

High Performance Human Resources Practices' Effect on Employee Attitudes and Behavior

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Abstract

It has been extensively studied how human resource management techniques affect organizational performance many years. Unfortunately, there haven't been nearly enough studies on this topic in the context of Bangladesh and other developing nations. This research project was started to fill this clear research gap. Data gathered from fifty manufacturing companies in Bangladesh demonstrates a significant correlation between HR practises and organisational performance. Only performance evaluation is found to have a significant impact on organisational performance among HR practises.

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I. Introduction:

There has been a lot of study done on the effects of human resource management strategies on organisational performance throughout the years. Studies in both developed and developing nations have repeatedly found that HR policies have a significant impact on organisational performance (Delaney & Huselid, 1996; Katou & Budhwar, 2007; Sing, 2004; Tzafir, 2006). Unfortunately, there aren't nearly enough studies that have been done on this topic in the context of Bangladesh and other developing nations. This study has been conducted to add to the current understanding of developing countries' HR practices.

II. Research projects

This study was specifically conducted to investigate the response to the following research topics. (RQ):

RQ1: Is there a connection between organisational performance and HR practises?

RQ2: Do HR procedures have any bearing on how well an organisation performs?

III. Objectives

The study's primary goal was to determine how HR procedures affected organisational performance. The following specific objectives were taken into consideration in order to achieve this goal.

- To discuss how HR procedures and organisational performance are related.
- To determine how HR practises affect how well an organisation performs.
- To suggest some ways to improve the organisational performance of the chosen manufacturing companies in Bangladesh and other nations that are comparable.

1. Human Resources Practices and Organizational Performance: A Conceptual and Evaluative Overview

Human resource management (HRM) is the term used to describe the procedures used to manage human resources.

Human resource planning, job analysis, hiring, selection, orientation, remuneration, performance evaluation, training and development, and labour relations are some of the HR-related responsibilities of managerial positions (Dessler, 2007, p. 4).

The structures, procedures, and policies of HRM determine how employees behave, feel about themselves, and perform (Noe, Hollenbeck, Gerhart, & Wright, 2007, p. 5). The Harvard Model of HRM, the Guest Model of HRM, the Warwick Model of HRM, and the Fombrun, Tichy, and Devana Model of HRM are the top four HRM models (Bratton & Gold, 1999, pp. 17–24). The Fombrun, Tichy, and Devana Model of HRM is regarded as the first of these models. The present study focused on HR procedures like hiring and firing, training, and assessment. and the interaction between management and staff. In previous studies (Delaney & Huselid, 1996; Harel & Tzafir, 1999; Singh, 2004), respondents were asked to evaluate the performance of their organisations in comparison to that of their rivals.

Relationship between Human Resources Practices and Organizational Performance, It is now well-established that HR practises have a significant impact on productivity, corporate financial performance, and employee turnover (Arthur, 1994; Huselid, 1995; Ichniowski, Shaw, &Prennushi, 1997; Katou&Budhwar, 2007), despite the fact that the majority of the studies have been conducted in the western world. In an era of unprecedented change and rivalry, Pollitt (2004) found that Nokia's HRM policies were crucial in helping the company achieve its 40% market share of the worldwide handset market and industry-leading profit margins of 20%–25%. Through an in-depth analysis of 178 manufacturing companies in Greece, Katou and Budhwar (2007) discovered that HR practises like hiring, training, promotion, incentives, and benefits.

The first hypothesis holds that HR procedures significantly influence organisational performance.

The second hypothesis is that HR practises significantly affect organisational performance.

Which individuals receive job offers depends on the results of the recruitment and selection procedure. This method seeks to enhance communication between staff, the organisation, teams, and work needs in order to improve workplace conditions (Tzafirir, 2006).

A more effective match between a candidate's abilities and the organization's needs can be achieved with a sophisticated recruitment and selection process (Fernandez, 1992). According to Hunter and Schmidt (1982), an ability-based hiring process can lead to employment stability. Additionally, Katou and Budhwar (2007) discovered that recruitment and selection had a positive relationship with every aspect of organisational performance, including efficiency, effectiveness, and innovation.

The third hypothesis holds that organisational performance is favourably influenced by recruitment and selection:

As far as HR practises go, training and development are thought to be the most prevalent (Tzafirir, 2006).

Any endeavour to enhance the knowledge, skills, and capacities of present or future employees is referred to as training and development (Aswathappa, 2008). Thang and Buyens (2008) concluded that training and development results in superior knowledge, skills, abilities, attitudes, and behaviour of employees that subsequently improve organisational performance after examining 66 studies carried out in various parts of the world. Hoque (1994) discovered that, in the context of Bangladesh, training and development had a favourable effect on organisational effectiveness.

The fourth hypothesis is that training and development have a favourable impact on an organization's performance.

An employee's performance is evaluated through a systematic process called performance evaluation (Schuler, 1981, p. 211). Other HR activities including recruiting and selection, training and development, compensation, and employee relations are also influenced by performance evaluation.

The fifth hypothesis is that performance evaluations have a favourable impact on organisational performance.

All forms of remuneration or benefits that employees receive as a result of their employment are referred to as compensation (Dessler, 2007, p. 390). Because it is one of the primary reasons individuals work, compensation is crucial for employees.

The compensation also affects an employee's quality of life, satisfaction, loyalty, and productivity (Aswathappa, 2008). Delaney &Huselid (1996) discovered a link between incentive compensation and perceived market success in the USA. Better organisational performance was the result of employee remuneration, particularly the performance-based compensation system, in Indian irms (Singh, 2004).

According to Moyeen and Huq's (2001) study of the HRM practises at 92 medium-sized and large-sized businesses in Dhaka, Bangladesh (public and private sectors), compensation positively influences organizational performance. Only 62% of the firms they studied had an HR/Industrial Relations (IR) department, they discovered. Akhter looked into the HRM procedures of ten local, privately held industrial companies that are listed on the Dhaka Stock Exchange (DSE) (2002). She examined the relationship between age, education, and experience of employees and their perceptions of HRM procedures in various organizations. Mahmood (2004) found that institutional contexts such as the national education and training system, the national industrial relations system, regulatory frameworks, and the general societal context had significant influences on the development of HR practises in Bangladesh. These institutional contexts were noted to have an impact in addition to organizational contingencies.

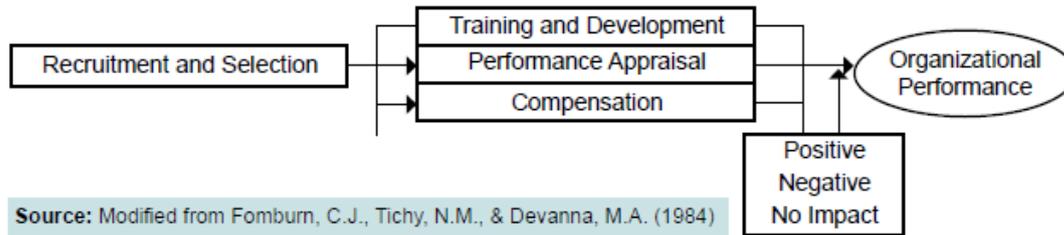
Research plan

Below is a description of the research methodology used in this study.

The Chittagong Stock Exchange (CSE) published a directory of 85 manufacturing companies (Chittagong Stock Exchange, 2010). All 85 industrial irms' HR managers received the structured questionnaire. Finally, 50 valid questionnaires (63% response rate) were discovered for the study.

Instruments and Data Sources

Primary and secondary data were used to compile the study. In the current study, primary data were gathered using a questionnaire survey method.



Source: Modified from Fomburn, C.J., Tichy, N.M., & Devanna, M.A. (1984)

Elements

Independent Variables: The following four (04) HR practises were chosen as independent variables, according to Fomburn, Tichy, and Devanna (1984).

Recruitment and Selection, or RNS.

Training and Development, or TND.

PA: a performance assessment.

Compensation (COM)

Performance of the organisation is a dependent variable (Perceived).

Validity and Reliability

Testing the scale's reliability before using statistical methods is crucial since it reveals how well a scale delivers consistent results when measurements are repeated. This is accomplished by identifying the correlation between scores acquired from various scale administrations. If the relationship is strong, the scale produces credible results that are consistent. The most used method is Cronbach's alpha. It should be noted that although its value ranges from 0 to 1, a reasonable value of at least 0.6 is necessary for the scale to be considered reliable (Malhotra, 2002; Cronbach, 1951). Therefore, we employed Cronbach's alpha as a reliability indicator in the current investigation.

Table 1: Reliability value of the Scale		
Scale	No. of Items	Cronbach's Alpha (α)
1. Recruitment and Selection	05	.780
2. Training and Development	06	.774
3. Performance Appraisal	07	.818
4. Compensation	05	.726
5. Organizational Performance	05	.799
Source: Survey data		

IV. Data Analysis And Modelling

In the current study, we performed a multiple regression analysis on our data using the enter wise approach. All the discrete variables (both dependent and independent) present in the dataset were used to construct a multiple regression in this situation. Ordinary Least Squares (OLS) was used in the estimate method, where $Y = a + bx$. For this reason, we take into account the following model specifications, using organisational performance as the dependent variable and HR practises as the independent variables.

Model 1 is defined as $OP = \beta_0 + \beta_1(RNS) + \beta_2(TND) + \beta_3(PA) + \beta_4(COM) + e$... where $\beta_0, \beta_1, \beta_2, \beta_3,$ and β_4 are the regression co-efficients.

Performance in the Organization

Recruitment and Selection (RNS)

Training and Development (TND)

Performance Assessment

COM: Error term compensation e

Correlation (r), R, R² (Coefficient of determination), variance, analysis of variance (ANOVA), and the t statistic were used to assess how well the mode-1 fit the data and indings. To determine the pair-wise association

between the variables RNS, TND, PA, COM, and OP, correlation analysis was carried out. As a result, table 2 contains a summary of the outcomes.

Table 2: Correlations Matrix for HR Practices and POP					
Variables	RNS	TND	PA	COM	OP
RNS	1				
TND	0.497** (0.000)	1			
PA	0.569** (0.000)	0.635** (0.000)	1		
COM	0.509** (0.000)	0.404** (0.000)	0.660** (0.000)	1	
OP	0.557** (0.000)	0.508** (0.000)	0.723** (0.000)	0.595** (0.000)	1
Mean	3.584	3.643	3.760	3.448	4.032
Standard deviation	.840	.844	.750	.856	.722
Source: Survey data; **Correlation is significant at the 0.01 level (2-tailed)					

Table 2 demonstrates the independently positive correlation between OP and the factors RNS, TND, PA, and COM as well as how highly significant these factors are at 1% levels. As a result, the study's first hypothesis was accepted. Here, it is clear that there is a maximum correlation ($r = 0.723$) between PA and OP, which is followed by associations between COM and OP ($r = 0.595$), RNS and OP ($r = 0.557$), and TND and OP ($r = 0.508$). Giving PA the utmost importance is essential for excellent OP.

In addition to other HR procedures, compensation is essential for excellent perceived organisational performance (i.e., RNS and TND). HR practises have positive pairwise correlations and are statistically significant at 0.000 P-value. The largest correlation among the four HR practises is between TND and PA ($r = 0.635$), which is followed by the association between PA and COM ($r = 0.660$).

Table 3: Predictors of JS - Model summary			
a. Predictors: (Constant), RNS; TND; PA; and COM.			
Model	R	R²	Adjusted R²
1	0.755a	0.570	0.532

Tables 4: ANOVA			
Model	Sum of Squares	df	Mean Square
1	Regression	14.568	4
	Residual	10.981	45
	Total	25.549	49
Predictors: (Constant), RNS; TND; PA; and COM. Dependent Variable: OP			

The above model's HR practises (RNS, TND, PA, and COM) showed the capacity to predict OP ($R^2 = 0.570$). The R^2 value in this model indicates that the HR practises RNS, TND, PA, and COM can account for 56.0% of the observed variability in OP. The remaining 43.0 percent is unaccounted for, indicating that the remaining 43.0 percent of the variation in OP is due to factors that are not represented in the model. The F value ($F=14.926$ and $P = 0.000$) shows that this variance is highly significant. [Please refer to table 4 for information.] an analysis of the model summary and ANOVA shown in table 3.

Models	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	β	Std. Effor	Beta		
1 Constant	1.114	.392		2.845	.007
RNS	.148	.107	.172	1.380	.174
TND	.039	.111	.046	.354	.725
PA	.467	.151	.485	3.081	.004
COM	.142	.113	.168	1.258	.215

Source: Survey data

V. Conclusion

According to the correlation matrix, the manufacturing companies that have the strongest positive connection between PA and OP should put a lot of emphasis on PA in order to achieve outstanding organisational performance.

Additionally, the highest average point (3.760) of PA also reveals the same conclusion that was reached after COM, RNS, and TND (For details please see table-2). Additionally, it is discovered that PA significantly affects POP.

Recommendations and limitations for upcoming research

Only subjective measurements of organisational performance and HR practises were used in the study. Data was also gathered from a single source (HR managers). Future research could be done with a bigger sample size in the context of service sector businesses. It is also possible to conduct case studies, focus groups, and longitudinal studies.

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