

Does Employees' Designation Influence the Perception towards HR Strategy ?

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Abstract

With the rapid changing dynamics and IT explosion of IT application in HRM has substantial influence on HR Practices. The HR Practices are therefore becoming more strategic in nature. Consequently, the need for HR Strategy had also increased dramatically. HR Strategy means accepting the HR Practices as a strategic partner in the formulation of the company's strategies as well as in the implementation of those strategies through HR activities such as recruiting, retaining, and motivating, rotating and rewarding personnel. Strategic formulation is concerned with deciding the organization's vision and mission, establishing long-term and short-term objectives to achieve the organization's vision. Strategic implementation is concerned with aligning the organization structure, systems and processes with the chosen strategy. However, little is known about how employees perceive and interpret HR Strategy and its dimensions. Also how their perceptions are influencing on HR Strategy. This research study aims to analyses how the perceptions of employee's, functioning at different levels and designation influence on the HR Strategy. The data was collected from 233 manufacturing sector employees of Indore city. The inferential statistics used in this research study was One – way - ANOVA to differentiate the influence of HR perception of employee's working at different designations and levels. The results exhibit a significant difference in the perception of employees towards the dimensions of HR Strategy with respect to designation among manufacturing sector employees in Indore Division with respect to experience of the employee's.

Keywords: HR Strategy, Manufacturing sector employees, Designation.

Introduction

Strategic human resource management refers to the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals (Wright and McMahan, 1992). SHRM includes all the activities which affect the behaviour of Human resources during implementation of business strategies. It also refers to linking human resources with strategic goals and objectives to achieve goals of an organization. HRM enhances competitive advantage via improving innovation and flexibility. It allows HR as strategic partner to contribute in formulating and implementing organizational strategies.

During 1980's strategic human resource management (SHRM) emerged as an important concept due to two models viz; Matching model and Harvard model. These models proposed the integration of strategy and HRM. Schuler (1992) concluded that, SHRM is largely concerned with 'integration' and 'adaptation'. Its purpose is to ensure that HRM is fully integrated with strategy. Further, HR policies and HR Practices should be accepted by Line Managers.

Thomas (1996) contented that the prospect of tremendous change and uncertainty faced by organizations has fuelled the debate of HR strategy. Further he contended that that there are many change factors need to be articulated and managed to ensure attain organizational effectiveness viz;

globalization of markets, technology, legal, regulatory, mergers and acquisitions, demographic, social and organization structural changes.

Pallavi and Mishra (2010) observed that innovative HR Practices are necessary for better organizational performance and effectiveness. They also contended that there is enough potential in all HR functions. In order to achieve success and growth in the business HR Policies and practices should be flexible and must be fit with organizational policies and contingencies. Thus, periodic analysis is imperative.

HR Strategy is defined in different ways by different scholars. The various definitions are summarized as under:

Table 1.1 Classification of the definition of HR strategies is as follows:

References	Definition of HR Strategy
Fombrun, et al. (1984)	The process which are typically concerned with devising ways of managing people which will assist in the achievement of the organizational objectives.
Pettigrew (1986)	A subject which is more likely to be in the breach than the observance.
Butler, et al. (1991)	Firm's deliberate use of human resources to help it gain or maintain an edge against its competitors in the market place.
Lundy (1994)	An outcome which was the pattern of decisions regarding the policies and practices associated with HR system.
Tyson (1995)	Something expressed through philosophies, policies and practices in order to manage its employees.
Thomas (1996)	A co-ordinated set of actions aimed at integrating an organization's culture, organization, people and systems.
Bamberger et al (1996)	The pattern of decisions regarding the policies and practices associated with the HR system.
Koys (2000)	"Mission statements," "philosophy statements" and other formal documents like HR Practices

The HR Strategy definitions can be broadly classified into four areas viz: contingencies and decision making, integrating HR Practices, policies and making them more flexible and organizational efficiency.

Contingency and Decision making: Fombrun et al., (1984) in his definition emphasized on change in external environment and change in HR Practices. Although they did not use the same words rather they use the term 'collection of HRM decisions' and 'over a time period'. Then after two years in 1984 they defines HR Strategy as devising ways of managing people which will assist in the achievement of organizational objective. So it is clear that instead of contingency and decision making their emphasis was on HR planning to achieve pre decided goals. On the same line Lundy (1994) also defined HR strategies as "An outcome

which was the pattern of decisions regarding the policies and practices associated with HR system". This has highlighted pattern of decision making and policies and practices which is more concerned with HR planning. The Bamberger et al. (1986) defined HR Strategy as "the pattern of decisions regarding the policies and practices associated with the HR system". Therefore apart from decision making and HR planning it was having one additional element i.e. HR system. Hence it was having an element of integration or convergence.

Integration and flexibility of HR Policies and Practices:

Pettigrew (1986) defined HR Strategy as the "A subject which is more likely to be in the breach than the observance". Here Pettigrew used the term breach which has

the concern with change in rules, policies procedures and patterns. Tyson (1985) defined it as “something expressed through philosophies, policies and practices in order to manage its employees”. So it was more concerned with employees. Thomson (1996) defined HR Strategy as “A coordinated set of actions aimed at integrating an organization’s culture, organization, people and systems”. He used the first word coordinated thus he emphasized integration from the beginning itself. Thomson integrated needs of organization employees system and organizational culture. Koys (2000) defined it as “Mission statements, philosophy statements and other formal documents like HR Practices”. His contention was on philosophical statements and emphasis on HR Practices.

Organizational Efficiencies:

Butler et al., (1991) define HR Strategy as their focus was on achieving competitive advantage over the competitors by the way of deliberate use of HR. This indicates that gaining advantage through change in HR practices so finally it was focused on achieving organizational efficiency.

So finally conclusion can be drawn that consideration of contingency, decision making, integration of HR Policies and Practices and organizational efficiency. Its final objective is to attain efficiency so gain competitive advantage over competitors.

HR strategy is not just the drafted policies but then the implementation of drafted HR policies. Implementation involves people management and people carry different perceptions with them. Hence it can be contended that perception towards HR Strategy plays a vital role in the effectiveness. Nishii et al. (2008) highlighted the importance of employee’s perception towards HR practices and innovation. He contended that it is not just the HR practices themselves, but rather also employees’ perceptions of those HR practices that are important for achieving desired organizational outcomes.

Review of literature:

The emergence of HR Strategy was marked in 1980s (Lundy, 1994) as one of the newest sub fields of HRM. HRM strategy was then conceptualised as an outcome of HR policies and practices in the form of pattern of decisions regarding the policies and practices associated with HR system. So emphasis for HR Strategy needs to be on HR Systems rather than HR Functions. HR strategy is on pivotal part of planning which can improve performing culture, enhances leadership capability, attracts and retains the talent in the organization. This was supported by Wright et al. (2004), as they contended that the core components of HR strategies seem to be building a performance culture, developing leadership capability, attracting and retaining the best talent, and providing state of the art HR systems,

processes, and services. They also suggested that the best practices are required for the development and implementation of HR strategies.

HR strategy is also linked with performance, employee behaviours, business outcome, business strategies, core competencies, HR Outsourcing, knowledge management, unionization etc. Some studies revealed that there is some linkage between employee behaviours and the organizational performance. Katou (2012) had showed that HRM policies have a positive effect on organizational performance through employee attitudes, satisfaction, commitment, motivation and employee behavior’s concerned with employee’s absences, turnover, and disputes.

Arthur (1994) conducted one of the first empirical analyses of HR Strategies in an attempt to test the proposition that differences in employee relations policies and practices are related to the differences in business strategy. The author suggested two ideal types of HR strategies: “Cost Reduction HR Strategy” and “Employee Commitment HR Strategy”. These strategies were distinguished from each other on the basis of five realms of HR policy and practice: Work organization, employee relations, staffing, training and compensation. The two strategies are described as under:

- Cost reduction strategy: This strategy is grounded on the assumption that “managers have a relatively complete knowledge of the transformation process (inputs to outputs) and a high ability to effectively set performance standards and measure employee outputs”. It aims to improve the efficiency by enforcing employee compliance with specified rules and procedures and basing employee rewards on some measurable criteria.
- Commitment strategy: This strategy aims to develop a cadre of committed employees who can be trusted to use their discretion to carry out job tasks in ways that are consistent with organizational goals. Clusters of practices of Commitment strategies were characterised by higher level of employee involvement in decision making, enhanced employee training in problem solving, a stronger emphasis on socialization oriented development activities, selection methods aimed at maintaining a higher ratio of skilled to unskilled employees, and a higher average wage rate.

Arthur (1994) concluded that “the successful implementation of business strategy requires a unique set of employee behaviours and attitudes” that cannot in any reliable fashion be “produced” on the basis of formalized work rules and task routines. In this sense, Arthur’s commitment strategy is labour market oriented and focuses on the structuring of the employer- employee exchange;

whereas the cost reduction strategy is performance oriented and focuses on the structuring of behavioural rules and routines and the monitoring of employee compliance with such rules.

Outsourcing strategy results in better deployment of business activities, however limited empirical investigations have been reported on HR outsourcing (Elmuti, 2003 and Lilly, Gray & Virick 2005; Bolat & Yilmaz, 2009).

Bordeianu and Buta (2015) had contended that HR Strategies should include Knowledge Management Strategy. Drucker, (2004) argued that principles and strategies need to be consistently modified to enhance efficiency.

Godard and Delaney (2000) propounded a new paradigm in Industrial Relations. They stated that the changing pattern of traditional, adversarial unionism toward innovative High Performance Work Practices and HR Strategies negatively impact on unionization.

So finally it was found that outsourcing, consistently important in HR Strategies improves organizational competencies but the influence of designation on the perception of HR Strategies were not reported by any researchers. Thus it is a path breaking research endeavor.

Objectives of the study:

- To study the effectiveness of HR Strategy with respect to designation in manufacturing organization.

Hypotheses:

H01 There is no significant difference in the employee's perception towards the overall HR Strategy with respect to designation in manufacturing organization.

H02 There is no significant difference in the employee's perception towards the dimension of HR Strategy with respect to designation in manufacturing organization.

H02(a) There is no significant difference in the employee's perception towards the employee development HR Strategy with respect to designation in manufacturing organization.

H02(b) There is no significant difference in the employee's perception towards the organizational culture HR Strategy with respect to designation in manufacturing organization.

H02(c) There is no significant difference in the employee's perception towards the employee wellness HR Strategy with respect to designation in manufacturing organization.

H02(d) There is no significant difference in the employee's perception towards the employee performance management HR Strategy with respect to designation in manufacturing organization.

Research methodology:

It is descriptive research study. Employees of manufacturing sector of Indore City were the respondent with sample size of 233. For data collection purposes, Self developed Questionnaire has been used. The questionnaire has been developed by referring to various previous scales as well as available research studies. The questionnaire was divided in two parts. The first part of the questionnaire included questions about demographic profile of the respondents and second part of the questionnaire included questions/variables related with dimensions of HR Strategy. All the variables were required to be marked on likert scale in the range of 1 – 5, where 1 represented strongly disagree and 5 represented strongly agree. A convenient sampling technique was adapted for the research.

Initially 300 questionnaires were distributed Out of the same, 290 questionnaires were received back and 233questionnaire were finally considered for data analysis. After collecting the data, the raw scores were tabulated and analyzed through appropriate statistical tools with the help of SPSS e.g. Cronbach Alpha to check internal consistency, one way ANOVA was used to test the hypotheses.

Results and discussion:

The research objective aimed to find the mean difference between the designation of employee (junior and middle management level) and the perception towards the overall HR Strategy along with its dimensions viz; Employee Development HR Strategies(EDHRS), Organizational Culture HR Strategies (OCHRS), Employee Wellness HR Strategies (EWHRS), and Performance Management HR Strategies (PMHRS). The results are discussed as under:

In order to check the internal consistency of the self-developed questionnaire for HR Strategy the Cronbach Alpha was applied. The coefficient exhibited 0.971 value which indicates excellent internal consistency of the data. (Annexure 1).

H01 There is no significant difference in the employee's perception towards the overall HR Strategy with respect to designation in manufacturing organization.

The ANOVA results reflected that there exists a significant difference between the mean scores of the overall perception of employees towards the HR Strategy among the junior and middle management level employee's. The coefficient table exhibits the score 0.000, which indicates that at 99% confidence level the results are effective (please refer Table 2.2 Annexure 2).

The means scores of junior and middle level management employees were observed as 45.21 and 38.78 respectively. The standard deviation was found to be 6.595 and 7.726 respectively (Please refer Table 2.2 Annexure 2).

The results indicate that higher mean scores of the junior level management in comparison to the middle level management employees with less standard deviation. The result is in contrary to the practical wisdom. As practically the case should be reverse that is the mean score of the middle management should be higher in comparison to the junior management level employee's. The reason for the above said result could be the more response of the junior level management towards the HR strategy. They exhibit so because the HR Strategy implementation is a matter of concern at all levels therefore junior employees may be responding to it more significantly in comparison to middle level management. Another reason which seems to be worthy is juniors are more aware about their performances and their employment status, which is either probationary or yet to be confirmed. Hence the employees try to be more sincere in order to achieve a settled and secured position in the organization. Juniors intentionally respond to strategic implementation of work. As the HR Strategy is designed on the basis of organizational strategies where in organizational strategies are either designed to achieve the progress and succession in the organization or they might be a response to the competitive environment. Thus, juniors exhibit more commitment towards the organization due to their probationary status of their job.

H02(a) There is no significant difference in the employees perception towards the Employee Development HR Strategy (EDHRS) with respect to designation in manufacturing organization.

The ANOVA results for Employee Development HR Strategy (EDHRS) have not exhibited significant results as the P value were observed to be .380 (Please refer Table 2.2 Annexure 2). This implies that there is no significant difference between the mean scores of employees perception for Employee Development HR Strategy (EDHRS) between junior and middle level management employees in manufacturing organization.

H02(b) There is no significant difference in the employees perception towards the Organizational Culture HR Strategy (OCHRS) with respect to designation in manufacturing organizations.

The coefficient Table in ANOVA exhibited that results are significant at 99% confidence level. The score was found .000 thus the hypothesis was rejected. This means that there exists a significant difference between the mean scores of employees perception towards the Organizational Culture HR Strategy between the junior and middle level management. The means scores of junior and middle level management employees were observed to be 12.36 and 10.06 respectively. The standard deviation was found to be 1.394 and 2.799 respectively (Please refer Table 2.2 Annexure 2).

The results reflected the higher mean scores of the junior level management in comparison to the middle level management employee's with comparatively lesser standard deviation. This is so because the organizational Culture HR Strategy (OCHRS) inhibits high systems of shared meaning and therefore these people are having high level of sharing about HR Strategies. The juniors score is high also because due to the openness about the implementation of HR Strategy junior management takes more interest in HR Strategy as the implementation of HR strategy creates accountability from top to first level in the organization.

H02(c) There is no significant difference in the employees perception towards the Employee Wellness HR Strategy (EWHRS) with respect to designation in manufacturing organization.

The ANOVA results for employee wellness HR Strategy (EWHRS) have not exhibited significant results as the P value was observed to be .220 (Please refer Table 2.2 Annexure 2). This implies that there is no significant difference between the mean scores of employee wellness HR Strategy with respect to junior and middle level management employees in the organization.

H02(d) There is no significant difference in the employee's perception towards the Employee Performance Management HR Strategy (PMHRS) with respect to designation in manufacturing organizations.

The ANOVA results for performance management HR Strategy (PMSHRS) have exhibited significant results at 99 percent confidence level (P .000). This implies that there is a significant difference between the mean scores of employee performance management systems HR Strategy with respect to junior and middle level management employees in the organization. The mean score of junior management level was recorded to be 12.31 with the standard deviation of 1.906 and the mean score of middle level management was 9.08 with the standard deviation of 0.181 (Please refer Table 2.2 Annexure 2).

The results reflected the higher mean scores of the junior level management in comparison to the middle level management employee's with comparatively lesser standard deviation. The reason behind this can be that juniors are more concerned about their performance in order to prove themselves in the organization. As they are new to the organization they need to build trust with their superior and the peer group thus they keep themselves updated with the existing strategies in relation to performance. Therefore their mean scores exhibit are on the higher side whereas the mean score is significant if less than 9.0.

Conclusion:

The overall perception of employees working on senior and

junior level exhibited significant difference regarding HR Strategies and its dimensions such as their perception for HR Strategies, Organizational Culture HR Strategies, Employee Wellness HR Strategies, and Performance Management HR strategies. Although no significant difference was observed regarding the employees perception towards Employee Wellness HR Strategies in senior and junior level employees in manufacturing organization. Interestingly, the juniors exhibited higher levels of understanding for above said factors as their mean scores were significantly higher and standard deviation were lesser than senior employees. This shows that the results have higher levels of internal consistency.

The juniors' better performance may reflect their sincerity as they aspire to be more settled in their career. The juniors working on probation take extra care in such organizational strategic aspects and they express it more effectively in their communication. The mental state and occupation is different in middle level employees in comparison to junior employees. This may be because of they feel more secured at job. They have better understanding but it seems their commitment decreases. It might be because they expect that juniors should feed them all such relevant information. Further, their occupation at family might be more in comparison to juniors which would result in lower scores of understanding regarding such issues of HR Strategies.

Limitations:

Limitations of the study are as follows:

1. **Sample Size:** The sample size is a limitation to the research as the results may vary with difference in the number of sample. More the sample size better can be the outcomes.
2. **Biasness of respondents:** The results are derived from responses of respondents. The personal biasness of the respondents is inseparable.
3. **Represents only one sector:** The outcomes of the study cannot be generalized for all the sectors as the study is based on manufacturing sector. The outcomes of the service sector may or may not be same.
4. The study is restricted only to Indore division.

Future Scope of the Study:

1. The study can be conducted for various sectors.
2. The relation of HR Strategy with other variables like change, Organizational culture, and performance can be studied.
3. A study with large sample size, cross departmental and sector can be conducted. So that the outcomes can be generalized.

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Annexure 1

Table 1.1

Reliability Statistics		
	Cronbach's Alpha	Number of Items
HR Strategies	0.96	23

Annexure 2

Table 2.1: Descriptive statistics of Designation with the dimensions of HR Strategy

Variable/Designation	Junior Management			Middle Management			Senior Management		
	(N), Mean	SD	SE	(N), Mean	SD	SE	(N), Mean	SD	SE
HRS	(42), 45.21	6.595	1.018	(190), 38.78	7.726	.561	(1), 42.00	-	-
EDHRS	(42), 12.36	2.116	.327	(190), 11.95	1.598	.116	(1), 12.00	-	-
OCHRS	(42), 12.36	1.394	.215	(190), 10.06	2.799	.203	(1), 12.00	-	-
EWHRS	(42), 8.19	1.518	.234	(190), 7.69	1.881	.136	(1), 9.00	-	-
PMSHRS	(42), 12.31	1.906	.294	(190), 9.08	2.498	.181	(1), 9.00	-	-

Table 2.2 : ANOVA Summary Table for designation of the employees and perception towards the HR Strategy and its dimensions

Variables	Between the Groups			Within the Groups			F Ratio	P Value	Hypothesis
	SS	MS	DF	SS	MS	DF			
HRS	1428.693	714.347	2	13065.787	56.808	230	12.575	.000	H ₀₁ Not Accepted
EDHRS	5.629	2.814	2	666.217	2.897	230	.972	.380	H _{02(a)} Accepted
OCHRS	184.157	92.079	2	1560.006	6.783	230	13.576	.000	H _{02(b)} Not Accepted
EWHRS	10.115	5.058	2	763.155	3.318	230	1.524	.220	H _{02(c)} Accepted
PMSHRS	359.423	179.711	2	1328.792	5.777	230	31.106	.000	H _{02(d)} Not Accepted