Chapter No. 7

Impact of HRM practices on Employee Satisfaction – Analysis on the Bases of Secondary Data.
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7.1 Introduction:

This chapter indicates the relationship between HRM practices and Employee Satisfaction with the help of different theories. To explain the relationship HRM practices and Employee Satisfaction this chapter takes into consideration the outcome of theories and relationship. This chapter explains the relationship between HRM practices and organisational performance.

7.2 Human Resource (HR) and Human Resource Management (HRM):

Many researchers have says that employee are the most valuable asset for an organisation because according to them the employee are the force which helps the organisation to achieve their goals and objectives. The employee all together is the work force which makes the organisation grows. In today’s completive market employee become a very important asset. Employee individually and collectively contributes towards the success and growth of the organisation Human Resource practices and the decisions taken up management of the organisation and human resource department directly or indirectly affects the employee working in the organisation. The effect can be on individual employee or the effect can be collectively on all employees working.

Figure 7.1 : The Human Resource Cycle
Researchers say that there is a difference between human resource and human resource system. The researchers say that the human resource of an organisation has the positional to increase the growth of organisation. The human resource of the organisation should have skills, right attitude and motivation and willingness to give best performance. Human resource practices taken up by the management of the organisation and the human resource department will motivate employee; it will also help to improve their skills and will help to improve their abilities to perform better. This all will lead to organisational growth.

### 7.3 HRM Practices and Firm Performance:

Researches conducted by researchers have suggested that there is a positive and significant relationship between Human resource management practices and productivity, profits, sales.

Employees working in the organisation are affected by human resource practices taken up by management of the organisation or human resource department. The human resource practices help in improving their technical knowledge, their skills, it also motivates employee, boost their moral, it also promotes the right attitude and improves
the working environment. Human resource practices helps in retaining valuable employee as in today’s competitive world retaining trained and skilled employee will help you to be one step ahead than your competitors.

Human resource practices that has impact on employee satisfaction can be like selecting right person for right job, the recruitment process, selection process, monetary and non – monetary benefits, employee contribution in the decision making process, giving chance to employee to express their views, promotion opportunities, employee training programs all this affects employee satisfaction level.

The above human resource practices affects employee satisfaction level and it also affects organisation performance level. Proper training programs will help to improve performance of the organisation. Proper training programs will help the employee to improve their skills and will help in improving their performance if their performance improves then in turn organisations profits and performance will grow.

Human resource practices will help the organisation to retain talented and skilled employee and motivates employee to work harder toward archiving organisational goals. It will also help the organisation to share their mission and objective and this will help the employer to channelize employee potential, skills and knowledge in right direction.

The researcher also says that it is not necessary that there should be a direct link between human resource practice and employee satisfaction which in turn affects organisational profits. It has been also observed that there can be indirect connection between human resource practice and employee satisfaction and organisation performance.

Figure 7.2: Model of the link between HRM and performance

Figure 7.3: HRM - Performance Linkage Model
7.4 Effects of Human Resource Management outcomes and firm performance:

Research conducted by researchers in Russia on 101 foreign operating firms says that there are different factors affecting different level of employee working in the organisation it has been observed that for higher designation on the other hand the employee those who are non – managerial job for those employee the job security is most important for them. Research also indicates that there is relationship between human resource practices and organisation performance. The human resource practices will keep the employee happy and due to employee satisfaction the employee of the organisation will perform and give their best toward achieving the organisational goals and objectives and it will increase profits of the organisation.
Figure 7.4: Effects of HRM practices on HRM outcomes and firm performance:


7.5 Reunion of Organisation Performance and Employee Satisfaction through Training

7.5.1 The Concept of Training Needs:
Training is the most important in any organisation. Training helps the organisation when the organisation feels that the employee performance is lacking and employee are not able to performance and give their best then the training needs arises. The organisation has to properly identify training needs which is important part of training cycle. If the training needs identification are done wrong the later the outcome will also be wrong. This could result in wastage of efforts and the investment done by the organisation.

7.5.2 Identification of Training Needs:

Research done by researchers suggests that training needs can be of three different levels as mentioned below:

1. Training needs at organisation level:

This training need at this level is on the larger scale where the entire organisation is lacking behind.

2. Training needs at occupational level:

These training needs are related to make an employee to work better and this training will help an employee to perform better. These training needs are related to the occupation of an individual and this training will help an employee perform better.

3. Training needs at individual level:

These training needs are specifically related to an individual development and not related to job or organisation.

7.5.3 Theoretical Models of the Relationship between Training and Performance
There are number of models that link and express positive relationship between training and organisation growth for example, there are three models concepts that is given by McMahan and Wright (1992). In this they explains that the human resource of any organisation is the most valuable asset for an organisation and this human resource will help the organisation to have competitive advantage as compared to the other competitors as the competitor will not be able to mach it and have the same human resource as the other has.

This will help the organisation to have advantage and will make them complete the competitor in better way as no organisation can find substitute for human resource. The second model explains that the human resource practices and the training efforts taken up by the organisation should bring out the desired behavior and attitude of an employee, wherein the employee should demonstrate positive attitude and behavior. The behavior and attitude changes due to human resource practices should help the employee perform better and promote organisation performance and in turn profits for the organisation. In the third model explains that due to training the changes in the knowledge, skill, behavior and attitude will have an impact on organisations performance and this will later led to increase in productivity and increase in employee satisfaction level.

7.5.4 A Theoretical Model Linking Training to Organisational Level Outcomes:

According to many researchers the attitude, behavior of employee largely affects the performance of the organisation. They explain that human resource of the organisation is the asset of the organisation and it is this human resource which largely affects the organisations performance at large. It is the human capital which actually runs the organisation and the employee are the most important part of organisation which helps the organisation to grow and sustain in the market. Figure 7.5, explains that how proper
training need analysis is important after which the training or management has to decide which kind of training they should send the employee, the time period, type of training like on the job or off the job training to be given. All this training efforts taken up by the organisation will get reflected in the organisation performance. The below figure 7.5 explains this links.

Figure 7.5: Model linking training to organizational level Outcomes:

Source: Adapted from Eerde et al. (2008).

For linking training and performance the organisation has to properly carry out identification of training needs. The management has to properly identify where the training is required and find out the gap. If the need analysis is not done properly then the desired result won’t come out.

The company may force some of the employee to attend training programs for some employee this will be an opportunity to have fun and be away from his work place. The employee will not think that this training opportunity will help them to improve their skills and work knowledge which will help them perform better and lead to personal growth in
their professional carrier. So the management has to properly select employee to whom
the training has been given.

7.5.5. Suggestions to Improve Employee Satisfaction:

In today’s competitive world employee satisfaction is very important as employees are
the most valuable asset. If employees working in the organisation are happy then there
will be increase in the productivity and profits of the organisation and the company will
be able to maintain success in the business and will be able to compete in the market
with their competitors. Business success largely depends on the employee satisfaction
level and if the employees are satisfaction then the working environment will be good.
There are many ways to improve and maintain employee satisfaction level at work
place.

To keep the employee satisfied is the most important work the management has to take
care of. The management shows commitment and eagerness and also priority to keep
their employee happy. The management has to take necessary steps to keep employee
happy like making changes in company’s policy or human resource practices.

To achieve this management has to take some efforts like the efforts taken up by the
employee and their hard work should be appreciated by giving certificate of excellence,
best performer or keeping note on desk stating appreciation of their efforts and thanking
them or sending mass mails to all the other employee regarding acknowledging the
hard work of an individual.

This will give them the feeling that the employer notices their hard work and appreciated
their wok this will go long way in motivating the employee and will encourage them to
perform more better and this will also encourage other employee to give their best to the
orgainsation, this will in turn increaser organisation profits and performance.
The employer can arrange for business dinners, parties, and get together where all employees meet together and can relax and do not discuss on business talks. Management should provide proper break timings; there should be proper vacations so that they can relax. This will give employee feelings that employer gives importance to their personal life's and if the employee is able to give time to his / her personal life / family the employee will have a feeling of work-life balance. It is that the employee should feel that their work is appreciated and the company gives important even to their personal life. This all steps taken up by management will increase employee satisfaction level and will help in creating better, healthier and happier working environment.

7.5.6 Eight Steps for Improving Employee Satisfaction:

In today's competitive world keeping employee satisfied is very important because talented employee can leave your company and join any other company and losing a talented employee is a bigger loss to a company.

1. Shared Mission or Vision:

Every organisation that has mission or vision, the organisation should make their employee understand the importance of their mission and vision. The organisation
also makes the employee understand that all the policies, decision making are done by the management keeping their mission o vision as a guide line.

2. Clearly Defined and Communicate job expectations:

In any organisation when a new employee joins, the organisation expects desired results for the newly joined employee. The organisation should clearly explain the new joined employee that what is expected from them. This should be done even with the old employee working in the organisation. When the expectation results are clearly defined then there is no misunderstanding between employee and management and thus helps to reduce conflicts. This will help to keeping healthy working environment.

3. Regular and Fair Performance Feedback:

Regular and fair feedback is very important to keep the employee known of his performance level, if the employee is performance low and not giving his best then the productivity will reduce causing loss to the company. It becomes necessary at this stage to give employee regular and fair feedback so that his / her performance does not reduce and even the organisational growth also does not gets hampered.

4. Regular Employee Inputs and Feedback Programs:

If the organisation want to be very successful then the organisation has to give opportunity to employee to give feedback and share their ideas which they think can lead to smooth functioning of the company or improvement in any process or change in any machinery, this will help the company to create happier and safe working environment.

5. Comprehensive Employee Orientation and Integration Programs:
Management must make sure that all employees have right tools and adequate resource to work smoothly and can perform better. Lack of it can hamper productivity of employee. Right and proper orientation and integration program is very important so that a new employee gets familiar with the working environment and this will also help the new and old employee to work together properly in peace. This will also help to create healthy working environment and the new and old employee can work together and be productively.

6. Hiring the Right Employee:

Hiring the right person for the right job is very important. While the employer recruits a new employee he has to not only find the necessary knowledge, skill set, abilities, right attitude and behavior, ability to work in a team and performance capabilities in an individual so that he / she perform his job and give his best output to the organisation but also has to find that the person who they are recruiting should understand, support and work according to the visions, missions and goals of the company. The employee should have the understanding of it and channelise his efforts and his performance in such a way that he / she is able to achieve goals of the company keeping the vision and mission as the guideline for decision making.

7. Monetary and Non – Monetary Benefits:

The organisation has to provide proper monetary and non – monetary benefits so those employees are happy. The monetary benefits should be as per the industry standards or can be more than that. Monetary and non – monetary benefit will make employee happy and will increase their satisfaction level and the employee will stay back in the company and not leave the job thus saving human asset and will be motivated to perform better and give their best to the company.

8. Training and Development Programs:
Management should be committed towards proper training and development of the employee. By giving proper training the employer will help employee personal development. The training and development programs will also contributes to the profitability of the company.