

THE IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON TURNOVER AND PRODUCTIVITY

Jaya Bhalla*, P.K. Giri**

Abstract *This research study reviewed the impact of Human Resource Management practices on employee turnover and productivity. Competitive business environment has put immense pressure on the Human Resource Management to defend its existence. As such the Human Resource Management practices must demonstrate that it can add value and deliver results to the companies and its shareholders. It means, the Human Resource Management practices should and retain excellent employees who, in turn, will enable a firm to provide high quality products and services. However, the contribution of human resource management to the firm's performance is being debated and number of scholars has stressed the need to view human resource management practices from strategic perspective.*

Keywords: *Human Resource Practices, Turnover, Productivity*

INTRODUCTION

The foundation of any organisation is the talented and hardworking people, who are the principal assets of any firm. It is an established fact that the growth of an organisation requires the continual infusion of quality staff. Thus, adequate staffing or the provision for appropriate human resources is an essential requirement for any organization's success. It is, therefore, believed that an organization can achieve its objectives only when it has the right persons in the right positions.

Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. HRM can also be performed by line managers.

HRM is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

HRM is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives.

LITERATURE REVIEW

Employee Turnover

Sheridan (1992) found that perceptions of organisational culture influence turnover. The work of Arthur (1992)

suggests that high- involvement human resource practices will enhance employee retention. The firms are more likely to use high performance human resource practices when employees are deemed critical. The use of high performance human resource practices and concomitant investment in employees is likely to magnify this effect. This is because employees become more pivotal or organizationally central.

Noah and Yong-Pin (2002) agree that properly selecting employees is in fact a huge aspect of employee turnover. During the selection phase of the hiring process of personnel, a mismatch can occur between company or position and employee. The job seeking person generally looks for more than one opportunity since they have left or are willing to leave their present work. Careful consideration should be made when the job is finally offered to assure the prospect employee suits the position within the company and vice-versa.

Rose Mary Batt, Alexander J.S. Colvin and Jeffery Keefe (2002) draw on strategic human resource and industrial relations theories to identify the sets of employee voice mechanism and human resource practices that are likely to predict firm-level quit rates, then empirically evaluate the predictive power of these variables using data from a 1998 establishment level survey in the telecommunication industry. With respect to alternative voice mechanism they find that union's representations predict lower quit rates, even after they control for compensation and a wide range of other Human Resource practices

Green *et al.* (2000). In a British study examining the impact of training on mobility concluded that, in aggregate, training has on average no impact on mobility. However, training that is wholly sponsored by the individual (or their families)

* Assistant Professor, National Institute of Financial Management, Faridabad, Haryana, India. Email: jaya@nifm.ac.in

** Participant, National Institute of Financial Management, Faridabad, Haryana, India. Email: pkgiri2000@yahoo.co.in

is on balance likely to be a prelude to job search. In contrast, when employers pay for training the downward effect on mobility is more likely.

Martin (2003) detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. The literature on the link between lower turnover and training has found that off-the-job training is associated with higher turnover presumably because this type of training imparts more general skills (Martin, 2003).

Glebbeck & Bax (2004) opined that more and more companies are relying on Human Resources programmes designed to reduce turnover which in turn can result in a remarkable positive change to the bottom line.

Employee Productivity

The studies by Weitzmen & Kruse (1990) and Gerhart & Milkovich (1992) found that the links between incentive compensation systems and productivity have consistently been well. The studies demonstrated that training; goal setting and socio-technical systems design had positive effects on productivity. Terpstra and Rozell (1993) identified five staffing practices and found that the use of these practices had a moderate positive relationship with productivity and organizational outcome.

Bartel (1994) in his study established a link between the adoption of training programmes and productivity. Ichinowski, Shaw and Prensushi (1994) have shown that a combination of human resource practices have bigger effects on productivity.

Arthur (1994) in his research study identified two types of human resource systems viz., 'control' and 'commitment' systems and tested the strategic human resource proposition that specific combination of policies and practices were useful in predicting differences in performance and turnover across "Steel Minimills". He demonstrated that the mills with commitment systems had higher productivity and lower scrape rate, than those with control system. In addition, he found that human resources system moderated the relationship between turnover and manufacturing performance.

MacDuffie (1995) derived specific configurations or bundles of human resource practices to enhance productivity. A comprehensive study of Huselid (1995) found that each standard deviation increase in high performance work practices equaled a 16% increase in productivity (measured by log of Sales per employee).

Cooke (2000) has included efficiency and effectiveness as ingredients of performance apart from competitiveness and productivity. He or she further argued that training is the tool to develop knowledge and skills as means of increasing individual's performance (efficiency and effectiveness).

Guest (2002) has argued that the impact of HRM on performance depends upon worker's response to HRM practices, so the impact will move in direction of the perception of HRM practices by the employee.

Wright *et al.* (2003) have argued that an employee will exert discretionary effort if proper performance management system is in place and is supported by compensation system linked with the performance management system.

Singh (2004), whose observations are more relevant in our cultural context, argues that compensation is a behaviour aligning mechanism of employees with business strategy of the firm.

Qureshi M Tahir (2006) argues that job definition is combination of job description and job specification. It clearly outlines duties, responsibilities, working conditions and expected skills of an individual performing that job.

Sels (2006) opines that majority of previous research has verified significant relationship between HR practices and employee outcomes.

A research was conducted by Mr. Tahir Masood Qureshi (2006) regarding impact of HR practices on organizational performance in Pakistan. His findings were supportive of our assumption that HR practice system effect organizational performance through employee outcomes.

RESEARCH METHODOLOGY

This study establishes the relationship between independent and dependent variables; and causes that affect relationships among the variables. Hence, this study is analytical in character or purpose as analytical research involves in-depth study and evaluation of available information in an attempt to explain complex phenomenon.

Sample and Data Collection

Questionnaire was sent to 150 respondents from all three companies and total 97 complete questionnaires were received and same were selected for the survey. Questionnaire survey has been used to collect primary data from The Escorts Ltd., The Imperial Auto Industries Ltd and India Yamaha Pvt. Limited, Faridabad. The questionnaire was in two segments. Segment A captured information about the respondents, such as information regarding, their age, education, gender, and length of service. Segment B captured information on the impact of human resource practices. The questionnaire

comprised of ten sections and the questionnaire consists of 58 questions as shown in Table 1. Five point Likert scale has been used in the questionnaire to measure HR practices wherein 1 for strongly agree, 2 for agree, 3 for indifferent, 4 for disagree and 5 for strongly disagree have been given in order to analyze data.

Table 1: Questionnaire Distribution According to Category

	Category	No. of Questions
1.	Manpower Planning/Job Analysis/HR Planning	7
2.	Recruitment/Selection/Orientation	7
3.	Compensation/Incentives/Increment	6
4.	Performance Appraisal	7
5.	Training	6
6.	Career Planning	7
7.	Employee Participation	3
8.	Employee Discipline/Grievances	5
9.	Organisation Culture/Communication	6
10.	Employee Performance	4
11.	Employee Turnover/Productivity	3

This questionnaire has been mailed and personally handed over to the Heads of Human Resource Management Departments of the respective companies. Later on, the researcher has contacted them personally and also over phone and requested them to provide necessary information. Follow up visits have also been carried out to each of the company reminding them to give feedback. After consistent efforts either by personal visit, phone or by mailing the feedback forms have been received for final analysis.

Research Sample

The sample consisted of both males and female, upper, middle and lower level staff from the target population. According to the designations of the respondents their qualifications, professional experience, age may vary.

Sampling Technique

In order to select the sample from the target population convenience sampling technique has been used.

Conceptual Framework

An analysis and review of the relevant literature on the subject and the various factors highlighted by key industry

personnel in the preliminary interviews was made. It is evident that a single model may not throw light on the multiple HRM practices influencing the employee turnover and productivity as identified in various studies. Therefore for ease of comprehension and measurement, the following conceptual framework has been developed for the purpose of this study.

Independent Variable -H R Practices

1. Manpower Planning/JA/HRP
2. Recruitment/SO
3. Compensation/Incentive/Increment
4. Performance Appraisal
5. Training
6. Career Planning
7. Employee Participation
8. Employee Discipline/Grievances
9. Organisation culture/Communication
10. Employee performance

Dependent Variable

1. Employee Turnover
2. Employee Productivity

OBJECTIVE OF STUDY

1. To find out the Human Resource Management practices in The Escorts Ltd, Imperial Auto Industries Ltd and India Yamaha Pvt. Ltd.
2. To find out the impact of Human Resource Management practices on turnover of employee in The Escorts Ltd, Imperial Auto Industries Ltd. and India Yamaha Pvt. Ltd
3. To find out the impact of Human Resource Management practices on productivity in The Escorts Ltd, Imperial Auto Industries Ltd. and India Yamaha Pvt. Ltd
4. To suggest some improvement in Human Resource Management practices in The Escorts Ltd, Imperial Auto Industries Ltd and India Yamaha Pvt. Ltd

HYPOTHESIS

1. H_0 : There is no difference of HR practices among the companies.
 H_1 : There is a difference of HR practices among the companies.
2. H_0 : There is no significant impact of Human Resource practices on the employee turnover.

Table 2: Descriptive Statistics in Terms of Turnover

	E.T	MPP	RSO	CII	PA	Tr	CP	EP	ED/C	OC	EP
Mean	1.55	1.65	1.63	1.79	1.77	1.54	1.68	1.71	1.54	1.51	1.50
Standard Error	0.01	0.04	0.04	0.05	0.06	0.05	0.05	0.07	0.06	0.05	0.04
Median	1.50	1.57	1.57	1.67	1.71	1.50	1.57	1.67	1.40	1.33	1.50
Mode	1.50	1.57	1.57	1.50	1.00	1.50	1.43	1.00	1.40	1.33	1.50
Standard Deviation	0.14	0.37	0.37	0.53	0.62	0.46	0.52	0.72	0.55	0.48	0.39
Sample Variance	0.02	0.14	0.14	0.28	0.39	0.22	0.27	0.52	0.31	0.23	0.15
Skewness	1.97	0.83	0.39	0.41	0.96	0.69	0.87	1.57	1.91	1.12	0.79
Range	1.00	1.71	1.57	2.00	2.86	1.83	1.86	3.00	2.80	1.83	1.75
Minimum	1.33	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	2.33	2.71	2.57	3.00	3.86	2.83	2.86	4.00	3.80	2.83	2.75
Sum	149.99	160.39	158.27	174.09	172.01	149.67	162.74	166.09	148.95	146.88	145.40
Count	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00

Table 3: Descriptive Statistics in Terms of Productivity

	E.P	MPP	RSO	CII	PA	Tr	CP	EP	ED/C	OC	EP
Mean	1.57	1.65	1.63	1.79	1.77	1.54	1.68	1.71	1.54	1.51	1.50
Standard Error	0.01	0.04	0.04	0.05	0.06	0.05	0.05	0.07	0.06	0.05	0.04
Median	1.60	1.57	1.57	1.67	1.71	1.50	1.57	1.67	1.40	1.33	1.50
Mode	1.60	1.57	1.57	1.50	1.00	1.50	1.43	1.00	1.40	1.33	1.50
Standard Deviation	0.11	0.37	0.37	0.53	0.62	0.46	0.52	0.72	0.55	0.48	0.39
Sample Variance	0.01	0.14	0.14	0.28	0.39	0.22	0.27	0.52	0.31	0.23	0.15
Skewness	0.49	0.83	0.39	0.41	0.96	0.69	0.87	1.57	1.91	1.12	0.79
Range	0.68	1.71	1.57	2.00	2.86	1.83	1.86	3.00	2.80	1.83	1.75
Minimum	1.30	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	1.98	2.71	2.57	3.00	3.86	2.83	2.86	4.00	3.80	2.83	2.75
Sum	152.41	160.39	158.27	174.09	172.01	149.67	162.74	166.09	148.95	146.88	145.40
Count	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00	97.00

Table 4: Correlations in Terms of Employee Turnover

	ET	MPP	RSO	CII	PA	Tr	CP	EP	ED/C	OC	EP
ET	1										
MPP	0.48	1.00									
RSO	0.35	0.49	1.00								
CII	0.40	0.52	0.70	1.00							
PA	0.35	0.47	0.49	0.67	1.00						
Tr	0.43	0.56	0.54	0.51	0.67	1.00					
CP	0.44	0.57	0.64	0.74	0.70	0.50	1.00				
EP	0.39	0.28	0.36	0.36	0.41	0.46	0.51	1.00			
ED/C	0.34	0.63	0.54	0.66	0.59	0.75	0.54	0.51	1.00		
OC	0.48	0.49	0.51	0.65	0.64	0.57	0.86	0.69	0.65	1.00	
EP	0.52	0.57	0.43	0.49	0.60	0.70	0.67	0.53	0.58	0.74	1.00

Table 5: Correlations in Terms of Employee Productivity

	EP	MPP	RSO	CII	PA	Tr	CP	EP	ED/C	OC	EP
EP	1.00										
MPP	0.43	1.00									
RSO	0.29	0.49	1.00								
CII	0.26	0.52	0.70	1.00							
PA	0.24	0.47	0.49	0.67	1.00						
Tr	0.38	0.56	0.54	0.51	0.67	1.00					
CP	0.39	0.57	0.64	0.74	0.70	0.50	1.00				
EP	0.43	0.28	0.36	0.36	0.41	0.46	0.51	1.00			
ED/C	0.34	0.63	0.54	0.66	0.59	0.75	0.54	0.51	1.00		
OC	0.45	0.49	0.51	0.65	0.64	0.57	0.86	0.69	0.65	1.00	
EP	0.44	0.57	0.43	0.49	0.60	0.70	0.67	0.53	0.58	0.74	1.00

Table 6: Anova: Single Factor in Terms of HR Practices

SUMMARY

Groups	Count	Sum	Average	Variance
MPP	3	4.937319	1.645773	0.005525
RSO	3	4.903557	1.634519	0.010278
CII	3	5.410235	1.803412	0.082832
PA	3	5.372217	1.790739	0.189641
Tr	3	4.60617	1.53539	0.033805
CP	3	5.090876	1.696959	0.052546
EP	3	5.118969	1.706323	0.001977
ED/C	3	4.590157	1.530052	0.003808
OC	3	4.579517	1.526506	0.019209
EP	3	4.532926	1.510975	0.009143

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.328964	9	0.036552	0.894198	0.547564	2.39
Within Groups	0.817527	20	0.040876			
Total	1.146491	29				

Table 7: Anova: Single Factor in Terms of Firms Wise HR Practices

SUMMARY

Groups	Count	Sum	Average	Variance
Escorts	10	15.2996	1.52996	0.014755
Imperial Auto Ind. Ltd	10	17.9834	1.79834	0.056307
India Yamaha Motors P Ltd	10	15.859	1.5859	0.011773

ANOVA

Source of Variation	SS	df	MS	F	P- value	F crit
Between Groups	0.40097	2	0.20049	7.260908	0.003	3.35413
Within Groups	0.74552	27	0.02761			
Total	1.14649	29				

Table 8: SUMMARY OUTPUT (Results in terms of Turnover)

Regression Statistics	
Multiple R	0.526188
R Square	0.276874
Adjusted R Square	0.269262
Standard Error	0.122565
Observations	97

ANOVA

	df	SS	MS	F	Significance F
Regression	1	0.546422	0.546422	36.37406	3.10778E-08
Residual	95	1.427117	0.015022		
Total	96	1.973539			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.233	0.053	23.110	0.000	1.127	1.339	1.127	1.339
X Variable1	0.192	0.032	6.031	0.000	0.129	0.255	0.129	0.255

Figure 1: X Variable 1 Line Fit Plot

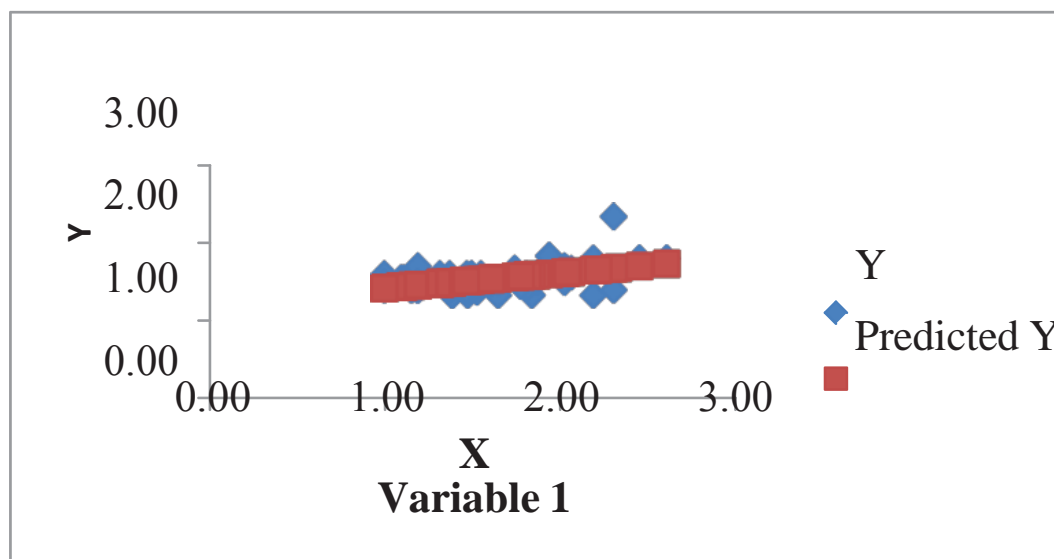


Table 9: SUMMARY OUTPUT (In terms of Productivity)

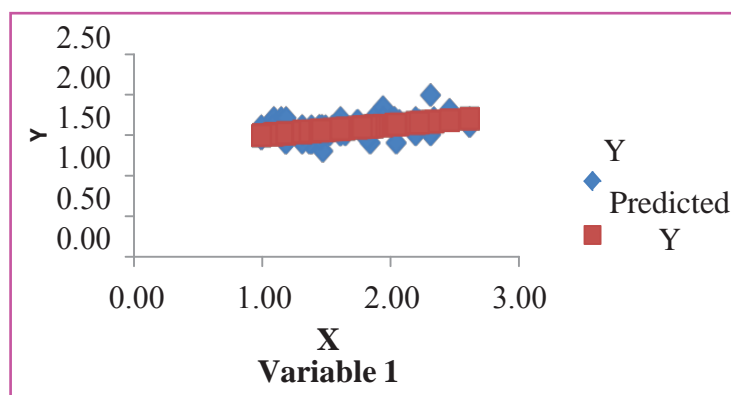
Regression Statistics	
Multiple R	0.46
R Square	0.21
Adjusted R Square	0.20
Standard Error	0.10
Observations	97.00

ANOVA

	df	SS	MS	F	Significance F
Regression	1.00	0.23	0.23	25.63	0.00
Residual	95.00	0.86	0.01		
Total	96.00	1.09			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.368	0.041	33.057	0.000	1.285	1.450	1.285	1.450
X Variable 1	0.125	0.025	5.062	0.000	0.076	0.174	0.076	0.174

Figure 2: X Variable 1 Line Fit Plot



H₁: There is a significant impact of Human Resource practices on the employee turnover.

3. H₀: There is no significant impact of Human Resource practices on the employee productivity.

H₁: There is a significant impact of Human Resource practices on the employee’s productivity.

DATA ANALYSIS AND RESULTS

Descriptive Analysis

In order to compare various human resource practices among the respondents of firms, Table 2 provides the descriptive statistical information in terms of employee turnover like

mean, standard deviations and comparative analysis of human resource practices and Table 3 provides the descriptive statistical information in terms of employee turnover like mean, standard deviations and comparative analysis of human resource practices. From Tables 2 and 3 we can conclude that there is a significant difference between the human resource practices i.e. employee participation, man power planning, job analysis, HR planning, recruitment, selection, orientation, compensation, incentives/ increment, performance appraisal, training, career planning and grievance redressal. All the firms differ from each other in providing incentives and structuring compensation, this can be because compensation expectancy theory emphasizes that there is a perceived link between pay and behaviours.

Managers believe that high employee performance followed by an incentive reward system will make future high performance more likely.

Correlation Analysis

Results of correlation analysis and values of observed correlations of independent variables with the dependent variable (Employee Turnover and Productivity) for firms are shown in Table 4 and Table 5. From the Table we observe that all independent variables are positively related with Employee turnover and Productivity. This suggests that employee turnover and productivity are highly dependent on better human resource practices. The lowest value of correlation for employee participation is indicative of rigid and low participation of employee hence it does not contribute much to the employee productivity. In contrast, employees of the firms have a perception that training and development is the strongest human resource practice in their firms. This suggests that in firms, employee turnover and productivity is highly dependent on effective training and development programs and also other practices that are enabling the employees to enhance their skill and knowledge according to the new innovations in their firms.

Regression Analysis

Tables 8 and 9 show the results for regression analysis of the relationship between human resource practices, employee productivity and employee turnover of all three firms. The data in Table 8 and 9 indicate that in the firms beta coefficients of several factors in the regression equation are statistically significant. HR practices affecting employee productivity and employee turnover have come as highly significant contributor to the employee productivity and turnover.

Hypothesis Result

As per ANOVAs test (Table 7), it has been found that F value (7.260) is greater than F-critical value (3.3541), so the null hypothesis (H0) is not accepted i.e. There is a difference of HR Practices between the company.

As per regression analysis in terms of employee turnover (Table 8), it has been found that p-value is smaller than the alpha level of significance, so we reject the null hypothesis, so null hypothesis is not accepted (H0) i.e. There is a significant impact of Human Resource practices on the employee turnover

As per regression analysis in terms of employee productivity (Table 9), it has been found that p-value is smaller than the alpha level of significance, so we reject the null hypothesis,

so null hypothesis is not accepted (H0) i.e. There is a significant impact of Human Resource practices on the employee productivity.

FINDINGS

There is strong positive correlation between compensation/increment/ incentives performance appraisal and employee participation with mean of (1.79, 1.77 & 1.71) indicating that, most of people are idealizing compensation, performance appraisal and employee participation as important factors directly correlated with Employees' Turnover and Productivity. All the variables are having positive correlation with Manpower planning/ Job Analysis/ HR Planning, and Training (0.56), Performance appraisal (0.47), Career planning (0.57), Employee Performance, organization culture / communication, employee discipline. In nutshell all tested HR practices are having positive correlation with employees' performance. These results are matching with the findings of Qureshi M. Tahir (2006) where he concluded that all these practices are positively correlated but correlation and effect of selection, training and employee participation in decision making is highest respectively. These results are also matching with the findings of Singh K (2004), wherein he concluded that training and compensation have positive effects on organisation and employee's performance. All those organizations who are interested for high growth through increasing employee participation must pay attention on training, selection, and compensation and employee participation for policy development

IMPLEMENTATION OF HRM PRACTICES

The results of the study indicate the wide use of human resource practices in the companies. The period/ age of the firm, country of origin and market pay level positions are the significant forecasters of HR practices in firms. Further, consistency of HR policy, highly competitive business environment and HRM effectiveness and alliance with business strategy have positively and significantly associated with HR practices in the firms. The firms that give more importance to functional areas such as R&D and human resources are extensively using HR practices.

THE IMPACT OF HRM PRACTICES ON EMPLOYEE TURNOVER

After reviewing literatures and discussing the challenges of the HRM practices and also the dependent variable of the employee turnover, we can see many similarity of the correlation between these HRM practices and the impact on

employee turnover. We need to highlight the importance of HRM in the organization

THE IMPACT OF HRM PRACTICES ON PRODUCTIVITY

The results of the study show the positive and large association of HR practices with productivity of the firms. This has supported the universalistic concepts. Apart from this, the constancy of HR policy and Human Resource effectiveness with business strategy is also directly and considerably associated with the productivity of the firms.

SUGGESTIONS

Based on the findings, the following are the suggestions.

This study provides basis for the strategic role of human resource management. The organizational goals and those of individuals can simultaneously be achieved through human resource management practices. The sources of competitive advantage have both direct and indirect effect on the firm's performance; however the high performance human resource management is not the only determinant.

Hence, there is a message to the firms that the employees are not just cost to be consumed, but they are emerging as critical sources of competitive advantage to the firms and if properly groomed it would turn out to be the most valuable asset to the firm.

The study indicates that the practices which work well in the other countries seem to function well in the new economies, i.e., the developing Asian countries as well. The firms should take note of this and follow and swallow the universally established high performance practices to achieve state-of-the-art performance.

Further it is seen that human resource management effectiveness and alliance with business strategy play prime role in influencing the productivity and employee turnover. Hence, given the business strategy, the strategy for human resource practices can also be devised for better performance.

The study shows that the impact of human resource practices can be utilized to meet the challenges of competitive environment. In environments where competitiveness depends to a large extent on dynamic advantages companies should divert their attention to human resources as the main generator of such competitive advantages. Therefore the companies in such context should emphasize to a larger extent on all those practices that increase employee commitment and motivation.

The human resource professionals and the organizations should take note of the fact that the adoption of high performance practices do not vary with size of the firm.

This shows that there are large numbers of medium and small size firms that are becoming aware of the importance of their people in the success of the company and therefore they focus their attention on the creation and retention of committed employees. This is a principle that could be followed by any firm.

It is also understood from the study that an organisation's human resource practices contribute to the performance when it is in alignment with business strategy. Hence human resource managers must renew themselves about the business activities of the firms and their competitive surroundings.

Employers can improve success rate of their human resource management practices by the following ways:

- Providing clear top level support for HR programmes and ensuring that the HR department is a strategic partner of the company.
- The organizations should benchmark with other organisations in terms of the compensation scheme and it should meet the present economic crisis.
- The supervisors of the institutions should be oriented on the training cycle so that they will be more involved in the facilitation of the training programs.
- Organizations should review the performance management system.
- Organizations should allocate the job duties as per their qualifications/specialization in the field.
- Organisations should allocate the work load equally between the employees in the firms.
- The organisations should review the advertising of job openings and design innovative advertisements to attract applicants by using both the Internet and intranet for the job openings.
- Organizations should think about launching a proper procedure for monitoring the implementation of HRM practices to gain higher performance. A system on Grievance Machinery should be designed. The supervisors should be trained on handling grievances of employees.
- A written procedure should be designed to handle grievances of employees. The members of the grievance committee should be identified. Suggestion programmes need to be fully implemented to encourage suggestions from employees.

CONCLUSION

This study shows strong, positive and direct relationship between the extent of firm's adoption of high performance human resource practices and firm's managerial performance such as low employee turnover, productivity

and financial performance. We have found that the more HR practices are in place, the more the firm employee are competent, satisfied with the existing HR practices, have sufficient role clarity in their job.

The present industry environments are such that firms must increasingly rely on the discretionary contribution of employees. Therefore, the adoption of best human resource practices may improve the quality of employee's discretionary contribution.

The management responsible for making tactical decision may do well to recognise the probable impact of human resource practices and sustain them with their firm's calculated decisions.

This paper concludes that if the companies are able to successfully implement HR practices, they could accomplish the maximum contribution of their employees, although, at present, the economic and political atmosphere within which HR practices operate are not that encouraging.

REFERENCES

- Ackoff, R. L. (1961). *The Design of Social Research*, Chicago: University of Chicago Press.
- Allen, T. H. (1978). *New Methods in Social Science Research*, New York: Praeger Publishers.
- Arthur, J. B. (1992). The link between business strategy and Industrial relations systems in American Steel Minimills. *Industrial and Labour Relation Review*, 45, 488-506
- Arthur, J. B. (1994). Effects of human Resource Systems on manufacturing performance and turnover. *Academy of Management Journal*, 37(3), 670- 687
- Abowd, J. M. (1990). Does Performance- Based Managerial Compensation affect Corporate Performance? *Industrial and Labour Relation Review*, 43, 52-73, Borman
- Bartel, A. P. (1994). Productivity gains from the implications of employees training programme. *Industrial Relations*, 33, 411-425
- Batt, R., Alexander, J. S., & Keefe, J. (2002). Employee voice, human resource practices, and quit rates evidence from telecommunication industry. *Industrial and Labour relations review*, 55(4), 573-594.
- Cintrón, R., *Employee Turnover Causes, Effects, and Preventive Actions*. Capella University.
- Cooke, F. L. (2000). *Human Resource Strategy to improve Organizational Performance: A reoute or british firms*. Working Paper No 9 EWERC, Manchester School of Management.
- Cutcher-Gersherfield, J. (1991). The impact on economic performance of a transformation in work place Relations. *Industrial and Labour Relations*, 44(22)
- Dhayalan, U. (2010). The impact of high performance human resources management practices on corporate performance: with special reference to corporate in India and Singapore, 80 (2011) © EuroJournals Publishing, Inc. 2011
- Gerhart, B., & Milkovich, G. T. (1990). Oraganisation differences in managerial compensation and firm performance. *Academy of Management Journal* 33, 663-691.
- Leonard, J.S [1990]. Executive pay and firm performance. *Industrial and Labour Relation Review*, 43, 197-221.
- Gerhart, B., & Milkovich, G. T. (1992). Employee compensation research and practices. In. M. D. Dunnette & L. M. Hough (Eds) *Handlook of Industrial and organisational Psychology*, 3, 481-569. Palo Atto, CA: Consulting Psychologist Press.
- Glebbeck, A., & Bax, E. (2004). Is high employee turnover really harmful? an empirical test using company records. *The Academy of Management Journal*, 47(2), 277-286
- Green, F., Felsted, A., Mayhew, K., & Pack, A. (2000). The impact of training on labour mobility: Individual and firm-level evidence from Britain. *British Journal of Industrial Relations*, 38(2), 261-275
- Guest, D. (2002). Human resource management, corporate performance and employee wellbeing: Building the worker into HRM. *The Journal of Industrial Relations*, 44(3), 335-358
- Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity and corporate financial performance. *Academy of Management Journal*, 38, 635-672.
- Ichniowshki, C. S., & Prennushi G. (1994). *The Import Of Human Resource Management Practices on Productivity*. Columbia Business School working paper 015, Columbia University, N.Y.
- Katz, D., Kochan T. A., & Keefe, J. H. (1987). *Indu trial relations and productivity in the U.S. automobile industry*. Washington. DC; Brookings Institution.
- MacDuffie, J. P. (1995). Human resource bundles and manufacturing performance: organizational logic and flexible production systems in the world auto industry. *Industrial and Labour Relation Review* 48, 197-221.
- Noah, G., & Yong-Pin, Z. (2002). Managing learning and turnover in employee staffing. *Operations Research*, 50(6), 991-1006.
- Qureshi, M. T., & Ramay I. M. (2006). *Impact of human resource management practices on organizational performance in pakistan*. Muhammad Ali Jinnah University Islamabad.
- Sels, L., Winne, S., Maes, J., Delmotte, J., Faems, D., & Forrier, A. (2006). Unraveling the HRM –Performance Link: Value–Creating and Cost-Increasing Effects of

- Small Business HRM. *Journal of Management Studies*, 43, 2 319-342
- Sheridan, J. E. (1992). Organizational culture and employee retention. *Academy of Management Journal*, 35, 1036-1056.
- Singh, K. (2004). Impact of HR practices on perceived firm performance in India. Asia pacific. *Journal of Human Resources*, 42, 3 301-317.
- Terpstra, D. E., & Rozell, E. J. (1993). The relationship of stating practice to organizational level measures of performance. *Personnel Psychology*, 146, 27-48.
- Weitzmen, M. L., & Kruse, D. L. (1990). Profit sharing and productivity in A.S. *Blind (2nd ed.) Paying For Productivity*, 95-141. Washington D.C. Brookings Institution.
- Wright, P., Gardener, T., & Moynihan, L. (2003). The Impact of HR practices on the performance of business units. *Human Resource Management Journal*, 13, 321-36