

# **Impact of Human Resource Management (HRM) Practices on Employee Performance-A Case Study of Vodafone**

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## **ABSTRACT**

*Many of the studies on HRM practices have been conducted at various levels due to the interest of researchers towards this subject & increase of the industries and innovative practices enabled an organization to effectively utilize and retain the Human resource. Today it has been seen high growth in service sector particularly in the sector of telecommunication which is growing and adding value in the national income so it is crucial for the organizations to gain competitive advantage by retaining and caring their employees. The present study is done by the researcher in Vodafone to determine the impact of HR practices (Training, Compensation & Employee participation) on employee performance. Primary Data was collected using questionnaire from 102 employees of Vodafone. This study will help the Human Resource Managers to adopt the right HRM practices to fulfill the organization goals.*

*Keywords: Human resource Management, Training, Compensation, Employee participation*

## **INTRODUCTION**

There has been number of researchers on Impact of human resource management practices on organizational performance & so many results of the research studies found from developed countries to developing countries that there is a significant impact of HR practices on the performance of organisation (Delaney & Huselid, 1996; Katou & Budhwar, 2007; Sing 2004; Tzafirir, 2006). In developing countries very few amount of studies unfortunately have been conducted in this subject. The present study has been undertaken in a Telecom Sector- Vodafone to increase the contemporary knowledge base of HR practices of developing countries.

It has been seen that there are massive structural transformation in telecommunication industry in terms of technological development which made the industry highly competitive in nature. According to the Hawken, Lovins, & Lovins(2010)Telecommunication is the fifth largest and fastest growing industry worldwide. In the world economy, telecommunication industry plays a significant role(Porter, 2000).According to Tedjokusumo & Setyorini(2018)the estimated revenue of telecommunication industry was \$3.85 trillion in 2018 & the estimated amount of the global telecommunications industry service revenue was \$1.7 trillion in 2018. Tan(2002)explained that Telecommunication industry can be classified into two categories which are service sector and manufacturing sector. Lots of challenges are faced by telecommunication industry due to change in the technology and the demand of the customers.

Government of India started a deregulation of some of the industries in the country & there is no exemption on telecommunication industry. The days are gone when BSNL in India over the telecommunication services held the monopoly which ended in the year 1992 which was result of government deregulation policy. This was the strategy of Indian Government to achieve the vision 2020. According to the report of World Bank(2018) in India today telecommunication services providers are serving the needs of 1354 million people who residing in our country. At that same time, there were 40.3 million main line telephone services in use as at second quarter of 2009 and 280.545 million mobile cellular user as at second quarter 2009, internet users, 160.902 million, internet-dial up, 30.86 million as at 2018 and internet – Broadband is 20.115 million users as at second quarter 2009 (Communication & Multimedia Commission, 2018). Therefore it is essential to understand HR practices which will surely improve the performance of employees and it will

also help in the retention of the employees which is considered to be serious issue as employee turnover will be high because of high demand for their services. To achieve the organizational goals and objectives HR practices are used as organizational tools which can be used to entice and retain the best minds of people. In present scenario, this study examined the impact of certain human resource practices on employee performance as case study of Vodafone, India.

### **OBJECTIVES OF THE STUDY**

The main objective of the study is to determine the impact of HR practices on Employee performance.

### **LITERATURE REVIEW**

Today the subject impact of human resource management on the performance of a company has come into prominence and it became a more paying attention area of HRM. According to few researchers, some human resource practices make a positive impact on the performance of the company while many of the researchers suggested that approaches towards these works should be conceptual as well as practical (Delery & Shaw, 2001; Von Krogh, Ichijo, & Nonaka, 2000; Wright & Boswell, 2002). It is seen that employees in an organization are considered to be the most important asset however, a few organization feel their impact(Davenport & Pruzak, 2000; Schein, 2006; Syed-Ikhsan & Rowland, 2004).

Experimental studies are increasing in number which examine the influence of HRM practices on employee performance(Becker & Huselid, 2006; Bowen & Ostroff, 2004). Ahmad & Schroeder(2003) explained that there are various human resource practices which can affect by their own or when merged with others the performance of organization performance. However, the interpretation of result cannot be easily done. Additionally to observe the influence of human resource practices on performance of employees, which is also related to the growth of organization so it is necessary to recognize the HR practices that are recommended by Pfeffer (1998) which explains that influence on employee performance can be expected by an individual.

### **TRAINING AND EMPLOYEE DEVELOPMENT**

Generally Training is done for creating a change by initiating a new employee into the culture of organization. According to the need of the organization new employees are trained and they acquire new skills or improve their skills in order to implement the changes. According to the Laird (2003) Workforce cannot be motivated by training and it not sufficient for the motivation besides to achieve long term goals training is considered to be an important tool. Training is done as an agreement given to employees so culture of the organization can be maintained and it should be productive consequently it will assist in reward and awards earning. Cardon & Stevens(2004) found that training also plays crucial role in performance of the employees in employee life-cycle in an organization skills acquired during the training will be the major part. Castilla(2005) explained that as a tool training will help an employee to upgrade his knowledge and technical skills through which employee improves his performance individually. Training motivates employees to organized projects so they can willingly support programs by this way they will be able to improve the organization and can achieve the objectives of the organization (Bolman & Deal, 2018). Trained employees can easily achieve the set goals of the organization. (Linderman et al 2003).

**H1: There is a significant relationship between training and development practices and Employee Performance.**

### **Performance Appraisal**

Collins and Clark (2003) explained that performance appraisal is used by organizations for evaluating their employees' efforts so their efforts can be rewarded. Performance appraisal directly & indirectly having effect on administrative employee performance and the feedback obtained from performance appraisal activities annually it is conducted at least once in a year to improve the processes of administration (Collins and Clark, 2003).

**H2: There is a significant relationship between Performance Appraisal and employee performance.****Employee Participation**

Tata and Prasad (2004) explained that as result of team work and decentralization of decision making, employee will be more committed to the organization. It is seen that with active participation of employees in decision making process they feel that they are the part of the organization and it will make a positive impact on the performance of the organization. It is utmost important to work together as a team and making joint decisions in order to be achieve the set objectives of the team and the organization. According to Pfeffer(1998);Wagner, (1994); Yeatts and Hyten(1998); Singer and Duvall (2000) established that decentralization and self-managed team help in achieving the high-performance by using HRM practices. Jayaram et al., (1999) also establish that if a team is decentralized it can influence time and flexibility positively, which are two dimensions of performance. Collins and Clark (2003) observed that processes and procedures in human resource play vital role gaining competitive advantage and make ensure in bringing HR practices and organizational performance closer with the help of network procedure of employees high level practices of management.

**H3: There is a significant relationship between employee participation and employee performance.****Data collection**

The data is collected through survey questionnaire. As this study is about the HRM and performance therefore to understand the impact Quantitative the approach adopted is quantitative in nature. To find the relationship between variables and comparisons between the respondents there is selection of close-ended questions instead of conduct interviews (Brayman & Bell, 2007).

The data used for the study were obtained from both Primary and Secondary Data sources. The Primary sources include first hand information collected through questionnaires in order to gain insight into the research topic. The secondary data sources include journals, textbooks and other related publication both online and offline. Data were gathered through administering of questionnaires to employees of Vodafone, from the two States of India which are Gujarat and Maharashtra. The entire questions in the questionnaires were structured and some of the questions were intended to test hypothesis that were previously formulated in the study.

The questionnaire designed for this study has two sections first section that consists of normal scale questions which involve demographic information of respondents. The information was later converted into percentage for easy analysis. Second section that consists of 5-point Likert Scales questions with 5 options to choose from. The options are provided for respondents to show the rate at which they agree or disagree with the questions. The options answer provided for the questions start with 1 – which stands for “Strongly Agree”, followed by 2 – which represents “Agree”, the next is 3 – which stand for “Neutral”, followed by 4 – which represents “Disagree” and ends with 5 – that stand for “Strongly Disagree”.

**Population**

The company has a total workforce of 26,629 employees as at 2013. Therefore it is almost impossible for this study to conduct survey on all the company’s employees. Hence, this study adopted a convenient sampling method to select sample from the total population to conduct the research. The sample size for the study was 102 employees employed .The respondents were chosen based upon their willingness and convenience to respond to the survey and the sample size was arrived after rejections on incompleteness.

**DATA ANALYSIS**

The data gathered was analyzed using the statistical analysis software. The Statistical Package for Social Sciences (SPSS) version 21 was used to analyze the data collected. The SPSS software was used to perform descriptive statistics such as correlation analysis, regression analysis, and to compare the differences in the regression coefficient. Pearson’s Correlation Co-efficient was adopted for data analysis approach. The method was used to test the relationship between HR practices and performance of employees.

**DEMOGRAPHIC ANALYSIS**

51% of the respondents are female for as compared to male (49%). This shows that there are more females workers, India compared with the male workers. The average age of respondents is above 40 years old accounted for 2.0%, fewer than 25 years old accounted for 23.5%, above 25 years old accounted for 50.0%, and above 36 years old accounted for 24.5%. The highest qualification is Master degree and only 3.9% of the respondents got that. Bachelor degree holders are the highest respondents with 43.1%, follow by Diploma with 34.3%, HSC/SPM 15.7% and HSC/STPM 2.9%. Respondents who have spent less than 1 year at work accounted for 35.3%, above 3 years accounted for 40.2%, above 4 years accounted for 22.5%, above 7 years accounted for 1.0% and more than 10 years also accounted for 1.0%.

**HYPOTHETICAL TESTING**

**H1: There is a significant relationship between training and development practices and employee performance.**

	Model	Sum of Squares	D F	Mean Square	F	Sig.
1	Regression	6.002	1	6.002	8.667	.004a
	Residual	69.253	100	.693		
	Total	75.255	101			

**Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.476	.374		3.952	.000
Training	.303	.103	.282	2.944	.004

Dependent Variable: Employee Performance

Independent variable: Training

In the ANOVA table, the significance was found to be 0.004.

This can be interpreted as the relationship between training and employee performance is significant. This result proves that there is relationship between employee training and employee performance. This result was in line with the findings from Phillips(2009) in which in secondary education there is the the effect of training on teacher performance..The study established that there is a relationship between training and employee performance. This result is reasonable in that people get better with better training and additional skills. From the regression table, the regression equation  $y = b1x1 + A$  can be expressed as Employee Performance = 0.303 (Training) + 1.476

This implies that employee performance will increase by 0.303 for every one unit increase in training. That is, whenever employees are been trained, their performance will increase by 30.3%. The beta coefficient in regression is 0.282 positive. Thus it is evident that training has 28.2% influences on employees' job performance. Hence the hypothesis one was proved to be significant.

**H2: There is a significant relationship between Performance Appraisal and employee performance.**

**ANOVA**

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.981	1	10.981	16.635	.000a
	Residual	66.010	100	.660		
	Total	76.990	101			

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.424	.239		10.136	.000
	Performance Appraisal	.372	.091	.378	4.079	.000

Dependent Variable: Employee Performance

Independent Variable: Performance Appraisal

The value of significant of the model from ANOVA is 0.000. This shows that the relationship between performance appraisal and employee performance is statistically significant. The coefficient value for performance appraisal and employee performance, using the regression equation  $y = b1x1 + A$ , will be: Employee Performance = 0.372 (Performance Appraisal) + 2.424. This indicates that employee performance will increase by 0.372 for every one unit increase in performance appraisal.

The beta coefficient for performance appraisal and employee performance is 0.378. The value of beta indicates the level at which independent variable (performance appraisal) can influence the variations in the dependent variable (employee performance). The higher the value of beta the higher is the influence of independent variable on dependent variable and vice versa. Performance Appraisal has 37.8% influences on employee performance. The percentage of influence is moderate. This proves that performance appraisal has moderate influence on employees' performance.

**H3: There is a significant relationship between employee participation and employee performance.**

**ANOVA**

Model		Sum of Squares	D F	Mean Square	F	Sig.
1	Regression	.051	1	.051	.060	.807 <sup>a</sup>
	Residual	85.292	100	.853		
Total		85.343	101			

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.062	.282		10.863	.000
	Employee Participation	.026	.105	.024	.245	.807

a. Dependent Variable: Employee Performance

b. Independent variable: Employee participation

From the ANOVA Table, the significance in the relationship between employee participation and employee performance is tested. It can be deduced from this result that there is no relationship between the independent variables (Employee Participation) and dependent variable (employee performance). Both the independent and dependent variables are not comparable and fit.

The coefficient value for employee participation and employee performance, using the regression equation  $y = b1x1 + A$  which can be expressed as: Employee Performance = 0.026 (Employee Participation) + 3.062. This model estimating that employee performance is expected to increase by 0.026 when employee participation increase by one unit and employee performance is expected to be 3.062 when incentives are zero.

The beta coefficient is positive 0.024. The beta percentage is 2.4% which can be considered to be very low. This proves that the level of influence of employee participation on employee performance is comparatively low. Hence the H3 was proved to be non- significant.

## CONCLUSION

This basic objective of the study was to identify the impact of HR practices on employee performance at telecom sector in India. Three major HR practices were chosen for study after reviewing a literature and conducting a study on HR practices at Telecom sector in India. Three hypotheses were developed and the focus of the hypothesis was to identify the impact of Training, performance appraisal and Employee participation on performance of employee. The findings of the regression analysis proved that there was a significant relationship between training on employee performance. It was found that Performance appraisal has moderate influence on the performance and employee participation in decision making which has least influence on the performance.

This study results match with Tahir (2006) findings where he revealed that training, compensation and performance appraisal play an important role in efficiency and effectiveness of employees. Similarly the findings from this research are in line with the results from Singh (2004) where he focused that Training and compensation play important role in influencing on organization and performance of employees and this findings are also related with the current study results. This result of the present study is also the same with the findings given by Sultana et al. (2018) where she focused that employee organization performance is developed with the help of training which play a vital role in improving the performance of the employees as well as increasing them to be more productive and in the end it helps to place organizations in the best position to face challenges of competition and stay on top position.

## LIMITATIONS

### There are following limitations of the present study

- 1) The study is only limited to a single telecom company in India, So the results of this study can only be used for further research in telecom industry at different levels.
- 2) The HR practices discussed in this study are very short in numbers.
- 3) HR practices are taken from the research work already done by different researchers

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