

# Case Studies on Impact of HRM Practices on Organizational Performance in Educational Institutes

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**Abstract :** Objective : The study is to address the human resource practices and their direct impact on organizational performance at educational institutes.

**Methods :** This case study was undertaken over six months through a series of visits to the different sites (n=45) in Odisha, India, and a structured questionnaire to assess the whole process of this research.

**Results :** The maximum correlation ( $r = 0.727$ ) has existed between performance appraisal and organizational performance. The highest positive correlation value between performance appraisal and organizational performance in the correlation matrix clarifies that the authorities are required to focus on performance appraisal for fabulous organizational performance.

**Keywords:** Organizational Performance, HRM, Performance Appraisal, Training, and Development.

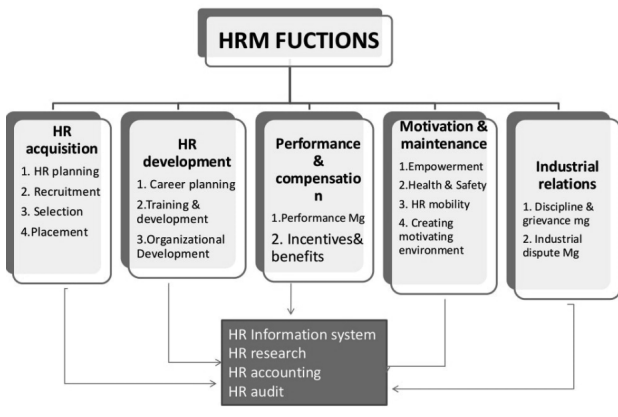
## 1. Introduction

HRM deals with the development, organization, management, staffing, communication, and controlling of the results of the workforce. Elarabi and Johari outlined human resource management as a process that pursues the growth and enhancement of the skills of independent workers and improves disclosure and collaboration between them to enhance organizational expansion in (figure-1) [1]. HRM practices have a pragmatic impact on organizational transformation, commercial program execution, work fulfillment, economic returns, management of administrative disputes, and tolerable combative dominance [2]. The AMO model has evolved into a continuously acquired structure used to understand how different HR practices impact performance. It is also considered a competent model for determining the most relevant human resource conventions to extend and apply in divergent work environments. Selection and training are used to achieve and develop the potentials that workers bring to improve their performance. The use of compensation methods can provide leverage that encourages workers to achieve organizational goals. Eventually, performance appraisal entitles workers to enlarge their fortuity to achieve a broad set of conditions and shapes. Some writers have recommended that the diversity of HR practices concurrently provide more than one motive [4]. Attitudes are seen regarded as an immediate inspirational spark for employee performance [5]. HRM focuses on the most productive and coherent maneuver of individual wealth to achieve human

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organizational goals [6]. The connection of eight Human Resource Management conventions such as selection, worker.



**Fig. 1: Details of HRM Functions**

Management conventions such as selection, worker safety, internal transmission and training, and improvement and the remaining four practices, similar performance appraisal, remuneration, collaboration, and entitlement, are established to have a fragile relationship to worker safety. Rahman et al. recognize five Human Resource conventions such as selection, training and development, career advancement, accomplishment management, and compensation system [7]. HRM practices observed by Amin et al. are enrollment, training, performance appraisal, profession planning, job precision, worker engagement, and remuneration [8]. HRM encircles conventions linked to job precision, selection, performance appraisal, training, worker engagement, career planning, and compensation in constrained.

High Accomplishment Work Systems (HAWS) are regarded as a variety of prominent but pertinent human resource conventions to function like inwardly process relevant practices. Prior investigation manifests a pragmatic association between exploring HAWS and organizations' economic and practical upshots [9]. The author in this domain mentions indistinguishable the high "accomplishment work systems, participation work systems, and liability organization" [3]. Even though the substantial documentation indicates that HAWS affects performance in diverse affairs prevail doubtfully. Workforce selection, performance appraisal training, work interpretation, and entitlement practices fabricate concurrent subscription to the person's age wealth with intuitive dedication footway [10]. HRM practices incorporate and four different techniques

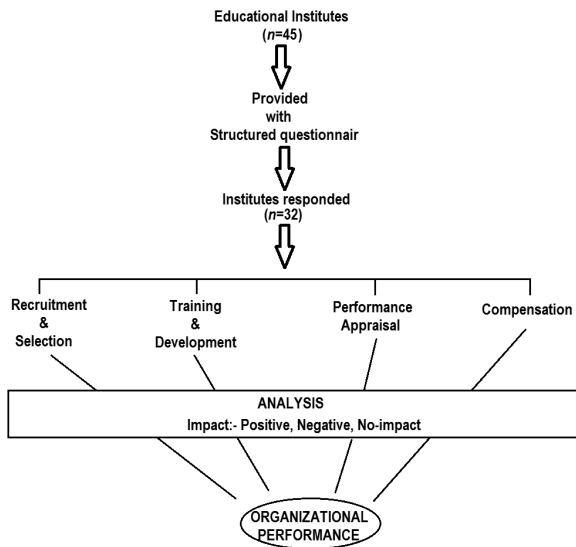
similar to HR selection, training & development, compensation, and performance appraisal was yielded [11]. Currently, the generality of the organizations is soliciting the foremost approach to enhance their business performance and procurements by expanding and acquiring the latest organizational practices that upgrade the supported extent of peak accomplishment and job gratification. Human Resource Management is an extensively familiar doctrine that has become a lead component for increasing antagonistic preferences. It is conceded as a dominant instrument to upgrade gratification, fidelity, and confinement that emphatically agitate organizational performance. Combative dominance can prevail with talented human resources that entitle organizations to emulate and triumph in employment [12]. Human resource management inclines further dominant the orthodox leadership because its function is upgrading performance, acquiring and expanding the brilliance of workers, and upgrading collaboration among them to reinforce authoritative growth [1]. Employee satisfaction consistently has been a dominant matter and the apex superiority for all kinds of organizations. Therefore, it is crucial to analyze the prospective effect of HRM conventions on employee satisfaction.

The research intends to analyze the impact of HRM practices on organizational accomplishment. Following a careful analysis of accessible information on the content, four wide spaces for operations of HRM like recruitment and selection, training and development, compensation, and performance evaluation have been apathetic in this research with a prospective to ascertain their impact on organizational performance.

## 2. Methodology/Methods

These case studies were undertaken over six months from Jan 2021-June 2021 through a series of visits to the different colleges of Odisha, India. A directory of 45 educational institutes across eastern Odisha was prepared and the structured questionnaire was distributed. The questionnaire was designed in two sections; primary data and secondary data. The primary questionnaire contains twenty-two questions about basic information and the secondary data collection sheet contains five items scale (where to point scale 1 = strongly disagree to point scale 5 = strongly agree) on four independent variables of organizational performance (Recruitment and selection, training and development, performance

appraisal, compensation). Finally, 32 useable questionnaires were received from institutions/organizations for the study (71% response rate), and the rest 13 institutes dropped out of the study as in (figure-2).



**Fig. 2: Framework of the study**

The data analysis was done in the multiple regression analysis methods. Testing the scale is very much important before applying statistical tools to the study; it shows the extent to which a scale produces consistent outcomes if measurements were made frequently. In the present study, Cronbach's alpha scale was used to measure reliability [14]. The scale determines the association between scores obtained from different variables of the scales. The scale yields consistent results if the association is high, and thus is reliable. The satisfactory value from this scale should be more than 0.6, then reliable; otherwise the value varies from 0-1 scale in table 1. To find out the relationship between variables, correlation analysis was also performed.

**Table 1: Reliability and Validity of Questionnaire Scales**

Variables	Code	Scales	Cronbach's Alpha ( $\alpha$ )
Recruitment and Selection	B	6 items questionnaire	0.864
Training and Development	C	6 items questionnaire	0.743
Performance Appraisal	D	5 items questionnaire	0.789
Compensation	E	5 items questionnaire	0.678
Organizational Performance	A	5 point scales	0.698

Results show that the factors of recruitment and selection, training and development, performance appraisal, and compensation are independently positively correlated with organizational performance and also highly significant at 1% significance levels. The reliability value of the scale used in the present study with the standard value alpha was estimated to be  $\alpha = 0.678$  to  $0.8164$ ; it is observed that the scale of the present study was highly reliable for data analysis (Table-1). Researchers satisfied the scale's reliability and validity and the experts accepted the structured questionnaires contents and the validation procedures involved.

In this study, multiple regression analysis was performed on all discrete variables available in the dataset. The dependent variable is organizational performance depends on independent variables (Recruitment and selection, training and development, performance appraisal, compensation). In the present study Ordinary Least Squares (OLS) [i.e.,  $Y = a + bx$ ] was used for the estimation process.

MODEL-

$$OP = \beta_0 + \beta_1(RNS) + \beta_2(TND) + \beta_3(PA) + \beta_4(COM) + e$$

Where  $\beta_0, \beta_1, \beta_2, \beta_3$ , and  $\beta_4$ , are the regression co-efficient, OP: Organizational Performance, RNS: Recruitment and Selection, TND: Training and Development, PA: Performance Appraisal, COM: Compensation, e: error term

The above model was used to find out the relationship between variables using correlation analysis [15]. From the table-2, it was depicted that the

**Table 2 : Correlation Analysis of All Variables**

Variable s	Code- B	Code- C	Code- D	Code- E	Code -A
Code-B	1				
Code-C	0.467* *(0.000)	1			
Code-D	0.543* *(0.000)	0.657* *(0.000)	1		
Code-E	0.502* *(0.000)	0.465* *(0.000)	0.668* *(0.000)	1	
Code-A	0.498* *(0.000)	0.567* *(0.000)	0.727* *(0.000)	0.542* *(0.000)	1
Mean	3.762	3.657	3.743	4.021	
SD*	0.852	0.843	0.829	0.738	0.754

independent factors are positively correlated with organizational performance and also highly significant at 1% significance level in table-2.

It is obvious that the maximum correlation ( $r = 0.727$ ) exists between Code-D and Code-A (Performance Appraisal & organizational performance). From the above result, it is clear how much performance appraisal is important in organizational performance? There is a very need for organizational performance. The second important thing is the training and development of the employee ( $r = 0.567$ ) and organizational performance, it is directly proportional to this structure; as much as employees are trained that much improvement in organizational performance will occur. Compensation and organizational performance correlation are  $r = 0.542$ . It is also an important factor in the human resource management process. Recruitment and selection and organizational performance correlation are  $r = 0.498$ . Human resource practices are pair-wise positively correlated with one another in this study and also statistically significant at a P-value of 0.000. The relationship between compensation and performance appraisal is the highest ( $r = 0.668$ ), followed by the relationship between performance appraisal and training and development among the HR variables ( $r = 0.657$ ) (P-value 0.000).

An enter-wise variable selection was used to perform multiple regression analysis to identify the predictors of organizational performance as conceptualized in the model. In this model, sixty-two percent of the observed variability in organizational performance can be explained by the human resource practices namely Recruitment and selection, training and development, performance appraisal, and

compensation. The remaining thirty-eight percent is not explained because the variation in organizational performance is related to other variables.

This variance indicates that the model elucidates the most potential amalgamation of predictor variables that could be associated with the dependent variable ( $F = 15.026$  and  $P = 0.000$ ). The table-3 reveals that performance appraisal is positively impacting organizational performance. The value of "t" for performance appraisal is 2.981 ( $p = 0.004$ ), therefore it can be accomplished that performance appraisal has a considerable impact on organizational performance.

#### 4. Discussion

In the last fifty years, the proportion of highly skilled workers worldwide has increased dramatically. This is because countries invest many resources to strengthen their institutes. Of these resources, HRM is one of them. Through HRM, the employees in the institutes lay a solid foundation for their economic growth. Students of the institutes are encouraged to arouse their interest in various subject areas through various workshops or seminars on career orientation. The HRM generally depends on the four main sections examined and many authors confirm the same result as this study. Detailed discussions on the broad area of HRM empowerment of institutional performance are as follows:-

##### Recruitment & selection:

There is an orthodox tendency to appoint humanity unanimously in the sphere of commerce, producing equal and persistent entities that lack heterogeneity and versatility [13]. Specify selection as a procedure for selecting the preferable majority candidate from those available for placement. This study reveals that recruitment and selection are positively impacting organizational performance. The value of "t" for recruitment and selection is 1.386, therefore it can be accomplished that recruitment and selection has a considerable impact on organizational performance. Predetermined selection of a preferable candidate for suitable arrangement escalates the appointment of workers and the subsequent increase in the organization's production [16]. Impartiality is assured once employees' selection is established on their capability and personality stability instead of sympathy, friendliness, prosperity, and political, and constitutional integration [35]. According to Bohlander and Snell, the selection is the procedure of

**Table 3: Regression Coefficients for All Models**

Models	Un-standardized Coefficients		Standardized Coefficients	t	Significant
	$\beta$	Standard error	Beta		
1 Constant	1.213	0.382		2.672	0.006
Recruitment & Selection	0.147	0.118	0.167	1.386	0.201
Training & Development	0.046	0.123	0.052	0.672	0.627
Performance Appraisal	0.532	0.161	0.409	2.981	0.004
Compensation	0.156	0.115	0.205	1.893	0.321

diminishing quantity and selecting from among those who have pertinent competence [18]. Except applicable people are evaluated and appointed, the company will in vain achieve its goals and face a heterogeneity of human resources complications: excessive income, modest fertility, excessive amounts of desertion, and worker strain. Many authors admitted that constructive selection would guide the establishment's combative prevalence and absurd performance [19].

#### Training and Development:

Training indicates the mechanism used to provide the newest workers with the skills, etiquette, and other skills to execute their jobs [20]. Training is intentional to revise personal abilities or inclinations [21]. Training also subscribes to the progress of pragmatic configuration regarding development and transformation as validated by human beings, species, and groups [22]. Worker education is speculation on future benefits, thereby strengthening the pedagogy and skill level of workers. Regarding the outcome of training and development this study, it shows that employee training and development is the least required compared to the other 3 factors influencing company performance. Guards the proximity of a more effective and committed workforce. Such workers yield superior performance and subsequently supplement the desirability of the organization. With improved desirability, the organization can obligate more endeavor and endowment towards training and development; thereby, a distinctly constructive and reciprocal rotation starts. Executives should themselves be proficient, and should persistently focus on chances and ways to enhance the understanding and abilities of those under charge [17]. Training elevates workmen's potentiality, which influences inclusive organizational performance [23-24]. Human Resource Management conventions have an intense influence on organizational performance. Human Resource Management conventions like selection and training and development upgrade employee performance by yielding compatible abilities. Correspondingly, Paul divulged that workman training is also essential for organizational success and signifies throughout which corporate milieu and behaviors of employees can be regulated to results [25].

#### Compensation:

Compensation is a recompensing approach to

corporate yield the persons successively for their inclination to execute various jobs and duties within the organization. Suitable and discriminatory reward requires to be sustained by the workmen to endure estimated and the reward equivalent and upgrade their abilities and endowment to the business [26]. A very important aspect is the remuneration in all institutes. This study shows that it is the second most important requirement out of all the factors affecting organizational performance is compensation; the "t" value is 1.893. The study commenced that there is an essential association between compensation and organizational performance [27]. Mayson and Barret commenced that an organization's ability to stimulate, persuade, and value employees through the giving of cutthroat compensation and appropriate rewards is related to business performance and extension [28]. Ine's and Pedro found that the compensation approach used for the commercial traveler has a marked impact on the performance of the individual business traveler and the usefulness of the sales organization usefulness [29]. Consequently, in an ever-ruthless trade domain, many corporations present-day are undertaking to discover inventive compensation policies that are precisely associated with upgrading organizational performance [30]. Amin et al. restate that workers should apprehend the compensation present with the market rates [8].

#### Performance Appraisals:

Performance appraisal knows how to be determined as the development of progression of regulating and interfacing to a worker effectively implementing on their job and admirably initiating a proposition of enhancement [31]. Appraisal contains an equitable evaluation of employee's performance integrated with a layout of analysis to be taken for the advancement and endorsed by in cooperation of employee and employer [32]. The word "performance appraisal" is conveyed by every year meeting that occurs among the executive that worker to scrutinize the human being's work accomplished throughout the preceding 12 months and the garland of road map to persuade upgrade performance. Literature stipulates a consequence correlation betwixt performance appraisal and organizational performance [26]. This piece of research work reveals that the value of "t" for performance appraisal is 2.981 ( $p=0.004$ ), therefore it can be accomplished that performance appraisal has a considerable impact on organizational performance. Brown and Heywood proclaimed that standard HRM practices amplify performance appraisal paramount to

substantial supremacy of fertility [33]. Directing the performance of workers shapes an intrinsic bit of an organization and imitates using they handle their anthropoid metropolis [34]. A fruitful performance appraisal should circumscribe an inclusive composition that entitles the solo action to utilize in the Alstage of performance. Abutayeh and Al-Qatawneh detect a pragmatic link with regulatory achievement[36].

The study used a single source to collect data for measuring perceptions of HR practices and organizational performance. Case studies, focus groups and longitudinal studies can also be carried out in future studies with larger sample sizes.

## 5. Conclusions

This research was brought about with a perspective to discover the impact produced by HR applications on organizational performance. In particular, HRM offers many benefits to all educational institutions (engineering, medical, or universities) by increasing the potential of student outcomes through the increased motivation, involvement, and empowerment of teachers. From the study, we also found the maximum constructive value of correlation between performance appraisal and organizational performance; which elucidates that the authorities of selected educational institutes are required to give main focus on performance appraisal. Organizations should have a profitable conscription strategy to stimulate the potential empirical employees. The performance of employees must be assessed formed on scientific level and should give opinions to employees on their performance. Performance appraisal of an employee directly leads to the achievement of good organizational performance.

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