

## Human Resource Practices for Achieving Organizational Performance with reference to Demographic Analysis

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### Abstract

*The purpose of this study would be how demographic variables affect human resource practices and organizational effectiveness. Pharmacies Nepal, This research also looks at how applicable gender-based perceptions are to HRM practices. Nepalese pharmaceutical firms Primary and secondary sources were used to perform this research. Human resource procedures are critical to the organization's continued competitiveness in the marketplace. To achieve the desired performance of the organization, these human resource practices must be managed successfully. Human resources must be managed and adapted on a regular basis. Organizational performance is becoming increasingly crucial, particularly in a competitive and dynamic market. Different indicators are used to assess organizational performance. It ensures the organization's ability to remain competitive in a global marketplace. In most cases, human resources are used to execute performance indicators.*

**Keywords:** Demographic variables, HRM, organizational performance, effective management, HR performance

## **Introduction**

Nepal is the third smallest country of South Asia with the area of 147181 square kilometer lying between two emerging giant countries; China and India. It has a population of 26.62 million with 101 ethnical groups and 92 languages. Nepali is the official language. 80 percent of the population is Hindus, 10 percent are Buddhists and rests are Muslims, Sikhs etc. Eight out of ten highest peaks of the world lies in Nepal. Mt. Everest- the top of the world- is both the identity and glory of this Himalayan country. Lord Gautam Buddha, also known as light of Asia was born in Lumbini of Nepal some 2500 6 years ago. There are 10 world heritage sites in Nepal including both cultural and natural sites.

Nepal is one of the least developed countries with per capita income of \$750. It is among the poorest counties in the world and currently ranks 157th out of 187 countries on the Human Development Index. More than 25 percent of the population is living below poverty line. However, the proportion of poor people halved in only seven years. The literacy rate also increased from 36 percent in 1995/96 to 57 percent in 2010/11. 7 Although the economic growth rate of the country is not satisfactory, it increased to 4.56 percent in the fiscal year of 2010/11 from the average growth rate of 3.51 percent over the past decade. The growth of industrial sector is not satisfactory.

Nepalese labor sector had been unable to take the full advantage of new jobs generated by development activities. One of the reasons is the lack of sufficient opportunity to learn the requisite skills (Panta's study, as cited in Adhikari D.R. and Gautam D.K., 2011). Nepalese employees are looking for training with specific reference to new technology and opportunity for further education (Adhikari and Gautam, 2011). However, many Nepali organizations do not have any defined training and development policies. Further, training is the first victim of budget cuts. It is regarded as costs rather than investment (Agrawal, 2009). In average, 0.5% of total budget is used as training budget. Supervisors and line managers play the most influential role in defining training needs, designing training activities and even selecting the potential trainees. Training need assessment surveys and post-improvement studies is hardly conducted (Gautam, 2011). In one of the studies on manufacturing companies of Nepal revealed that the identification of training needs are accessed by informal inquires with employees. Moreover, the companies start looking for employees to participate in training programs once it gets the request for participation by various training providing institutions (Baniya, 2004). Nepali organizations prefer to hire mid-career and experienced human resources to reduce time and cost on training (Gautam, 2011). The mix of both on the job and off the jobs training methods is used in Nepal but very few organizations have practice of management development programs. Coaching, understudy, lectures and seminars are used for such programs (Agrawal, 2009). The primary responsibility of training and development

is of line managers in 35% of the Nepali companies while in 25%, it is done by line managers in consultation with HR. (Cranet, 2005).

Organizations are seeking to create much competition between them, taking more market, more customers, more sales, etc. Rapid changes stemming from globalization, advancement of information systems and other factors have caused higher competition. Many organizations are driven by the market to set their goals in their performance. Some of the goals are: cost reduction, achieving sales levels, increasing the number of customers, increasing the market percentage, improving productivity and quality, innovative products. The realization of these goals will be achieved through the human resources management in organizations. Workforce, as the key to success, will enable the achievement of organizational performance.

Human resources are regarded as one of the most important sources of today's firms. Human resources management is more important than other competitive sources because these people use other assets in organization, create competitiveness and realize objectives. Thus firstly, organizations must understand the expectations of their workforce in order to achieve the desired performance. The realization of the expectations of employees will enable the desired behavior of employees in the organization. Some of the desired outcomes of the organization in managing their workforce are: competence, cooperation of employees with managers, cooperation of employees between them, showing the capabilities of employees; motivation, commitment and satisfaction; attitude and presence; employee behaviors.

The overall goal of performance management is to create a culture as high performance in which individuals and teams to take responsibility for the continuous improvement of business processes and their skills and contribute in achieving the targets set by managers. In particular, management performance can be expressed as the approximation of individual objectives of employees with organizational objectives provided that employees support the culture of the organization. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be)(Armstrong, 2006).

The goal of human resource management is to improve company performance by managing people. To achieve the required goals and objectives, organizations must manage their human resources effectively and efficiently. The accomplishment of goals and objectives leads to improved performance. So, the questions that need to be addressed are: How should businesses manage their most important resource – human resources? Is the impact of such

demographic factors on human resource methods for achieving organizational performance applicable in pharmaceutical firms, Nepal? How should strategic human resource management be altered to achieve performance? How should pharmaceutical businesses in Nepal react to the effect of such gender-based perceptions on human resource management practices?

### **Objectives**

- To observe closely how applicable is in the effect of such demographic characteristics on human resource practices for the achievement of the organizational performance, in pharmaceutical companies of Nepal.
- To observe closely how applicable is in the effect of such gender wise perception on Human Resource Management Practices in pharmaceutical companies of Nepal.
- To observe the Demographic Characteristics and Organizational performance in pharmaceutical companies of Nepal.

### **Literature Review**

Organizational objectives can be achieved in a variety of ways depending on the company. HRM's impact on organizational performance is emphasized in this research. In general, and according to previous studies in this field, it is vital to fulfill corporate goals, and human resource management should be strategic. In the context of achieving the desired performance, human resource management strategies should also be integrated with the overall organizational strategy. There has been a lot of research on the impact of strategic human resource management on organizational performance. The address will be divided into two parts: strategic human resource management and organizational performance.

HRM concept.

HRM is a process for creating HR policies that are integrated vertically with the business plan and horizontally with one another. These strategies describe goals and plans for the broader company, such as organizational effectiveness, as well as more particular parts of human resources, such as resourcing, learning and development, reward, and employee relations. HRM focuses on acts that set the company apart from the competition. Purcell (Purcell, 1999). Hendry and Pettigrew (1986) suggest that it has seven meanings: the use of planning; a coherent approach to the design and management of personnel; systems based on an employment policy and workforce strategy; often underpinned by a "philosophy"; matching HRM activities and policies to some explicit business strategy; seeing the organization's people as a strategic resource; achieving competitive advantage (Armstrong, 2006).

To ensure that the organization can compete effectively in the future, HRM has a clear focus on executing strategic change and increasing the business's talent base (Holbeche, 2004). SHRM assists in the development of human capital that matches the needs of business competitive strategy, allowing organizations to realize their goals and missions (Guest, 1987). Human resource management plan is an important component of overall business strategy. This strategy is primarily concerned with achieving organizational goals. As a result, policy is a collection of key decisions, some of which are explicitly planned. Much, if not all, a corporate goal will inevitably emerge via a series of actions over time (Boxall and Purcell, 2003).

### **Organizational performance**

According to Campbell's (1999) theory, performance is defined as behavior or action that can be scaled, i.e. assessed, and is relevant to the achievement of an organization's goals. Furthermore, job performance is defined as the work that one is paid to accomplish, or should be compensated to complete. According to the theory, measurement options, whether they are ratings from a supervisor, peer, or self, a simulated work sample, or hard criteria (e.g. tallying revenue generated, costs saved, customer complaints, or some variant of a computerized performance assessment), should be free of contamination from sources of variation that are not under the individual's control (e.g. differences in technology impacting a person's performance). Constraints or situational enhancers, if not considered in an evaluation, can contaminate the mean, variance, or both in terms of an individual's performance. The key to developing successful criteria is observation and interpretation.

The literature reveals that studies into the HRM performance have not determined a specific and precise meaning for the organizational performance construct. Some studies have used subjective measures to evaluate firms' performance, such as employee satisfaction, customer satisfaction, executives' perceptions about the company's performance, absenteeism, employee commitment, and other behavior aspects. Other studies reference various objective measures for evaluating firms' performance, such as financial and market indicators. As a result, there is no common theory concerning organizational performance, and researchers utilize different indicators or variables to measure this construct. For this reason, there is also a call for a precise theory of organizational performance (Janssens and Steyaert, 2009) and HRM researchers and professionals might give crucial and special consideration to filling such a gap (Guest, 2011).

Another way, the concept of performance has been expressed by Brumbrach (1988) as follows: performance means both behaviors and results. Behaviors emanate from the performer and transform performance from abstraction to action. Not just the instruments

for results, behaviors are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results. This definition of performance leads to the conclusion that when managing performance both inputs (behavior) and outputs (results) need to be considered. It is not a question of simply considering the achievement of targets, as used to happen in management by objectives' schemes. Competency factors need to be included in the process (Armstrong, 2006).

In short, a theory of performance is necessary to determine: relevant dimensions of performance, performance standards or expectations related to performance levels, restrictions on how the situation should be measured when assessing performance, the number of performance levels or gradient and the extent to which performance should be based upon absolute vs. relative comparison standards (Boxall, Purcell and Wright, 2007).

## **Methodology**

This study is based on the opinions collected from the employees working in the manufacturing sector (mainly pharmaceutical companies) of Nepal. The major objective of the study is to examine HRM practices and their impact on the organizational performance of the manufacturing sector of Nepal. So, a descriptive research design is used as explained in Krishnaswamy, Sivakumar, and Mathirajan (2010).

This study covers 37 GMP of Domestic Pharmaceutical Industries (pharmaceutical companies). The research has examined the comparative results of the employees' opinions of Allopathic pharmaceutical companies and herbal pharmaceutical companies. Hence, the present research also attempts to carry some characteristics of the comparative research design as explained in May (2001) and Heinn et al. (2006).

The instruments used in this study are basically based on the study of Robbins and Coulter (2005), Armstrong (2008), Guest (2002), Singh (2004), Masood (2010), Qureshi and Ramay (2006) for HRM practices, McKeen, Zack, and Singh (2006) for knowledge management, and Senge (1990), Watkins and Marsick (1992) and Harrim (2010) for organizational learning. These are the prominent researchers in the samples of the western countries. This study follows tentatively the same instruments for the measurement of HRM practices and organizational performance in the Nepalese environmental context. It is expected that there was a similarity in the findings on the positive effect of HRM practices on organizational performance as discovered by Western scholars.



The research is conducted by using the structured questionnaire survey to collect necessary information and data. The study applied the statistical tools to analyze the relationship between different variables, the relationship between best human resource (HRM) practices, and organizational performance. The proposed framework and findings intend to add to the understanding of the specific processes that mediate between best HRM practices and organizational performance in Nepalese organizations.

The study had followed quantitative methods; Quantitative research involves the use of methodological techniques that represent the human experience in alpha-numerical categories and qualitative research provides detailed description and analysis of the quality, or the substance, of the human experience.

The sampling process is related to the selection of the right individuals, objects or events for the research study (Sekaran, 2000). Similarly, "A sample design is a definite plan for obtaining a sample from a given population. Population or Universe means all the items of the inquiry or investigation made are completely enumerated in the inquiry" (Upagade & Shende, 2012, p. 36). This process consists of different steps that were taken by a researcher before actually starting the collection of data about the research problem. Primary data were used for this study. The primary data was related to the opinions of HRM practices, and organizational performance in Nepalese pharmaceutical companies. The primary data was collected in four stages:

In the first stage, manufacturing sectors were selected.

In the second stage, 120 pharmaceutical companies were selected.

In the third stage, 37 GMP of Domestic Pharmaceutical companies were selected for research purposes.

In the final stage, number of employees was selected by using the simple random sampling technique.

A simple random sampling technique was adopted to select the respondents.

## **Finding and Discussion**

### **Demographic Characteristics and Human resource practices**

The opinion can be different based on several demographic characteristics such as pattern of organization, nature of job, gender, marital status, education, age, job level (designation) and work experience. The effect of such demographic characteristics on human resource practices has been tested through ANOVA.

Following Table 1 shows the relationship among pattern of organization, nature of job, gender, marital status, education, age, job level (designation) and work experience with human resource practices.

**Table 1: ANOVA Test of Perception on Human resource practices Expressed by Demographic Characteristics**

Demographic Variables	Groups	Sum of Squares	df	Mean Square	F	Sig.
Nature of job	Between Groups	22.364	99	0.226	1.269	0.055
	Within Groups	84.568	475	0.178		
	Total	106.932	574			
Sex	Between Groups	18.937	99	0.191	0.829	0.873
	Within Groups	109.609	475	0.231		
	Total	128.546	574			
Marital status	Between Groups	20.89	99	0.211	0.99	0.512
	Within Groups	101.239	475	0.213		
	Total	122.129	574			
Education	Between Groups	104.747	99	1.058	1.131	0.203
	Within Groups	444.446	475	0.936		
	Total	549.193	574			
Age	Between Groups	6495.788	99	65.614	1.316	0.033
	Within Groups	23691.43	475	49.877		
	Total	30187.22	574			
Job level	Between Groups	61.558	99	0.622	1.458	0.005
	Within Groups	202.557	475	0.426		
	Total	264.115	574			



work experience in year	Between Groups	1795.91	99	18.141	1.211	0.1
	Within Groups	7115.667	475	14.98		
	Total	8911.577	574			

Significant at \* $p < 0.05$ , \*\* $p < 0.01$

The above table shows that the variance of the view of the employees based on their demographic characteristics. Results show that the p-values of perceived human resource practices based on all the demographic characteristics are more than 0.00 (except on age and job level). It means that there is no significant difference in the perception of employees based on these characteristics except age and job level.

### Gender wise Perception on Human Resource Management Practices

The differences in level of organizational justice between male and female sample are also one of the issues for investigation. In total number of participants, there are 381 male and 195 female respondents. Based on above results, Table 2 shows the gender-wise perceptions on three-components of organizational justice in Nepalese organizations.

**Table 2: Gender wise Perception on Human Resource Management Practices**

Components	Male (N=381)		Female (N=195)	
	Mean	S.D.	Mean	S.D.
Human Resource Planning	3.98	1.09	3.91	1.06
Selection	4.50	1.25	4.42	1.27
Training	3.89	1.09	3.70	1.13
Performance Appraisal	3.32	0.85	3.29	0.85
Career Planning	3.32	0.87	3.27	0.82
Compensation	3.26	0.84	3.24	0.80
Employee Participation	3.36	0.79	3.26	0.80

According to the respondents' opinion shown in the above table, the perceptions of both male and female respondents are seemed more or less same agreement towards HR planning, selection, performance appraisal, career planning and compensation. However, perception of male employees is higher towards training and employee participation.

**Analyses of Variances of Human Resource Management Practices: Male and Female**

Analyses of variance are to be conducted to find out the statistical differences of HRM practices observed in these two samples. Table 3 presents the results of one-way analysis of variance of HRM practices between male and female samples.

**Table 3 : Analyses of Variances of Human Resource Management Practices Male and Female**

Components	Groups	Sum of Squares	Df	Mean Square	F	Sig.
Human Resource Planning	Between Groups	39.658	1	39.658	1.131	0.288
	Within Groups	20134.314	574	35.077		
	Total	20173.972	575			
Selection	Between Groups	7.895	1	7.895	0.836	0.361
	Within Groups	5421.937	574	9.446		
	Total	5429.832	575			
Training	Between Groups	116.164	1	116.164	6.574	0.011
	Within Groups	10143.274	574	17.671		
	Total	10259.438	575			
Performance Appraisal	Between Groups	15.066	1	15.066	0.727	0.394
	Within Groups	11899.822	574	20.731		
	Total	11914.889	575			
Career Planning	Between Groups	2.079	1	2.079	0.122	0.727
	Within Groups	9762.921	574	17.009		
	Total	9765	575			
Compensation	Between Groups	2.519	1	2.519	0.26	0.611
	Within Groups	5569.104	574	9.702		
	Total	5571.623	575			
Employee Participation	Between Groups	50.804	1	50.804	4.604	0.032
	Within Groups	6322.981	573	11.035		
	Total	6373.784	574			

Significant at \*p<0.05, \*\*p<0.01

Above table shows there is no significant difference between male and female in terms of HR planning, selection, performance appraisal, career planning and compensation. However, it is

clearly apparent that training and employee participation differ significantly at the  $p < 0.05$  level of significance. Thus, it can be concluded that subjects hold different level of training and employee participation as perceived by male and female.

### Demographic Characteristics and Organizational performance

The opinion can be different based on several demographic characteristics such as pattern of organization, nature of job, gender, marital status, education, age, job level (designation) and work experience. The effect of such demographic characteristics on organizational performance has been tested through ANOVA.

Following table shows the relationship among pattern of organization, nature of job, gender, marital status, education, age, job level (designation) and work experience with organizational performance.

**Table 4: ANOVA Test of Perception on Organizational Performance Expressed by Demographic Characteristics**

Demographic Variables	Groups	Sum of Squares	Df	Mean Square	F	Sig.
Nature of job	Between Groups	9.525	48	0.198	1.073	0.348
	Within Groups	97.468	527	0.185		
	Total	106.993	575			
Sex	Between Groups	15.933	48	0.332	1.547	0.013
	Within Groups	113.052	527	0.215		
	Total	128.984	575			
Marital status	Between Groups	13.279	48	0.277	1.333	0.072
	Within Groups	109.331	527	0.207		
	Total	122.609	575			
Education	Between Groups	82.437	48	1.717	1.939	0
	Within Groups	466.77	527	0.886		
	Total	549.207	575			

Age	Between Groups	3273.559	48	68.199	1.333	0.072
	Within Groups	26960.77	527	51.159		
	Total	30234.33	575			
Job level	Between Groups	38.557	48	0.803	1.87	0.001
	Within Groups	226.381	527	0.43		
	Total	264.938	575			
work experience in year	Between Groups	888.019	48	18.5	1.214	0.16
	Within Groups	8027.84	527	15.233		
	Total	8915.859	575			

Significant at \* $p < 0.05$ , \*\* $p < 0.01$

The above table shows that the variance of the view of the employees based on their demographic characteristics. Results show that the p-value of perceived organizational performance based on all the demographic characteristics (except education, sex and job level) is more than 0.05. It means that there is no significant difference in the perception of employees based on these characteristics (except education and job level).

## Conclusion

Good HR practices make a difference in the working efficiency of the organization. They enhance internal capabilities of an organization to deal with current or future challenges to be faced by an organization. Good Human Resource practices also promote the wellbeing of the employees of the organization. The commitment and motivation built through good Human Resource practices can lead to hard work and can have a very good influence on the organization. This system, comprising of good HR practices can create a sustainable and lasting capability of the organization to manage itself internally and face external challenges. The HRM practices consist of different variables liker planning, selection, training, performance appraisal, career planning, compensation, and employee participation. Considering the importance of HRM practices for the better performance of the organization, this study had focused on HRM practices and organizational performance from the perspectives of employees of Nepalese pharmaceutical companies. The two most important aspects of human resource management are human resource practices and job performance. Both theory and practice in human resource management have continually worked to

understand how these two aspects interact or relate. Given the significance of these variables, it is crucial to look into how demographic factors affect the relationship between human resource practices and performance. Based on the study's findings, management professionals and researchers must take employees' demographic factors into account when making decisions regarding their working conditions in order to ensure that their performance in organizations is at its best.

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