A STUDY ON THE IMPACT OF HR PRACTICES FOLLOWED AND THEIR IMPACT ON PRODUCTIVITY OF THE EMPLOYEES WITH REFERENCE TO SPINNING MILLS IN DINDIGUL

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ABSTRACT

This paper analyzes the human resource practices and its impact on productivity using a survey of spinning mills in Dindigul. It attempts to identify the HR practices followed by most of the spinning mills in the selected area and their impact on the productivity of the employees. In this study the factors Manpower planning, Recruitment and selection, Motivation, Performance Management, Reward System, Training and Development, Career Planning, Creativity and Innovation, Team Building, Grievance Redressal, Quality of Work Life, Employee Participation, Employee Accountability, Compensation Management, Benefits and Services, Discipline, Incentives were considered as HR practice indicators and the impact of this on the opinion on employee productivity was studied. A Sample of 150 respondents were collected for the study and the results were discussed.

Keyword: HR Practice, Productivity, job training, Quality of work life.

Introduction

Over recent years there has been an increasing interest in the field of human resource management (Shikha N. Khera, 2010). The literature has emphasized the important role played by the human component in the competitiveness and response capacity of organizations, and this is reflected in numerous publications and research studies that have appeared in recent years (Barney, 1991; Barney and Wright, 1998; Wright et al., 1994). According to this view, human capital is proposed as one of the key resources on which companies build their competitive advantage (Becker and Gerhart, 1996; Boxall, 1996; Tyson, 1995). The increasing interest in human resources is due to the assumption that employees and the way they are managed is critical to the success of organization and can be a source of sustainable competitive advantage. In many ways, quality of work life represents a blending of the very real concern for human values in today’s society with an awareness that all individual devote the greater part of their mature lives to work, expending time, energy, physical and mental resources to this endeavor (Subba rao, Neelima Alfred, 2003). Ichiniowski and Shaw (2003) find ‘6.7% productivity difference between a line with the most innovative human resource practices and a line with the most traditional human resource management system. We contribute to this literature by analyzing the data from a survey that we conducted among the employees of spinning mills in Dindigul. In particular, we estimate the impact of supervision, job training, and pay practices on the productivity of the organization.
Literature Review

In the organizations or firms, human resource management (HRM) practices as a mediator between HRM strategy and HRM outcome. (Sheppeck and Militello, 2000) focus HRM strategy into four groups: employment skill and work policies, supportive environment, performance measurement and reinforcement and market organization whereby (Guest, 1997) divides in to three categories: differentiated on innovation, focus on quality and cost-reduction. However, there are many definitions in previously researches on HRM strategy, but all strategies used to achieve the same organizational goal through HRM practices. (Siva Subramanian and Kroieck, 1995) verify the various perspective of human resource management as the concept of fit or integration.

An important candidate accounting for the productivity difference is the quality of labor inputs, i.e., human capital which cannot be accounted for by conventional measures of human capital, such as education attainment.

The effective human resource management can be the main factor for the success of a firm (Stavrou-Costea, 2005). As supported by (Lee and Lee, 2007) HRM practices on business performance, namely training and development, teamwork, compensation/incentive, HR planning, performance appraisal, and employee security help improve firms’ business performance including employee’s productivity, product quality and firm’s flexibility. Both practitioners and academics in the field of HRM are increasingly aware of the need to examine and understand the HRM system suitable to different parts of the world. They are also interested in finding relevant HRM policies and practices for different types of organizations (for example, public/private sector, manufacturing/service sector) around the globe. HRM practices are central to improving the quality of services offered by the governments. In the words of (Pfeffer, 1994), having good HRM is likely to generate much loyalty, commitment or willingness to expend extra effort for the organization’s objectives. Moreover, (Stone, 1998) remarks that HRM is either part of the problem or part of the solution in gaining the productive contribution of people. (Ruwan, 2007) empirically evaluated six human resource (HR) practices (realistic job, information, job analysis, work family balance, career development, compensation and supervisor support) and their likely impact on the Marketing Executive Turnover. Results of regression showed that the HR practices on job analysis are strong predictors of Marketing Executive Turnover (Hamdia and Phadett, 2011).

In particular, the last ten years have seen an increasing research interest in the HRM - performance relationship, although the focus of the research is in the developed world as well as in the manufacturing industry. Along the same line, (Abang, May-Chiun and Maw, 2009) two components of human resource (HR) practices namely, training and information technology have direct impact on organizational performance.

Objective of the Study

1. To examine and compare the human resource practices followed by the Spinning Mills in Dindigul.
2. To identify the key human resource practices influencing productivity in these Spinning Mills.

Research Methodology

From the reviews collected various human resource practices which are perceived to influence the organizational productivity were identified and selected on the basis of their relevance to Spinning Mills. The sampling technique employed for the study was convenience sampling. 150 respondents from different spinning mills were selected and data have been collected from the employees. The survey instrument used for this research was a carefully designed questionnaire. The 17 human resource practices have been classified as factors which include, F1-Manpower planning, F2-Recruitment and selection, F3-Motivation, F4-Performance Management, F5-Reward System, F6-Training and Development, F7-Career Planning, F8-Creativity and Innovation, F9-Team Building, F10-Grievance Redressal, F11-Quality of Work Life, F12-Employee Participation, F13-Employee Accountability, F14-Compensation Management, F15-Benefits and Services, F16-Description, F17-Incentives, F18-Employee Productivity. The factor Employee Productivity has been taken as a dependent variable.
The opinion of the workers of different spinning mills regarding the HR practices followed in their unit were collected through 5 point Likert scale. The 5 points of the scale indicated in the questionnaire are 1-Strongly Disagree, 2-Disagree, 3-Undecided, 4-Agree, and 5-Strongly Agree. 5 spinning mills in Dindigul were identified for the study and 25 respondents from each mill were selected by using convenience sampling method.

### Analysis and Interpretations

From the Table 1 we can understand the descriptive statistical informations like mean, standard deviation and comparative analysis of human resource practices followed by the selected six spinning mills in Dindigul. With the help of the table-I we can conclude that the mean scores of the factors motivation, reward system, training and development, QWL, compensation management, and incentives in mill 1, motivation and QWL in mill 2, motivation, and creativity in mill 3, motivation, creativity and innovation in mill 4, motivation, creativity and innovation, and discipline in mill 5, motivation, creativity and innovation, and discipline in mill 6. From the above information we can understand that the factors motivation, creativity and innovation, QWL, discipline are considered as important in all the selected spinning mills in Dindigul. Quality of work life (QWL) and employee job satisfaction are increasingly being identified as progressive indicators related to the function and sustainability of business organizations. 

Writings and research works in management, HR, and OD often link QWL and job-related outcomes to ethics, productivity, corporate social responsibility, or organizational performance (Cascio, 1998; Cummings & Worley, 2005; Dess, Lumpkin, & Eisner, 2007; Lau & May, 1998; Leopold, 2005; Walker, 1992; Wheelan & Hunger, 2006; Yorks, 2005).

### Table: 1 Comparison of Various Factors among the Respondents of six Mills

<table>
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<tr>
<th>FACTORS</th>
<th>Mill 1 (n=25)</th>
<th>Mean</th>
<th>SD</th>
<th>Mill 2 (n=25)</th>
<th>Mean</th>
<th>SD</th>
<th>Mill 3 (n=25)</th>
<th>Mean</th>
<th>SD</th>
<th>Mill 4 (n=25)</th>
<th>Mean</th>
<th>SD</th>
<th>Mill 5 (n=25)</th>
<th>Mean</th>
<th>SD</th>
<th>Mill 6 (n=25)</th>
<th>Mean</th>
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</table>

**Correlation analysis of all the six Mills**

Results of Multiple correlation analysis and values of observed correlations of independent variables with the dependent variable (Employee Productivity) for Mill 1, Mill 2, Mill 3, Mill 4, Mill 5 and...
Mill 6 are shown in Table 2. In Mill 1 the independent variables except performance management, reward system, team building and employee accountability are positively correlated with the dependent variable employee productivity. The maximum positive value (0.892**) is for QWL while the minimum positive value (0.1335) is for motivation. This suggests that in mill 1 the employee productivity is highly dependent on QWL among the employees. The lowest correlation coefficient is for variable motivation, it shows that the motivation techniques followed by mill 1 is not at satisfactory level. In Mill 2 the independent variables except reward system, career planning, team building, and discipline are positively correlated with the dependent variable employee productivity. The maximum positive value (0.859**) is for QWL while the minimum positive value (0.0627) is for recruitment and selection. This suggests that in mill 2 the employee productivity is highly dependent on QWL among the employees. The lowest correlation coefficient is for variable recruitment and selection, it shows that the selection procedure followed by mill 2 needs to be modified. In Mill 3 the independent variables except performance management, team building and employee accountability are positively correlated with the dependent variable employee productivity. The maximum positive value (0.768**) is for QWL while the minimum positive value (0.037) is for creativity and innovation. This suggests that in mill 3 the employee productivity is highly dependent on QWL among the employees. The lowest correlation coefficient is for variable creativity and innovation, it shows that in mill 3 the chances should be given for the employees to show their creativity and innovation and that should be motivated. In Mill 4 the independent variables except performance management, reward system, team building, and grievance redressal system are positively correlated with the dependent variable employee productivity. The maximum positive value (0.614**) is for discipline while the minimum positive value (0.067) is for benefits and services. In Mill 5 the independent variables except recruitment and selection, performance management, reward system, career planning, and grievance redressal system are positively correlated with the dependent variable employee productivity. The maximum positive value (0.890**) is for discipline while the minimum positive value (0.0324) is for employee participation. In Mill 6 the independent variables except motivation, creativity and innovation, team building, employee accountability are positively correlated with the dependent variable employee productivity. The maximum positive value (0.743**) is for QWL while the minimum positive value (0.09848) grievance redressal system. This suggests that in mill 6 the employee productivity is highly dependent on QWL among the employees. The lowest correlation coefficient is for grievance redressal system and that should be improved.

Table: 2 Correlation coefficient of Employee productivity with HR practices in all the six Mills

<table>
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<tr>
<th>Independent variables</th>
<th>Correlation coefficient with Employee Productivity (Dependent variable)</th>
</tr>
</thead>
<tbody>
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<td>MOTIVATION</td>
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<td>PERFORMANCE MANAGEMENT</td>
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<tr>
<td>REWARD SYSTEM</td>
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<tr>
<td>TRAINING AND DEVELOPMENT</td>
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<tr>
<td>CAREER PLANNING</td>
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<td>CREATIVITY AND INNOVATION</td>
<td>.545(**)</td>
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<tr>
<td>TEAM BUILDING</td>
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<tr>
<td>QWL</td>
<td>.892(**)</td>
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</table>
EMPLOYEE PARTICIPATION 0.1536 0.265 0.2226 0.282 0.0324 0.229806
EMPLOYEE ACCOUNTABILITY -0.075 0.0143 -0.205 .436(*) 0.3388 -0.05686
COMPENSATION MANAGEMENT 0.2405 0.2805 0.2462 -0.094 -0.354 0.172493
BENEFITS AND SERVICES .511(**) 0.2367 .406(*) 0.067 0.2522 0.139513
DISCIPLINE -0.640(**) -0.332 0.0586 .614(**) .890(**) -0.01309
INCENTIVES 0.3158 0.0103 -0.216 0.032 0.3083 -0.13147

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Conclusion
The purpose of this study is to investigate the relationship between the human resource practices and employee productivity in manufacturing companies especially in spinning mills in Dindigul. The results indicate that the expectations of the employees closely associates with the productivity of the employees. The dependant variable employee productivity is highly dependent with the variables like QWL, motivational practices, discipline and career planning. Concentrating on these HR practices will improve the performance of the organization. However, the findings of the study have few limitations which also represent opportunities for future research. First, unmeasured exogenous variables may affect the relationships we studied. Other human resource practices and organizational principles that we did not study may affect employee productivity. Second limitation is the static nature of the study, that is, the study is based on a one-time view of certain aspects of the firm rather than collection of data at different periods of time. This paper concludes that if the spinning mills in developing countries like India are able to successfully implement HR practices, they could achieve the maximum contribution of their employees in achieving productivity of the organization.

References


