



Impact of human resource development (HRD) practices on employee's performance in textile industry

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Abstract

Indian Textile Industry is one of the oldest industries in Indian economy which provides employment to about 45 million people directly and 20 million people indirectly. The Indian textiles industry currently estimated at around US\$ 120 billion and is expected to reach US\$ 230 billion by 2020. It contributes approximately 2 per cent to India's GDP and 14 per cent to overall Index of Industrial Production (IIP). This paper investigates the impact of human resource development policies and practices on the performance of employees in textile industry in India. Arvind Limited, Bombay Dyeing, Grasim Industries Limited, and Raymond Ltd. are the textile companies selected by the researcher. Data was collected through questionnaires from 149 employees and analyzed with the application of linear regression. The results highlighted that all the tested variables have significant impact on employee's performance.

Keywords: textile industry, HRD polices, employee, performance regression

1. Introduction

Human resource management is the planning, organizing, directing, and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources so that that individual, organizational and societal objectives are accomplished. It is that branch of management which is responsible for concentrating on those aspects of relationship of management to employees with the development of the individual and the group. Human resource management involves all management decisions and practices that directly affect or influence the people or human resources, who work for the organization. HRM practices include a number of programmes that ensure concrete transformation into real practices. Those practices, such as the establishment of safe working environment, effective recruitment and selection policies, equal employment opportunity, awareness and training, as well as making available additional training and development opportunities that are vital for the development of employees in general as well as for the organization in particular. The important policies and practices are as follows:

1.1 Recruitment & Selection

Recruitment is the process of searching for prospective employees and stimulating and encouraging them to apply for jobs in an organization. A successful recruitment process results in a good number of qualified applicants for the vacancy, and the next task is to select the most suitable applicants from this pool. However, selection is a process of choosing individuals who have relevant qualifications to fill an existing or projected job opening. Selection is concerned with identifying the best candidate or candidates for jobs from a pool of qualified applicants developed during the recruiting process.

1.2 Training & Development

Training is an organized procedure by which people learn knowledge and skill for a definite purpose. It is a never ending or continuous process. Though training is closely related with education and development, it needs to be differentiated from these terms. Employee training is distinct from management development. Training is a short-term process utilizing a systematic and organized procedure by which non-managerial personnel learn technical knowledge and skills for a definite purpose. It refers to instructions in technical and mechanical operations like operation of a machine. It is designed primarily for non-managers. It is for a short duration and for a specific job-related purpose. Training involves helping an individual learn how to perform his present job satisfactorily. Development involves preparing the individual for a future job and growth of the individual in all respects. It is designed primarily for managers.

1.3 Performance Appraisal

Performance appraisal is the process of examining the performance and progress of an employee on a given job. Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job. In a prevailing competitive world, many organizations struggle to survive and develop. As the technology also grows in an unprecedented manner, these organizations have started paying more attention to employees' productivity and performance.

1.4 Rewards & Recognition

Rewards and recognition are a set of benefits provided to individuals in return for their willingness to perform various jobs and tasks. The purpose of giving rewards is to provide competent employees with a cost-effective pay structure that

will attract, motivate and retain them. A reward may be direct reward; or indirect reward. Direct rewards consist of wages and salaries meaning thereby, the compensation people receive on a regular basis or through bonuses and profit-sharing. However, indirect rewards refer to fringe benefits that form an important part of overall reward packages in most organisations, including pension plans, accident insurance and paid vacations and sick leave. Therefore, an organization needs to develop and manage a reward system that will serve as a vehicle for high performance, work satisfaction and commitment. Performance enhancement creates more opportunities for the employees to commit to the ideals of the organization. Employees need to understand the rationale through which rewards and compensation are distributed in order to achieve their task and goals more effectively.

2. Indian Textile Industry

Indian Textile Industry is one of the oldest industries in Indian economy. It is one of the largest contributors to India's exports with approximately 13 per cent of total exports. It has two broad segments. Firstly, the unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organized sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. It employs about 45 million people directly and 20 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion. The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by the end of 2020. It contributes approximately two per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP). Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC). As far as Government initiatives are concerned, the government has come up with a number of export promotion policies for the textiles sector by allowing 100 per cent FDI in Indian textiles sector. The Ministry of Textiles has signed memorandum of understanding (MoU) with 20 e-commerce companies to provide a platform to artisans and weavers in different handloom and handicraft clusters across the country for selling their products directly to the consumer. Besides, the Government of India has announced a slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US\$ 32.8 billion and investment of Rs 80,630 crore (US\$ 12.09 billion) in the next three years.

3. Profile of Selected Textile Companies

3.1 Arvind Limited

Arvind Limited (formerly Arvind Mills) is a textile manufacturer and the flagship company of the Lalbhai Group. Its headquarter is located in Ahmedabad, Gujarat. It manufactures cotton shirting, denim, knits and bottom weight (khaki) fabrics. It has recently ventured into technical textiles when it started Advanced Materials Division in 2011. It is

India's largest denim manufacturer apart from being the world's fourth-largest producer and exporter of denim. Sanjaybhai Lalbhai is the Chairman and Managing Director of Arvind and Lalbhai Group

3.2 Bombay Dyeing

The Bombay Dyeing & Mfg. Co. Ltd. popularly known as Bombay Dyeing was established in the year 1879 is the flagship company of the Wadia Group, which is engaged primarily in the business of Textiles. Bombay Dyeing is one of India's largest producers of textiles. The present chairman is Nusli Wadia. The company was ranked 68 in the Business India Super 100 list in 1997 and was ranked 300 in the ET 500 list in 2010.

3.3 Grasim Industries Limited

Grasim Industries Limited is an Indian building materials manufacturing company based in Mumbai, Maharashtra. It was started in 1948 as a textile manufacturer. The company is a subsidiary of Aditya Birla Group, which operates over 40 companies in 12 countries. Grasim is the world's largest producer of viscose rayon fiber with about 24% market share. Textile and related products contributes to 15% of the group turnover.

3.4 Raymond Ltd

Raymond Ltd is the largest integrated manufacturer of worsted fabric in the world based in Mumbai, Maharashtra. It has over 60% market share in worsted suiting in India. It is the India's biggest woolen fabrics maker. Textile division of the company has a distribution network of more than 4,000 multi-brand outlets and over 637 exclusive retail shops in the domestic market itself. Its products exports to over 55 countries including US, Canada, Europe, Japan and the Middle East. It was listed as India's most trusted apparel brand by The Brand Trust Report in 2015.

4. Literature Review

Reddy (2013) in the study titled, "*A Study on Impact of HR Strategies on Employee Performance in Abu Dhabi Distribution Company (ADDC)*" highlighted the employee's perceptions on HR strategies implemented by ADDC. The results highlighted that most employees are not been rewarded for their performance and most employees are unaware of the performance appraisal system. Therefore, it is essential to revise and focus on promotion and reward policies. Besides, it is recommended that ADDC can further boost their employee performance through revising the current salaries, giving rewards for better performance, promoting employees who perform their job well. Al-Kahtani and Khan (2013) ^[1] in the research entitled, "*Human Resource Development Practices in Telecom Sector in Saudi Arabia: An Empirical Presentation*" make a comparative study of Human Resource Development (HRD) Practices in public and private sector Saudi Arabian telecom companies with the help of a survey questionnaire distributed at managerial and non-managerial level in selected districts of Saudi Arabia. Quality of work-life, welfare measures, organizational development, training and development, performance appraisal, rewards, and participative management were the variables used in the study.

Independent sample t-test was used as the statistical tool for analysis. The findings highlighted that there is a significant difference in Human Resource Development (HRD) Practices companies under study. Khan (2015) [7] investigated the impact of human resource policies on the performance of 100 employees working in State Bank of India in selected districts of UP namely Aligarh, Agra, Mathura, and Hathras by collecting data through questionnaires. The findings after application of multiple regression highlighted that there is significant impact of HR Policies on the performance of employees.

5. Objective of the study

The prime objective of the study is to examine the impact of HRD policies and practices on the performance of employees in Indian textile industry.

6. Hypotheses of the study

Ho₁: There is no significant impact of HRD policies and practices on employee’s performance.

Ha₁: There is a significant impact of HRD policies and practices on employee’s performance.

7. Research Methodology

Convenient sampling was applied to collect data with the help of a well designed questionnaire. The sample size is 149 employees chosen from selected textile companies under study. The study used four HRD policies and practices namely recruitment and selection policy, training and development policy, rewards and recognition policy, and performance appraisal policy. All these variables were rated on five-point Likert scales in a structured format with the verbal statements ‘strongly disagree’ and ‘strongly agree’ anchor to the numerals 1 and 5 with response options ranging from strongly agree to strongly disagree. The questionnaire was pre-tested several times. The data collection period was three months since October, 2016 to December, 2016. Moreover, Simple

linear regression was used to analyze the results through Statistical Package for the Social Science (SPSS)_20 version.

8. Hypothesis Testing

Ho₁: There is no significant impact of HR policies and practices on employee’s performance.

Ha₁: There is a significant impact of HR policies and practices on employee’s performance.

The impact of HR policies and practices on employee’s performance has been measured by applying multiple linear regression. The independent variable is HR policies and practices and the dependent variable is employee’s performance. The null hypothesis is that there is no significant impact of HR policies and practices on the employee’s performance and the alternative hypothesis states that there is a significant impact of HR policies and practices on the employee’s performance.

Table 1: Regression Analysis

Model-1	
Pearson Correlation	0.799
R Square	0.638
Adjusted R Square	0.557
Standard Error	1.0978
Durbin Watson	1.9654

Source: Output of SPSS_18

Table 1 shows the values of correlation, R square, and standard error. R square shows the amount of variation in one variable (employee’s performance) that is accounted by another variable (HR policies and practices). The value of adjusted R square is 0.557 which means 55.7 percent variation in employee’s performance is explained by the HR policies and practices and the rest of the variation (1-R²) is an unexplained variation in employee’s performance due to variables that has not been considered in this model.

Table 2: ANOVA-Model Fitness

Model-1	Sum of Squares	df	Mean Square	F	Sig.
Regression	239.779	1	239.779	92.045	0.001 ^a
Residual	385.565	148	2.605		
Total	625.344	149			

Predictors: (Constant), HR Policies and Practices

Dependent Variable: Employee’s Performance

Source: Output of SPSS_18

The above ANOVA table assesses the overall significance of the model. The overall model is significant because the

significant value is 0.001 which is less than 0.05 at 95 percent confidence interval. Hence, the model construct is validated.

Table 3: Regression Coefficients

Model-1	Unstandardized Coefficients	Standard Error	t value	P Value
(Constant)	2.154	2.718	15.844	0.558
Recruitment and Selection	0.404	1.668	-2.477	0.000
Training and development	0.391	2.167	11.456	0.001
Rewards and Recognition	0.687	1.574	25.697	0.000
Performance Appraisal	0.446	1.078	-6.608	0.0067

Predictors: (Constant), HR Policies and Practices

Dependent Variable: Employee’s Performance

Source: Output of SPSS_18

Table 3 shows the results of unstandardized beta coefficients, standard error, t value, and P value. An unstandardized beta coefficient gives a measure of contribution of each variable to the model. A larger value indicates that a unit change in the predictor variable has a larger impact on the criterion variable. Firstly, the value of unstandardized beta coefficient on the variable recruitment and selection is 0.404 which is an indication of positive impact of employee's performance on organizational performance. Secondly, the value of beta coefficient on Training and development is 0.391 which shows that one unit change in Training and development bring 0.391 units change in employee's Performance. Thirdly, the value of unstandardized beta coefficients on the variable rewards and recognition is 0.687. Fourthly, the value of beta on the variable performance appraisal is 0.446. Rewards and Recognition has the highest beta value followed by reward system. Nevertheless, the significant value in each case is less than 0.05 at 95 percent confidence interval. Therefore, the null hypothesis is rejected and it can be said that there is a significant impact of HR policies and practices on employee's performance in selected textile companies.

9. Conclusion

Human resource development practices are those practices that directly affect or influence the people or human resources, who work for the organization such as the establishment of safe working environment, effective recruitment and selection policies, equal employment opportunity, proper training and development, performance appraisal, rewards and recognition etc that are vital for the development of employees in general as well as for the organization in particular. The present research has been conducted to examine the impact of HRD policies and practices on the performance of employees in Indian textile industry. The study used four HR policies namely recruitment and selection policy, training and development policy, rewards and recognition policy, and performance appraisal policy as independent variables whereas employee's performance is taken as dependent variable. Primary data was collected with the help of a well designed questionnaire. The sample size is 149 employees working in four selected textile companies. Multiple linear regression was used to analyze the results through Statistical Package for the Social Science (SPSS) 20 version. The findings highlighted that there is a significant impact of HR policies and practices on the performance of employees in selected textile companies.

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