIMARU state tag. Though the government is offering a lot of incentives both at the centre and state level, the state are still considered industrially backward. To come at par with the competitors every organisation strives to make the best of its scarce resources. The research paper analysis the human resource policies of the organisations which aim at achieving the organizational goals through employees. With the help of factor analysis the indicators have been reduced and reliability analysis approves of the reduced scale to be applied for further study. This can become the basis for further studies.

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