

*The influence of HR Practices on Employee Performance in
Selected Retail Organisations*

Ramesh Gotte¹

Research scholar,
Department of HRM,
Acharya Nagarjuna University,
India

Dr. Nagaraju Battu²

Director-Centre for HRD
Department of H.R.M,
Acharya Nagarjuna University
India

Abstract: *The role of HR Practices on employee performance in the Retailing. The scenario, its focus is on evolving such functional strategies which enable successful implementation of the major HR strategies to bring the optimum employee performance in retailing. In a way, HR Practices and Retail strategies function in alignment. Today, HR activity towards facilitating and improving the performance of the employees by building a conducive work environment and providing maximum opportunities to the employees for participating in organizational success and employee motivation. So, it can be interpreted that the role of HR has evolved from merely an appraiser to a facilitator and an enabler. Today, all the major activities of HR are driven towards development of high. This study focuses on how HR Practices like HRP-Human resource planning; RS-Recruitment and selection, TD-Training and development; EC- Employee compensation, CP-Career Planning, are influencing PM-Performance of employee in retail sector in Hyderabad.*

Keywords: *HRP-Human resource planning; RS-Recruitment and selection, TD-Training and development; EC- Employee compensation, CP-Career Planning, PM-Performance of employee, Employee motivation.*

I. INTRODUCTION

Performance management is the current buzzword and is the need in the current times of cut throat competition and the organizational battle for leadership. Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements. The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization.

According to Armstrong and Baron (1998), Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals. The term performance management gained its popularity in early 1980's when total quality management programs received utmost importance for achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework. Performance management is an on-going communication process which is carried between the supervisors and the employees throughout the year. The process is very much cyclical and continuous in nature.

A performance management system includes the following actions.

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA) and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.

A performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization's mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviours, it helps the employees in understanding what exactly is expected out of their jobs and setting of standards help in eliminating those jobs which are of no use any longer. Through regular feedback and coaching, it provides an advantage of diagnosing the problems at an early stage and taking corrective actions.

1.1.0 Objectives of performance management:

According to Lockett (1992), performance management aims at developing individuals with the required commitment and competencies for working towards the shared meaningful objectives within an organizational framework. Performance management aims at building a high performance culture for both the individuals and the teams so that they jointly take the responsibility of improving the business processes on a continuous basis and at the same time raise the competence bar by upgrading their own skills within a leadership framework.

- ✓ To enable the employees towards achievement of superior standards of work performance.
- ✓ To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- ✓ Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- ✓ Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.

II. LITERATURE REVIEW

Mussie Teclmichael Tessema and Joseph L. Soeters –(2006)i: The impact of the eight HR practices plus HRM outcomes together on performance as perceived by the respondents also depicts some important results: three of the eight HR practices show a statistically significant positive impact in explaining the change in performance, namely recruitment and selection practices, training practices, and employee performance evaluation practices. In addition, the eight HR practices altogether explain about 56 per cent of the change in performance. As employee performance evaluation is found to be a major contributor to performance. This may be because employee performance evaluation is crucial for most of the HR practices in

the organization. If HR Practices are done properly, it could serve several purposes: first, for taking proper personnel actions such as salary increment, promotion of employees and other incentives; and next to assessing the strengths and weaknesses of employees and taking the appropriate training and development

Mary Bambacasa* and Carol T. Kulikb(2013)ii: This study explores the process by which human resource (HR) practices embed employees in organisations and reduce turnover intentions. In particular, we investigate the mediating effects of the organisational job embedded ness dimensions (links, fit and sacrifice) in the relationship between HR practices and employee turnover intentions. Hypotheses are tested using data from 308 professional staff in China. As predicted, performance appraisal and organisational rewards increased fit and decreased turnover intentions. Employee development activities increased employees' perceptions of sacrifice but greater awareness of sacrifice was associated with greater turnover intentions. The results suggest that organisations hoping to use HR practices to deter turnover may experience the greatest success by using performance management and reward systems to increase perceptions of organisational fit.

Shaozhuang Maa*, M. Gabriela Silvaa, Victor J. Callanb and VirginiaTrigoa(2016)iii: Theoretically, the study adds to discussions about the nature and roles of these constructs, their impacts on HR outcomes and how institutional mechanisms might shape the degree of HRM homogeneity and hybridity across organizations in China. Practically, the study provides guidance to international and local firms on how to improve their HRM effectiveness to achieve a higher retention of their most talented professionals. The control and commitment HR practices influence employees turnover intentions, but in different ways depending on the type of firm. Only control factors predicted turnover intentions in domestic firms, while commitment factors predicted turnover intentions in multinational firms. One explanation may be that commitment systems work hand-in-hand with control systems.

III. RESEARCH OBJECTIVE

To estimate the influence of HR Practices on Employee performance in the Retailing.

IV. HYPOTHESIS

- 1.4.1H0: There is no influence of career planning (CP) on Employee performance.
- 1.4.2H0: There is no influence of Employee compensation (EC) on Employee Performance.
- 1.4.3H0: There is no influence of Human resource planning (HRP) on Employee performance.
- 1.4.4H0: There is no influence of Recruitment and selection (RS) on Employee performance.
- 1.4.5H0: There is no influence of Training & development (TD) on Employee performance.

V. RESEARCH METHODOLOGY

1.5.1 Universe/Sample size: The researcher has approached total 45 retail outlets in Hyderabad to collect the primary data. And surveyed 620 floor level retail employees in different retail organisations. The researcher has received 550 filled questionnaires from respondents. Further the cronbach's alpha test was applied on the primary data to check the reliability and internal consistency of the data. The Cronbach's alpha was found to be over 0.821 which is satisfactory for social research. It shows 523 questionnaires were valid for the data analysis across the selected retail units: 1. Reliance Retail 2. Big Bazaar 3. D-mart store in Hyderabad

1.5.2 Statistical tool used: Correlation and regression analysis are generally performed together. Correlation measures the degree of association between two or more set of variables. Regression, on the other hand is used to explain the variation in one variable-usually called the dependent variable-by a set of independent variables. It identifies the nature of relationship. The number of independent variables in regression analysis could be one or more. In case of independent variable, it is called a multi regression analysis. Types of correlation 1. Positive correlation. 2. Negative correlation, 3. Zero correlation.

1.5.3 Research Limitation:

1. The study is limited to Retail Units in Hyderabad only. Its conditions cannot be applied to the whole retail store at national level.
2. The primary data have been collected through questionnaire from the selected Retail units in Hyderabad. So there are the possibilities of errors in the opinions of the respondents which apply to the present study.

VI. DATA ANALYSIS: REGRESSION ANALYSIS

Table: 1.6.1: Model summary for Influence of HR Practices on employee performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741a	.550	.545	1.34389
a. Predictors: (Constant), EC, HRP, RS, CP, TD				

The regression table summarizes the model performance through the following statistics

R: From the Table: 1.6.1 represents the multiple correlation coefficients with a range lies between 0 and +1. Since the R value of 0.741 it means dependent variable Employee performance has a positive relationship with independent variables Employee Compensation (EC), Human resource planning (HRP), Training & development (TD); Recruitment and selection (RS), and career planning (CP).

R square: From the Table: 1.6.1 represents the coefficient of determination and ranges between 0 and +1. Since the R square value is 0.550, it means 55.0 % of the variation in the dependent variable Employee performance is explained by independent variables Employee Compensation (EC), Human resource planning (HRP), Training & development (TD); Recruitment and selection (RS), and career planning (CP).

Table: 1.6.2: ANOVA test for Influence of HR Practices on employee performance

ANOVAa						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	683.491	5	147.997	158.285	.000b
	Residual	559.199	517	0.935		
	Total	1242.690	522			
a. Dependent Variable: PM						
b. Predictors: (Constant), EC, HRP, RS, CP, TD						

From the above ANOVA Table : 1.6.2, F value is significant (F=158.285; p=0.000 < 0.05) it means the result of ANOVA indicate that regression model Influence of HR practices on Employee performance is statically significant at 5% level of significance.

Table: 1.6.3: Coefficient table for Influence of HR Practices on employee performance.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.304	.266		4.907	.000
	HRP*	.065	.045	.057	1.433	.153
	RS*	-.075	.049	-.062	-1.525	.128
	TD	.162	.051	.143	3.180	.002
	CP	.185	.045	.180	4.106	.000
	EC	.382	.047	.332	8.073	.000
a. Dependent Variable: PM						

VII. INFERENCE

The model coefficient table reports the coefficients of Employee Compensation (EC), Human resource planning (HRP), Training & development (TD); Recruitment and selection (RS), and career planning (CP) along with their significant values these coefficient values are used to construct the regression line equation. The significant value of the variables career planning (CP), Employee compensation (EC) and Training and Development (TD) are significant at 5% level of significance $p=0.000<0.05$. Training and Development (TD): $(B=0.162; t=3.180; p=0.002<0.05)$. Career planning of employee (CP): $(B=0.185 t=4.106; p=0.000<0.05)$ and Employee compensation (EC): $(B=0.382, t=8.073; p=0.000<0.05)$ have significant Influence on dependent variable employee performance. Therefore Hypothesis: 1.4.2.1H0; 1.4.2H0; 1.4.5H0 are Rejected.

Human resource planning (HRP); Recruitment and selection (RS) variables are insignificant with Employee performance (PM); it is found from table: 3.2.3 that the p-value of Human resource planning (HRP), is $(B= 0.065, t=0.1433, \text{ and } p=0.153>0.05)$ and Recruitment and selection (RS), is $(B=-0.075, t=-1.525, \text{ and } p=0.128>0.05)$ are greater than p-values at 5% level of significance. Therefore it is insignificant, Hypothesis 1.4.3H0; 1.4.4H0 are Accepted. That means there is no influence HR Practices: HRP-Human resource planning, RS-Recruitment and selection on Employee performance in retailing.

VIII. FINDINGS

The HR practices are Employee training, Career planning, Employee compensation are positively correlated with the employee performance and having positive influence on employee performance. Human resource planning and Recruitment and Selection are insignificant with employee performance. Recruitment and selection is insignificant and having showing inverse relation with employee performance.

IX. SUGGESTIONS

1. All selected retail unit's employee's perception about their Human resource planning; Recruitment and selection process is insignificant. HR Planning which is not helping in identifying required skills and competencies for different positions.
2. To meet the huge man power requirements, store manager have to involve in recruitment and selection of candidates on their merit. With providing proper training on skill development, knowledge, ability to the candidate. With proper Training; job orientation; knowledge about store operation.
3. Floor level employees frequently leave their jobs due to poor employee compensation, long standing hours of work. It leads negative Influence of Recruitment Selection on Employee performance management. It shows that retail units are facing problems of finding of suitable candidates for floor level jobs. Therefore retail management have to bring new strategic procedures about HRP and Recruitment and selection policies.

From the above table the required multiple regression line is

Employee Performance = 2.148 + [(0.065) (HRP**-Human resource planning) + (-0.075) (RS**-Recruitment and Selection) + (0.162)(TD-Training & development) + (0.382)(EC-Employee compensation) + (0.185)(CP-career -Planning)]

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