



A MULTIPLE CLIMATES OF HRM APPROACH TO UNDERSTANDING ORGANIZATIONAL EFFECTIVENESS IN MANUFACTURING INDUSTRY, COIMBATORE

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Abstract

Organizational innovation has been viewed as an essential weapon for organizations to compete in this competitive business environment. Particularly, Coimbatore manufacturing firms strive to transform their business model from labor-intensive to knowledge intensive, which aim to immerse themselves in higher value added activities such as, developing new products, processes, and services, to continual sustain the competitiveness within the rivalries. One of the ways to heighten the organizational innovation is through effective human resource management (HRM) practices and effective knowledge management. This study examined the direct relationships between HRM practices (performance appraisal, career management, training, reward system, and recruitment) additionally; it also examined the mediating role of KM effectiveness on the direct relationship. The regression results showed that HRM practices generally have a positive effect on organizational innovation.

Key Words: Recruitment, Training, Performance Appraisal, Career Management, Reward System.

Introduction

As human resource management is concerned with the people dimension in organization, at first, we should know organization in detail. Organizations are human associations in which two or more people seek to achieve a common goal or set of goals. In other word, organizations are established by the people and for the people. It consists of people working together through interrelationships and interactions. Organizations are created to achieve different goals. To achieve goals it should run various activities. Therefore an organization must consist of a structure, which defines jobs and relationships. In organization, different levels and division of jobs are defined to achieve specialization through division of labours. Organization design and job descriptions are the part of organizational structure, which limit the behaviour of the members in organizations. Organizations depend on people to make them operate. An organization is nothing without resources. If we remove the employees from the organization, there is nothing but a pile raw material, machines, and physical commodities. Organization consists of the combination of different resources, among which human resource is the superior. But how did these people come to be employees in the organizations; how were they found and selected? Why do they come to work on a regular basis? How do they know what to do on their jobs? How does management know if the employees are performing adequately? If they are not, what can be done about it? Answers of these questions lie in the subject of human resource management. But before we attempt to understand how and organization should manage its human resources, we need to answer the generic question, what is management?

Management is the process of efficiently getting work activities completed with and through other people. An organization consists of goals and limited resources. To achieve goals, different activities are to be done. As there are limited resources, to get activities completed, the resources should be allocated properly. Simply, management is the act of allocating scarce resources to achieve goals and getting required activities completed with and through other people. The management process includes the planning, organizing, leading and controlling activities that take place to accomplish objectives.

Anna Bos-Nehles and Maarten Van Riemsdijk (2014) The social innovation of devolving HRM responsibilities to line managers results in many debates about how well they implement HRM practices. The implementation constraints line managers perceive in their HRM role are researched by taking organisational contingencies into consideration. The qualitative data allow us to explain some of our quantitative results in terms of organisational differences. The HRM implementation effectiveness as perceived by line managers depends on the line managers' span of control, his/her education level and experience and his/her hierarchical position in the organisation. Each HRM implementation constraint knows additional organisational contingencies. They did not consider possible influences of one organisational characteristic on another and the effect of this combined effect on the HRM implementation factors. In order to overcome this limitation, we would suggest using a structural equation model (SEM) in future research. This chapter offers HR professionals solutions on how to structure the organisation and design the HRM role of line managers in order to implement HRM practices effectively. Many differences on how HRM implementation is managed in organisations. This chapter offers solutions to policy makers on how to equalize the HRM role of line managers.



Managing people in an organization is human resource management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to high levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. This is true regardless of the type of organization-government, business, education, health or social organizational objectives. This is true regardless of the type of organization-government, business, education, health or social welfare. Organizational effectiveness depends largely on the performance of people working in organizations. Management concerned to increase in performance of human resources is human resource management. It aims at achieving organizational goals through improvements in the productive contribution of people. It is concerned with philosophy, principles and practices related to human aspects of management. It keeps balance between the goals of organization and the goals of the individual.

Fiona Edgar and Alan Geare (2005) to test the relationship between HRM practice and employee work-related attitudes and examine whether different approaches to measurement of HRM gives different results. HRM practice was measured in three ways: additive measures of numbers of HRM practice, employer reports and employee reports of strength of practices. Employee attitudes were measured using organisational commitment, job satisfaction and organisational fairness scales. Matched data sets tested the relationships. Statistically significant results were obtained between HRM practice and employee attitudes, but only when employee reports of the strength of HRM practice were used to measure HRM. This study emphasizes that care must be taken in HRM research to use suitable data sources, with employees being a valuable, but under-used, source. Effective HRM policies and practices should be measured by their perceived quality, not simply by the number of practices introduced. This study highlights that there are perceptual differences as to the strength of HRM practices and emphasizes the importance of allowing employee voice in HRM research.

Material and Methodology

Liang-Hsuan Chen et al (2003) Manufacturing firms are always faced with the problem of promoting operational performance and labor-force management. The utilization of human resources is closely correlated with operations and production performance. This study investigates the correlation between human resource management (HRM) and business performance of large scale manufacturing firms in Taiwan. First, 16 subjects of HRM are designed to survey the importance level and achievement level of HRM by the sample firms. Productivity indices are also defined to measure business performance. Based on the survey, four critical HRM factors including 12 subjects are extracted by factor analysis. The difference between importance level and achievement level of subjects contained in each factor is examined. Furthermore, considering importance and achievement levels of HRM as features, fuzzy clustering analysis is employed to categorize the firms into four patterns. With various HRM characteristics, each pattern has different business performance in terms of productivity. Using a pattern approach, these findings can aid the firms in each pattern to improve their productivity by improving their HRM strategies.

Ralf Burbach and Tony Royle (2014) Drawing on institutional theory and existing international business practice transfer and e-HRM models this paper develops an e-HRM diffusion model to ascertain the institutional factors that determine the successful diffusion of e-HRM practices in multinational corporations (MNC). The paper aims to discuss these issues. The research is based on the analysis of 25 semi-structured interviews with 15 key stakeholders in the German and Irish subsidiaries of a single US-based MNC as well as two interviews with a senior manager in one of its main competitors. The findings suggest that the successful transfer of e-HRM is mediated by an interchange of various institutional-level factors (external, relational, organizational and individual) within the corporation and its subsidiaries.

Successful implementation of e-HRM is synonymous with the successful integration and institutionalization of e-HRM practices in the subsidiaries. As this analysis is founded upon a single case study, it is difficult to make assumptions concerning the broad population of all MNC and their subsidiaries. Further research may be required to test the model and the findings presented in this paper. The findings and the model presented in this paper demonstrate the impact of the institutional context and of key success factors of technology implementation on e-HRM diffusion success. These findings may be of particular relevance to organizations and practitioners who are embarking on an e-HRM installation in an international context. This paper enriches the e-HRM and international management debate by identifying the key institutional factors impacting the diffusion of e-HRM practices in the subsidiaries of an MNC. In addition, the model put forward in the paper shows how these factors interact and how successful e-HRM diffusion can be characterized.

Randall S. Schuler, (2013) it appears that virtually all countries and firms around the world today wants to and need to become more innovative. Fortunately there are many aspects of HRM that can play important roles in fostering and facilitating innovation. The paper identifies a number of critical areas for research on the topic of Chinese eHRM and innovation. These include HRM policies and practices clusters, types of innovation strategies and goals, organizational

design, ownership types, stages of innovation, intervening mechanisms, and cultural differences. Associated methodological approaches are also critical to fruitful research. This essay presents research opportunities and related complexity in investigating Chinese HRM and innovation on a number of research fronts.

Stefan Strohmeier and Ruediger Kabst , (2014) The employed e-HRM typology shows a precursory status and the empirical study is exploratory in nature. Thus, searching for a clearer theoretical foundation, improving the hypothesizing of variables and undertaking further empirical studies to replicate the findings are necessary future steps. Not always a maximum of electronic support seems to be indicated. Depending on the respective organisational context, even no electronic support, or else, a merely operational electronic support appears to be admissible; while, however, in larger and strategic-oriented organisations full electronic support outperforms other configurations. The paper focuses on different e-HRM types and gives some first insights into reasons, kinds and success of different configurations. This should lead to a refined understanding of e-HRM and evoke further research on the subject.

Tanya Bondarouk (2011) there has been much research and many follow-up recommendations on how to introduce a new electronic human resource management (e-HRM) system to employees in order to avoid or minimize troubles during its implementation. However, implementation projects are known to be time consuming, indirect, and sometimes impulsive developments, leading to a mismatch between the initial ideas behind information technologies and the use in practice, the employees' perceptions and their experience.

Teemu J. Lehtonen (2005), this paper discusses common approaches and understanding of human resources management and development (HRM/HRD), especially pointing out the need for connecting HRM/HRD with strategic logic and objectives. A strategic capability based HRM model is presented. Strategic capability, directly and indirectly value adding professional competence, social capital, and their systemic relationships are discussed in more detail. Empirical studies dealing with relationships of the model are introduced in brief. Discussion is illustrated by examples from various industries.

Results Analysis and Discussion

Table 1: Mean and SD HRM Approach Factors

	Mean	SD	Alpha Value	Items
Performance Appraisal	3.59	1.06	0.874	5
Career Management	3.63	1.02	0.721	6
Training	3.08	0.55	0.811	5
Reward System	3.94	1.08	0.921	4
Recruitment	3.79	0.88	0.845	7

Table 2: Regression Analysis

R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Sig. F Change
.543 ^a	.295	.268	.410	.295	10.80	.000
a. Predictors: (Constant), Recruitment, Training, Performance Appraisal, Career Management, Reward System						
b. Dependent Variable: Organizational Effectiveness						
ANOVA ^a						
		Sum of Squares	df	Mean Square	F	Sig.
	Regression	9.096	5	1.819	10.805	.000 ^b
	Residual	21.719	129	.168		
	Total	30.815	134			
a. Dependent Variable: Organizational Effectiveness						
b. Predictors: (Constant), Recruitment, Training, Performance Appraisal, Career Management, Reward System						

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	4.415	.293		15.077	.000
	Performance Appraisal	-.148	.038	-.327	-3.914	.000
	Career Management	.250	.057	.535	4.366	.000
	Training	-.286	.091	-.330	-3.140	.002
	Reward System	-.062	.055	-.139	-1.126	.262
	Recruitment	.178	.049	.328	3.617	.000
a. Dependent Variable: Organizational Effectiveness						

The objective of the current study was to examine the direct relationship between HRM practices and organizational innovation, as well as indirect relationship between HRM practices and organizational innovation via knowledge management effectiveness. The statistical results obtained in this study showed that HRM practices have a significant positive impact on organizational innovation. And also, the knowledge management effectiveness has a mediation effect on relationship between HRM practices and organizational innovation. Only one of five HRM practices, namely training was found to have both direct and indirect effect on all three dimensions of organizational innovation (product innovation, process innovation, and administrative innovation). This result entailed that when organizations have higher implementation level of training, it will advances the growth of employees' requisite skills and their potential to learn. Employees are able to generate new understandings and new ideas that will be useful for organizational innovation. As a result, efforts taken to enhance knowledge management effectiveness in the manufacturing firms will be useful in enhancing the organizational innovation performance. The results of this study also offer several suggestions to manufacturing firms in Coimbatore to focus on training program. Employees undertake the training programs are expected to apply the knowledge acquired on the task and job assigned. In another word, the higher level of implementation of training, the more transfer and flow of information and knowledge which will increase organizational learning and instill new ideas, leading to product innovation, process innovation and administrative innovation.

Conclusion

Our empirical findings provide several important managerial implications. Managers should prepare a path to enable employees to acquire and integrate different sources and types of knowledge from business partners, as well as internal and external training programs. Managers should also establish a trail to enable knowledge to be shared and transferred from the organization to an individual, from an individual to an individual, and from an individual back to the organization. With proper facilitation, the employees will be able to use and apply the knowledge to improve efficiency, and solve problems. Hence, the enhancement of knowledge management effectiveness through adequate and proper training, organizational innovation would be increased. Second, it is essential for manufacturing sector to provide good performance appraisal to their employees. Fair performance appraisal reinforced employees' motivation leading to increase in administrative innovation. Managers should encourage employees to acquire, share, and apply their knowledge in order to achieve the performance appraisal goals which are able to lead to better administrative innovation.

This study encounters several limitations. First, our data was cross-sectional which constrains our ability to make causal inferences. In particular, certain HRM practices such as career management, reward system, recruitment may not have immediate effect. Hence, a more appropriate method would be to conduct a longitudinal study. Second, this study is limited to manufacturing companies located in certain regions of Peninsular Coimbatore. The findings obtained may not be generalized to other samples across other regions. Future research could be duplicated with larger sample from different regions within the same industry, which would improve the generality of the findings. Third, this study was confined to manufacturing industries. Future research in this area may be expanded to other service sectors such as telecommunication, health and education, in order to generalize the results reported here.



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