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Influence of Selected Human Resource Practices on Employee Job Performance: A Critical Literature Review

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Abstract: *The study aims to critique the influences of selected Human Resource practices on employee job satisfaction. The study found that organisational hierarchy is strictly followed and autocratic leadership style is used in most of organisational structure. Some organisation give much importance to individual reward & compensation package and personal career management while others value collective reward and steady progression, promotion and rewards given on seniority basis. The critique also found out different studies on Human Resource practices to examine the HRM-Performance linkage. Some practices show positive relationship and other shows no relationship with organisational performance. However, in this study practices like training, performance appraisal, compensation, recruitment, employee participation generally has positive impact on employee job satisfaction.*

Keywords: *Human Resource, job satisfaction and organization*

1. Introduction

Employee performance refers to the final fulfillments of an employee with respect to meeting certain targets within the prescribed period of time. Gibson *et al.*, (2010) argue that employee performance can be perceived to be the ability of an employee to realize high profit, quality production, large market share for the product produced and the ability to survive in a competitive field. Koontz and Donnell (2013) see employee performance as the manifestation of the productivity of the employees in terms of revenue, profit, growth, development and expansion of organization. Enhancing performance requires a balance between employee motivation and achieving organization's goals and objectives. Proper human resource management practices will by extension result in managing organizational performance. It is also vital to note that employee performance determines survival of organization in a competitive world of business.

Human resource management (HRM) practices have a significant role in the enhancement of employee performance (EP). Organizations pursue proactively HRM practices and systems to capitalize on strength of this vital asset for sustained competitive advantage (Jackson & Schuler, 2000). Becker, Huselid and Ulrich (2001) argued that because organizations consider human capital one of the most salient organizational assets in establishing and maintaining a competitive advantage, many are investing considerable resources to support employee and organizational development activities such as training and development, employee reward schemes, performance appraisal among other activities. The sugar industry worldwide is faced by complex problems affecting both developed and developing countries (FAO, 2012). Most of these problems result from poor HRM practices that greatly influence employee performance.

Human resource has been recognized as a strategic tool, essential to organizational profitability and sustainability. This realization has led to the new role of human resource managers as strategic partners in formulation and implementing organizational strategy (Myloni, Harzing & Mirza, 2004). Much research has demonstrated statistically relationships between measures of HRM practices and firm profitability (Guthrie, 2001). While these studies have been useful for demonstrating the potential value created through HRM practices, they have revealed very little regarding the processes through which this value is created (Wright & Gardner & Wright, 2003). Also other researchers like Purcell *et al.*, (2003) referred to this as the black box problem, noting that the conceptual development of the mediating mechanisms through which HRM has an impact on profitability has thus far eluded empirical testing. Among the HRM practices that have been known to affect employee performance are training practices, reward practices and disciplinary procedures. The interrelations of these variables continue to draw keen interest from researchers. Proper HRM practices enable organizations to optimize resource and achieve high effectiveness. Organizations take time to nurture and develop human capital in the form of knowledge, skills, abilities, motivation, attitude, and interpersonal relationship, and make it difficult for competitors to imitate (Becker & Gerhart, 1996). Pfeffer (1994) stressed that human resource has been vital for firm sustained performance.

2. Critical Literature Review

Studies of the perceived 'what' of HR practices concern the content of HR practices implemented in an organization as subjectively experienced by employees (e.g. Jiang et al., 2017). If HR practices are to influence employee outcomes, they must first exist in the minds of employees (Wright & Nishii, 2013) because cognition is a crucial precursor of subsequent attitudes and behaviours (Fiske & Taylor, 1991). Each HR practice or a set of HR practices (HR bundles) is deemed to signal its own messages to employees. For instance, high-performance work practices are assumed to convey that an employer is sincerely supportive and committed to his or her employees (Choi, 2019). If such HR practices signal an employer's goodwill, then they should induce positive employee reactions. This logic is justified by established theories of social exchange (Cropanzano & Mitchell, 2005) and psychological contract theory (Rousseau, 1995; Rousseau & Tijoriwala, 1998). The basic argument underlying this approach is that the goodwill that underlies the delivery of HR practices (such as high-performance work systems) will encourage employees to reciprocate by displaying positive workplace behaviours.

Employee perceptions of the 'how' of HR practices involve employee views of how HR practices are designed and implemented (Delmotte, De Winne, & Sels, 2012). This research stream is distinctive from the studies of the 'what' of HR practices in the sense that the focus is about the process through which HR messages are delivered to organizational members. A central assumption of research on the 'how' of HR practices is that even a well-intended HR system may not produce its best possible outcomes if employees fail to make sense of it in a coherent, consistent and unified way. The dominant concept in this literature is 'HR strength'. A strong HR system ensures that employees' collective understanding of HR practices is well aligned to the intentions of management (Bowen & Ostroff, 2004). The notion of HR strength has its foundations in situational strength research (Katou, Budhwar, & Patel, 2014). In a strong situation, employees share a common understanding of the organization's policies, practices, procedures, and goals, and the behaviours that are expected and rewarded (Bowen & Ostroff, 2004). In contrast, in a weak situation, employees' experience a high degree of ambiguity regarding what is being expected in their organizational lives, which produces a wide variability in the workplace attitudes and behaviors displayed (Ostroff & Bowen, 2000). Researchers have argued that a strong situation influences employee attitudes and behaviors, and therefore, that it is critical that features of an HR system allow for the creation of a strong situation.

One of the theoretical challenges yet to be resolved in this area is the unit of analysis adopted when considering HR strength. In their seminal study, Bowen and Ostroff (2004) proposed that HR strength is an organizational-level construct that mediates between the HRM system and firm-level performance. However, most studies in this area operationalized HR strength at the individual-level and often linked it to individual level outcomes. Ostroff and Bowen (2016: p. 198) expressed concerns about this trend and argued that the individual-level construct of 'perceptions of HRM system strength', although meaningful in its own right, should be differentiated from the collective-level construct of 'HRM system strength'.

Employees perceived 'why' of HR practices refers to their causal explanations regarding management's motivations for implementing particular HR practices (Nishii, Lepak, & Schneider, 2008). The perceived 'why' of HR practices is distinctive from the perceived 'what' and 'how' of HR practices. Specifically, employees with the same perceived HR content and HR strength may disagree with each other about why those HR practices were put into place. In their seminal work, Nishii et al. (2008) propose multiple types of HR attributions. Internal HR attributions involve employees' beliefs that their company is responsible for its HR decisions. Internal HR attributions can be further divided into those associated with a firm's business needs and strategies (cost control or quality enhancement) or the firm's employee-related philosophy (employee-well-being orientation or employee-exploitation orientation). External HR attributions are based on the view that the implementation of HR practices is a result of complying with pressure from outside the company (such as trade unions or labour legislation). This multi-faceted categorization of HR attribution emerged as a dominant framework to conceptualize employees' interpretation of their company's motives behind HR practices.

Information-processing theory suggests that individuals go through a series of processes when they seek to understand their surrounding environments. Individuals first select and organize pieces of information from the environment and then attach their interpretation and judgment to the acquired information (Fiske & Taylor, 1991). The selection stage involves choosing the cues, signals, and stimuli to which they will pay attention. In the organization stage, individuals assign new information to extant categories familiar to them and group information into meaningful, orderly, and useful sets. In the interpretation and judgment stage, individuals translate the organized information and give it meaning. In other words, individuals make a judgment about a person or event, and about the cause of the behaviour. Information processing theory is highly relevant to employee HR perceptions research. The selecting and organizing information stages relate to the pieces of HR information employees choose to recognize (the 'what' of employee perception). Experimental research can provide new insights in how and why employee perceives the same HR practices in an organization differently. In addition to personality factors and the cultural value orientations of employees, saliency of different HR practices can play a role. For instance, HR practices related to maternity leave and flexible work can be expected to be more salient for pregnant employees and/or employees with young children. Other employees may not be aware of these HR practices and thus do not perceive them. Future research can examine which HR practices are more salient for which categories of employees and why this is the case.

Future research can also draw from signalling theory when examining the 'when' of HR practices, or the temporal aspect of HR implementation. According to signalling theory, a high level of signal frequency creates signals that are more visible and efficacious (Connelly et al., 2011). This may suggest that the frequency of certain HR practices (for instance, the frequency of performance evaluations) may generate more positive employee responses. Signalling theory also suggests

that signaller's choice of timing and duration of signal matters (Connelly et al., 2011). Future research may build on these insights and examine how employees' HR perceptions are influenced by the temporal aspect of HR implementation in terms of the perceived frequency of HR practice implementation. Researchers can further investigate the nature of HR message receivers, or the 'whom' of HR perception. Signalling theory highlights the role of the receiver in the signalling process. There are two receiver-related signalling processes, receiver attention and receiver interpretation. Receiver attention refers to 'the extent to which receivers vigilantly scan the environment for signals' (Connelly et al., 2011, p. 54). Receiver attention is particularly essential when signals are weak and inconsistent. Receiver interpretation captures 'The processes of translating signals into perceived meaning' (Connelly et al., 2011, p. 54). Receivers have their own agency to interpret noted signals. Therefore, the same signals could be interpreted differently by individual receivers. These insights suggest that the dynamics of HR signalling are affected by employees' attention and interpretation. For instance, employees may pay varied levels of attention to certain HR practices depending on their position, tenure, and employment status.

3. Conclusion

There is need to examine employee perceptions of HR practices so as to uncover the 'black box' between HR practices and performance, response, researchers have examined employee perceptions of HR practices in a systematic and rigorous fashion.

4. Recommendations

We propose that progress can be expedited by enriching the theoretical grounding of research in this area, enlarging the empirical scope to consider, for example, cross-cultural issues, and enhancing practical relevance. We hope this review sparks more studies of employee perceptions of HR practices, with a clear understanding of the multiple aspects of this construct and a deeper understanding of the intricacies involved in the formulation and evolution of employee perceptions of HR in the workplace in order to enhance performance.

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