

# Impact of Human Resource Components on Organizational Performance: Research Analysis

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**ABSTRACT:** *An employee or employees of an organization as part of the total employees as staff in that company is a human resource. Every individual in an entire organization is a human capital who contributes the organization's expertise and knowledge to make the company prosper. Someone able to share their jobs, skills or energy to pay to better the company is a human resource. Human Resource Management (HRM) refers to employee behavior, performance and attitude practices, systems and policies. Training in terms of human capital requires the option of human resources criteria, selection, recruiting, preparation, compensation and evaluation, as well as employee relations, protection and health and justice. Efficient HR activity is an important source of competitive edge in organizations and has a significant connection to organization's success. The paper contains a study which examines the impact of various HRM practices on the performance of organizations as well as on an individual.*

**KEYWORDS:** *Human Resource Management (HRM), Monetary Compensation, Human Resource Management practices and Organizational performance*

## INTRODUCTION

### 1. What is a Human Resource?

An employee or employees of an organization as part of the total employees as staff in that company is a human resource. Every individual in an entire organization is a human capital who contributes the organization's expertise and knowledge to make the company prosper. Someone able to share their jobs, skills or energy to pay to better the company is a human resource. Whether they are part-time, full-time, autonomous or contract employees, it does not matter. Employees shall be recruited, pleased, inspired, produced and maintained and the work of the human resources team shall be carried out. A department of Human Resources is the one that handles the human capital of an organization. Individuals need better guidance and a different mindset to most tools, so it's worth making a whole team devoted to them. Human Resources Team is qualified to cope avec it, whether it is mediating internal disputes or creating a retirement account.

### 2. Working of Human Resource:

The human resources goal is to make the most productive use of the personnel in an organization. Human resources should fix issues like:

#### 2.1. Compensation and benefits:

Compensation is the overall monetary & non-monetary compensation paid to an individual by an employer in the return for jobs completed as required. It's basically a mix of pay, vacation, allowance, life care and other perks that can get, including free lunches, free activities and parking. Such elements are used as compensation is specified. Organizations are dependent on a variety of criteria regarding pay. Certain firms pay more attention than others to the above considerations, but nearly all organizations are using a sort of wage research. They want to pay workers equally in order to promote positive morals, high morale and low unemployment.

### *2.2. Recruiting and hiring employees:*

Before they can fill a position, the knowledgeable managers who hire the best workers select a pre-qualified group of prospective employees.

### *2.3. Onboarding:*

The easiest way to practice and transition to the workforce may be to force new workers onto a new mission. Nonetheless, most jobs in every company demand that procedures be familiar with a certain degree of onboarding. New employee can figure something for themselves, and also in the initial tasks they are knowledgeable. However, as their duties grow, they can be unaware of processes that impede contact in the rest of the business.

### *2.4. Performance management:*

Performance management is the practice of developing a functioning atmosphere in which individuals can do their best. Performance management is a full method of work that starts when a task is established. This comes to an end when an employee leaves the company to find a new career or retire. Each step between these big life cycle activities, performance management determines the relationship with the employee. Growing motivation for contact with an employee is a learning tool for performance management.

## *3. Human Resource management:*

Human Resource Management (HRM) encompasses all facets of workplace recruitment and administration of companies (HRM or also abbreviated as HR). The term HRM primarily comes from personal administration, which takes on traditional terms, including the supervision of jobs or health. Throughout the 1980s a number of researchers started focusing on the people of the companies from a new viewpoint, throughout light of an economic crisis and rising market strain because of the globalization and the increased speed of transition brought about by technical advances. A synthesis of this analysis has grown into what has been known as the management of human resources or human resource management.

The main concern of strategic management is how to achieve competitive advantage. Michael Porter's work [1] achieved particular attention in the 1980s. The resource-based viewpoint that arose at this time, a related economic philosophy, assumes that a competitive edge can be gained

if the resources of an organization are important, scarce and expensive to be imitated. Both theories affected people management thinking in organizations.

Firstly, people management strategies and programs should be in line with the organization's strategic philosophy [2] and secondly, that all capital and particularly human capital add to organizations' inherent existence, which can therefore foster competitive advantage.

This lead to people being noticed and investing in them as a 'human capital benefit' source, rather than cutting costs. From the organizational behavior theory came the other component of the HRM concept. Organizational behavior (OB) is to research the nature and actions of institutions in them. In other words, the interaction between individual and corporate actions and how this effects on the organization's success. HRM's origins in all fields of interest, including the architecture of organizations, the philosophy of association and leadership. The areas of employee engagement and motivation, recently described under "catch-all" employee engagement, are however most crucial to the original concept of HRM.

Effective human resources can add to hard work & can impact the organization as well, due to their diligence and inspiration. This program, built up of strong human resources practices, will build the organization's viable and long-term potential for internal management and external challenges.

## **METHODOLOGY**

### *1. Data Collection:*

The information about the demography of respondents, including gender , age , education, work experience, monthly gross pay and so on, as indicated in Table 1. Table 1 shows 18 interviewees' characteristics in the survey. Gender allocation was relatively equal with 25 male (50%) and 25 female (50 %) respondents. The vast majority of the 50 people surveyed were Indians.

**Table 1: The table carries the demographic and other details of the sample that was used to execute the research work.**

<b>Demographic Characteristics</b>		<b>Strength</b>	<b>Percentage (%)</b>
Gender	Male	25	50
	Female	25	50
Age	<22	14	28
	22 - 30	21	42
	30 - 40	8	16
	40 - 50	7	14
Year with current organization	< 5	10	20
	5 - 10	17	34
	10 - 15	6	12
	15 - 20	17	34

Sector	BPO sector	9	18
	R and D	5	10
	Administration	12	24
	Others	24	48

**Table 3: Pearson correlation has been done for Human resource management (HRM) and Firm performance measure**

Variables	1	2	3	4
Reward	1.00			
Information Technology	.29	1.00		
Performance Evaluation	.45	.26	1.00	
Performance of Organization	.32	.49	.44	1.00

## RESULTS & DISCUSSIONS

A pattern of relations between the human resource (HR) and organizational performance was suggested by this study. Factors such as IT, staff training and incentives have been demonstrated to have made a positive contribution to performance of the organization. At the other side the correlation between HRM and organizational success was not moderated by incentives. This was unexpected. In other terms, corporate efficiency may be improved without the need to provide rewards as the company has a successful HR program.

This research lets people understand the effect on corporate success of HR activities. Previous study suggests that organizations with HRM skills are more likely to improve their operational efficiency but that the causal correlation between HR experience and business success was not moderated by corporate opportunities. This work also adds to current HRM studies focused on HRM and opportunities.

## CONCLUSION

The purpose of this paper was to study the impact of HR activities by focusing on three corporate success metrics in India. Ironically, the IT and employee recruitment and benefit links to organizational effectiveness have been clear and substantial. This could be because employees really aren't paid in comparison with most developing countries, as in developed countries, so they

are much more interested in human resources activities that may then improve earnings. Personnel incentives have an effect primarily on organizational performance, instead on the relationship between HR policies and performance. With regard to the direct effects on organizational profitability, knowledge management, jobs and compensation, these practices are crucial indicators to maximize corporate performance. IT is also vital, on the other hand, for customer efficiency optimization. Staff do not respond solely to financial incentives, as other non-financial incentives are equally essential, such as the confidence, duty and prestige of groups and communities.

The study has demonstrated that there are strong positive correlating values for HRM determinants like IT, training and corporate incentives. This shows that, above all the assessments made by companies, employees value incentives and IT training. Such findings were consistent with prior study findings which enhance companies' performance by ensuring self-growth and independence at work. The aim of management development efforts is to educate managers in certain functional fields about the different type of human resources practice, such as running workshops as well as training sessions for managers and supervisors, which would actually be most effective for employees on a long-term basis.

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