

THE DYNAMICS OF HRM SYSTEMS AND CONTRIBUTION OF EMPLOYEE PERFORMANCE IN INDIAN BPO FIRMS

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ABSTRACT

Studies on HRM practices at different levels are a locality of interest for researchers for several decades thanks to the expansion of the industries and innovative practices which enable an organization to retain and utilize the Human resource effectively. Because the 21st century has seen an amazing growth within the service sector especially the telecommunication industry where the service providers were growing it's crucial for the organizations to retain and look after their employees and to improve their competitive advantages. Hence this study was undertaken in a BPO, Indore to spot the impact of HR practices (Training, Compensation and employee participation) on employee performance. Samples were collected using questionnaire from 90 employees so as to check the hypothesis. Multi variable analysis was performed using SPSS to explore the effect of independent variables on employee performance. It was found that training and compensation schemes had a greater correlation and impact on employee performance while employee involvement had less impact on employee performance. BPOs in India face a huge challenge in reducing attrition rates and need to build synergies to be a fledgling industry, develop innovative employee relations initiatives along with examples from other industry practices as highlighted below. Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning, and deeply embedded organizational knowledge and learning.

Keywords: Human Resource Management, Training, Performance Enhancement

INTRODUCTION

Impact of human resource management practices on organizational performance has been a widely researched area for years. Results of studies, from developed countries to developing countries, are time and again showing that HR practices have significant impact on organizational performance (Delaney & Huselid, 1996; Katou & Budhwar,

2007; Sing, 2004; Tzafrir, 2006). But unfortunately, very insufficient numbers of studies are conducted during this area among the developing countries. To reinforce the contemporary content of HR practices of developing countries, this study has been undertaken in an exceedingly BPO in Indore, Madhya Pradesh.

BPO industry has seen massive structural transformation in terms of technological development which has made the industry to be highly competitive. The industry is that the fifth largest and fastest growing industry worldwide (Hawken, Lovins, & Lovins, 2010). The industry takes a big role within the world economy (Porter, 2000). The industry estimated revenue in 2008 was \$3.85 trillion and the service revenue of the world telecommunications industry was estimated to be \$1.7trillion in 2008 and this is often expected to achieve \$2.7 trillion by 2013. The BPO industry is often categorized into service sector (Tan, 2002). The industry also faces plenty of challenges as a result of technological change and customer demands.

The Indian government includes a vision of becoming a developed country by year 2020 (Vision 2020), and Indian government has began deregulation of some of the industries within the country which telecommunication isn't an exemption (Gentzoglani, 2007). Gone are the times when the monopoly over the telecommunication services within the country which was led to 1992 as a result of the govt. deregulation as a technique to attain vision 2020 initiative. Presently, there are four BPO services providers in Indore to serve the 28.85 million clients globally as at December 2011 (Data from World Bank, 2012). At that very same time, there have been 4.3 million path telephone services in use as at second quarter of 2009 and 28.545 million mobile cellular user as at second quarter 2009, internet users, 16.902 million, internet-dial up, 3.86 million as at 2008 and internet – Broadband is 2.115 million users as at second quarter 2009. visible of this, understanding the human resource practices which will improve employee performance and

also contribute to their retention is serious issue as turnover rate are high as there's high demand for his or her services. Human resource practices are organizational tools that may be accustomed attract and retain the most effective brain so as to realize organization objectives. In this scenario, this research examined the impact of certain HR practices on employee performance as case study of a BPO in Indore.

RESEARCH OBJECTIVE

The main purpose of the study was to identify the impact of HR practices on Employee performance and retention of employee.

LITERATURE REVIEW

The impact of human resource management on the performance of a corporation has get limelight and in and of itself it's become a part that needs paying more attention to within the field of (HRM). In line with few studies, some human resource practices will have a positive impact on a company's performance while numerous researchers suggest that more conceptual and practical approach is very important on these works (Delery & Shaw, 2001; Von Krogh, Ichijo, & Nonaka, 2000; Wright & Boswell, 2002). Although, recently employees in a company are seen because the most significant asset possessed by a corporation however, their impact are felt by only some organizations. There has been a rise within the experimental studies that examines the influence of some practices of (HRM) on performance of employees (Becker & Huselid, 2006; Bowen & Ostroff, 2004). One can bump into various HR practices that may influence the performance of a corporation on their own or when merged with others. However, the result cannot be easily interpreted (Ahmad & Schroeder, 2003). so

as to look at the influence of HR practices on performance of employees, which is additionally associated with organizational growth, it should be necessary to acknowledge the HR practices that are recommended by Pfeffer (1998) within which the literature explains that one can expect its influence on employee performance.

TRAINING AND EMPLOYEE DEVELOPMENT

Training is completed to form change by initiating a brand new employee into the culture of the organization. It involves new employees acquiring new skills or improving their skills so as to implement change that's needed by a company. Training isn't sufficient enough to motivate manpower. But, it's a vital tool that an organization can use to attain its long run goals (Laird, Holton III, & Naquin, 2003). Training given to employees is finished as an agreement to keep up culture of the organization and also to be productive which successively will lead to earning reward and awards. Training also plays a vital role in employee performance because the skills acquired during the training are the main a part of the worker life-cycle in an organization (Cardon & Stevens, 2004). Training as a tool will help an employee to upgrade his knowledge and technicality and improves his performance within the organization (Castilla, 2005). Training plays a crucial role in motivating employees to take part in organized projects, to willingly support programs that may improve the organization and to try to to their best so as to determine that organizational goals are achieved (Bolman & Deal, 2011). When employees are trained, it'll be easy for organizations to achieve their set goals

(Linderman, Schroeder, Zaheer, & Choo, 2003).

H₁: There's a big relationship between training and development practices and employee performance.

PERFORMANCE APPRAISAL

Performance appraisal is employed by organizations to judge employees' efforts so on reward them for the efforts (Collins and Clark, 2003). Performance appraisal was found to own both direct and indirect effect on administrative performance of employee and also the feedback obtained from performance appraisal activities, usually conducted a minimum of once annually can help to boost administrative processes.

H₂: There's a big relationship between Performance Appraisal & employee performance.

EMPLOYEE PARTICIPATION

Tata and Prasad (2004) detected that employee are going to be more committed to the organization as a results of team work and decentralization of higher cognitive process, with active participation, employees will desire part of the organization and this can have a positive impact on the organizational performance. Working together as a team and making joint decisions is of utmost importance at this time so as to be ready to achieve the set objectives of the team and also the organization as an entire. in keeping with Pfeffer, 1998; Wagner, 1994; Yeatts and Hyten, 1998; Singer and Duvall (2000) a number of studies have established that success of high-performance HRM practices depend on decentralization and self-managed team. Jayaram et al., (1999) also establish that a team that's decentralized can positively influence time and suppleness, which are

two dimensions of performance. In another study by Collins and Clark (2003) it had been observed that human resource processes and procedures play important role in terms of allowing organization to require competitive advantage and ensure bringing HR practices and organizational performance closer, using employee network procedure of high level management practices.

H₃: there's a major relationship between employee participation and employee performance.

DATA COLLECTION

The info is collected through survey questionnaire. As this study is about the HRM and performance to know the impact Quantitative approach was adopted. Rational for the choice of close-ended questions rather than conduct interviews is to find the link between variables and comparisons between the respondents (Brayman& Bell, 2007). The data used for the study were obtained from both Primary and Secondary Data sources. The first sources include direct information collected through administration of questionnaires so as to achieve 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 Teleperformance, Indore.

The entire questions within the questionnaires were structured and a few of the questions were intended to check hypothesis that were previously formulated within the study. The questionnaire designed for this study has two sections which include; the first section that consists of normal scale questions which involve demographic information of respondents. the data was later

converted into percentage to ease analysis. and also the second section that consists of 5-point Likert Scales questions with 5 options to settle on from. the choices are provided for respondents to point out the rate at which they agree or afflict the questions. the choices answer provided for the questions start with 1 – which stands for “Strongly Agree”, followed by 2 – which represents “Agree”, the following is 3 – which signify “Neutral”, followed by 4 – which represents “Disagree” and ends with 5 – that symbolize “Strongly Disagree”.

POPULATION

The company incorporates a total workforce of 6,629 employees as on March, 2020. Therefore is nearly impossible for this study to conduct survey on all the company's employees. Hence, this study adopted a convenient sampling method to pick sample from the whole population to conduct the research. The sample size for the study was 90 employees employed in Teleperformance, Indore. The respondents were chosen based upon their willingness and convenience to reply to the survey and also the sample size was arrived after rejections on incompleteness.

DATA ANALYSIS

The data gathered was analysed using the statistical analysis software. The Statistical Package for Social Sciences (SPSS) version 21 was accustomed analyse the information collected. The SPSS software was wont to perform descriptive statistics like correlation analysis, multivariate analysis, and to check the differences within the regression coefficient. Pearson's Correlation Co-efficient was adopted for data analysis approach. The method

was accustomed test the connection 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 in Telekom Malaysia compared with the male workers. the common age of respondents is above 40 years old accounted for two.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 twenty-four.5%. the best qualification is Master degree and only 3.9% of the respondents got that. Bachelor degree holders are the best respondents with 43.1%, follow by Diploma with 34.3%, HSC/SPM 15.7% and HSC/STPM 2.9%. Respondents who

have spent but 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 over 10 years also accounted for 1.0%.

- a. **Dependent Variable:** Employee Performance
- b. **Independent variable:** Training In the ANOVA table, the significance was found to be 0.004.

This can be interpreted because the relationship between training and employee performance is significant. This result proves that there's relationship between employee training and employee performance. This result was in line with the findings from Phillips (2009) in his study the effect of coaching on teacher performance in secondary education. The study established that

HYPOTHESIS TESTING

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

Table : 1

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

COEFFICIENTS

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

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

Table : 2

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

COEFFICIENTS

Model	Unstandardized	Coefficient	Standardized Coefficient	T	Sig
	B	Std Error	Beta		.
Constant	2.424	.239		10.136	.000
Training	.372	.091	.378	4.079	.000

there's a relationship between training and employee performance. This result's reasonable in this people retrieve with better training and extra skills. From the regression table, the regression of y on x $y = b_1x_1 + A$ are often expressed as Employee Performance = 0.303 (Training) + 1.476 This implies that employee performance will increase by 0.303 for each 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's evident that training has 28.2% influences on employees' job performance. Hence the hypothesis one was proved to be significant.

a. Dependent Variable: Employee Performance

b. Independent variable: Employee participation

From the ANOVA Table, the relationship between employee participation and employee performance is analyzed. It can be derived 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.

DISCUSSION AND CONCLUSION

This study was undertaken with the fundamental objective of identifying the impact of HR practices on employee performance at Teleperformance, Indore. Three major HR practices were chosen for study after review of literature and conducting a study on HR practices at Tele performance, Indore. Three hypotheses were developed which focussed on identifying the impact of coaching, performance appraisal and Employee participation on employee performance. The findings of the multivariate analysis proved that there was a big relationship between training on employee performance. it had been found that Performance appraisal has moderate influence on the performance and employee participation in decision making has least influence on the performance.

This study results match with overall analysis where he revealed that training, compensation and performance appraisal are highly significant in employees' efficiency and effectiveness. Likewise the findings from this research are in line with the results from Singh (2004) where it's revealed that Training and compensation have significant influence on organization and employees' performance. This finding is additionally relates with this study results. This study results is additionally the identical with the findings revealed by Sultana et al. (2012) where it's showed that employee training helps to develop organization performance, take an important role in improving employee performance likewise as increasing productivity and eventually helps to position organizations within the best position to face competitive challenges and stay top.

LIMITATIONS & FUTURE STUDY

There are many limitations of this study which includes; First, the study is only limited to one BPO major in Indore, therefore the results of this study can only be used for further research in telecom industry at different levels. Secondly the HR practices discussed during this study are very short in numbers. These HR practices are taken from the research work already done by different researchers and in keeping with the predominant HR practice at Teleperformance, Indore, hence there are several other practices which might be focussed in future studies.

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