

THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE: CASE STUDY OF KENYA INDUSTRIAL ESTATES LIMITED

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ABSTRACT

Strategic Human Resource Management (SHRM) has gained importance in managing critical resources. This study seeks to extend prior research by investigating SHRM practices configuration as correlates to organizational performance, and mediating mechanism that link between HRM practices and organizational performance using Kenya Industrial Estates as a case study to project into the larger business framework in organization in Kenya. The study literature review looks at various theories that informs the study, Strategic Human Resources Management, Training and Development, Compensation and Performance Appraisal and proposes a Conceptual Framework that guides the study. The main research design of the study was descriptive study. The target population of this study was Kenya Industrial Estate while the study population was the top management staff, middle and lower management staffs who deal directly with the day to day operations at the Kenya Industrial Estate. The study employed was Stratified random sampling technique in coming up with a sample size of twenty two (22) respondents from a total of seventy two (72) in specific department in Kenya Industrial Estate. The study employed a percent of 30 in sampling. The study generated was both qualitative and quantitative data. Quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 17.0) and analyzed using descriptive statistics. Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories. The document finally concluded further research on the study.

Key Words: *strategic human resource management (SHRM), SHRM practices, motivation, employee relations*

Introduction

Strategic human resource management (SHRM) has become an increasingly important topic for research (Lengnick-Hall and Lengnick-Hall, 1988; Wright et. al., 1998; Huselid et al., 1997) and some basic theoretical issues have been well accepted (Delery and Shaw, 2001). SHRM has contributed to our understanding of the relationship among strategy, human capital, human resource management (HRM) and organizational performance (Wright and McMahan, 1992; Tyson, 1997). The emergence of SHRM is influenced by the global competition, and the corresponding search for sources of sustainable competitive advantage (Dyer & Reeves, 1995). SHRM has achieved its prominence because it provides a means by which business firms can enhance the competitiveness and promote managerial efficiency (Dyer, 1983; Wright et al., 1998). SHRM facilitates the development of a human capital that meets the requirements of business competitive strategy, so that organizational goals and mission was be achieved (Guest, 1987).

Statement of the Problem

Despite the enthusiasm and numerous researchers in the area of SHRM researchers still do not clearly understand about the mediating mechanism or process through which FIRM practices influence organizational performance. Interestingly, there is no empirically based research that have examined critical human resource characteristics, the mediating mechanism, in SHRM and linked them to organizational performance each as productivity, turnover rate and so forth. This study argues that HR Practices affect HR Characteristics, and HR Characteristics in turn affect organizational performance. Moreover, only a few number of researchers have expressed potential mediator to limited extent (Delery and Elltaw, 2001.; Wright, 2001;Schulet, 1992). There is a “black box” in empirical examinations of the relationship between human resources practices and organizational performance where the mediating mechanism is typically implied but not measured.

Eecker and (llerhart (1996: 793) argue that “Future work on the strategic perspective must elaborate on the black boa between e firm’s HR system and the firms bottom line. Unless and until researchers are able to elaborate anal test more complete tactual models – for example, models including key intervening variables – it was be difficult to rule out alternative causal model that explain observed associations between HR systems and firm performance.”

The organization has restructured in order to reach more potential clients. The Company now a new Board with all the expertise needed to run a business, has Implemented a new ICT to move away from manual systems of managing data, on the same the organization has introduced world class processes standards through the ISO 9001: 2008 Certification which has been achieved as successful strategies adopted by the company management. KIE like other organization has restructured and introduced risk management systems in order to mitigate risk that may accrue from the operation or bad debts; this has resulted to great achievement. The introduction of the risk management department has become very handy in ensuring that loan appraisals are objective and that risks are mitigated. Since the introduction of this department all loans

disbursed are top notch category 'A' in performance The Company has in the last one year hired new staff in the areas of loans and risk management. These skills have improved the internal capacity to grow a good quality loan portfolio. Further, KIE has established 32 branches throughout the country managed by 22 administrative offices in order to ensure diversify growth all over the country.

It is understandable that previous examination of SHRM research have focused on investigating the linkage between business strategy, human resources practices and organizational performance (Femmmm ct 211., 1984; Guest, 1987; fichuler, 1992; Scmler and Jecleen, 1987), given the relative infancy of the field. However, in order for SHRM research to gain establishment, theoretically and empirically, the understanding of mediating mechanism through which HRMS practices affect performance should be established. In the hope to further build, develop and test theories of SHRM, the mediating mechanism between human resource management practices and organizational performance, which is not fully understood in an organization setting should be fully exploited.

General Objective of the Study

The general objective of the study is to investigate the effect of strategic human resource management practices on organizational performance.

Specific Objectives

1. To establish the influence of compensation system on organization performance
2. To determine the influence of training and development on organization performance
3. To establish the impact of performance appraisal on organization performance

Theoretical Orientation

System Theory

The systems theory has had a significant effect on management science and understanding organizations. A system is a collection of part unified to accomplish an overall goal. If one part of the system is removed, the nature of the system is changed as well. A system can be looked at as having inputs (e.g., resources such as raw materials, money, technologies, and people), processes (e.g., planning, organizing, motivating, and controlling), outputs (products or services) and outcomes (e.g., enhanced quality of life or productivity for customers/clients, productivity). Systems share feedback among each of these four aspects of the system. The Systems Theory may seem quite basic. Yet, decades of management training and practices in the workplace have not followed this theory. Only recently, with tremendous changes facing organizations and how they operate, have educators and managers come to face this new way of looking at things. The effect of systems theory in management is that it helps managers to look at the organization more broadly. It has also enabled managers to interpret patterns and events in the workplace – i.e., by enabling managers to recognize the various parts of the organization, and, in particular, the interrelations of the parts.

Maslow Hierarchy of Needs

Maslow (1943) suggests that human needs can be classified into five categories and that these categories can be arranged in a hierarchy of importance. These include physiological, security, belongings, esteem and self-actualization needs. According to him a person is motivated first and foremost to satisfy physiological needs. As long as the employees remain unsatisfied, they turn to be motivated only to fulfill them. When physiological needs are satisfied they cease to act as primary motivational factors and the individual moves “up” the hierarchy and seek to satisfy security needs. This process continues until finally self-actualization needs are satisfied. According to Maslow the rationale is quite simple because employees who are too hungry or too ill to work was hardly be able to make much a contribution to productivity hence difficulties in meeting organizational goals.

Empirical Review

Training and Development

Training is provided to workers in order to improve performance and productivity. Lawrie (1990) defined training as changes in skills related to one’s job. Training was also described as short-term learning related to an individual’s present job (Nadler and Nadler, 1990). Rothwell and Sredl (2000) associated job training with learning interventions that develop skills, knowledge, and attitudes to match current or future job requirements. Job training is a broad term implying all forms of training related to one’s job. It can be categorized into many types, such as on-the-job training (OJT), off-job training, vestibule training, cross training, and planned and unplanned training (Rothwell and Sredl, 2000). Meanwhile, Lawrie (1990) argued that the usage of knowledge, skills, work experience, good health, and the ability to labor are all important assets to sustaining lives and boosting learning for human beings. Although investments that cultivate these assets can exist in many forms, all forms of activities and the potential to improve people’s capability and incur greater returns are considered investments in human capital.

Participation in job training, such as prior education attainment, recurring education, and acquisition of any form of job training, is probably the most important human capital investment over the life cycle. Human capital theory has long been recognized as an underlying theory that is useful in describing social and individual economic development over the life cycle. According to Becker (1993), training and education are the most important investments in human capital, in which increased skills and knowledge of individuals are positively associated with productivity that brings greater earnings. Investment in training was also found to result in increases in wages (Lengermann, 1999). Considering women’s “traditional female” role as well as their labor market behaviors, investments in training and education of women may vary with different magnitude of incentive to them (Ehrenberg and Smith, 2000). The major difference in making human capital investments between males and females has been in the length of work life compared to the ability to recoup the costs of the investments (Ehrenberg and Smith, 2000). To better understand the nature of training and education for women, theoretical and empirical studies about the acquisition of women’s job training and education are reviewed in the

following sections.

Since 1999, employees with key information technology skills have become increasingly hard to find. Many companies have realized that proactive strategies are required for building and maintaining a high technology company's knowledge reservoir (Cataldo et al., 2000). Training that focus on continuous learning, retraining and retaining knowledge can decrease the time it takes to move the workforce from intermediate to expert competence, by bridging its technical skills gap. Current skills sets are providing to be inadequate to meet the rapidly changing, fast paced world of technical and business needs. A top priority is keeping skills fresh, and staying current with emerging technologies (Gable, 1999).

Compensation

Rewards are any objects stimuli or events that (1) increase the probability and intensity of behavioral actions leading to a such objects (learning, also called positive reinforcement), (2) generate approach and consummator behavior and constitute outcomes of economic decision-making, and (3) induce subjective feelings of pleasure and hedonic. Rewards are of crucial importance for individual and support such elementary processes as drinking, eating and reproduction. Largely similar behavioral processes are engaged for higher order rewards such as money, novelty and cognitive and social rewards. The basic reward objects are poly-sensory and do not engage specialized reward receptors, and the brain extracts the reward information from visual, auditory, somatosensory, olfactory and other sensory information. The identification of higher order rewards depends on additional cognitive processes. Thus rewards are not defined by the physics and chemistry of their inputs but by the behavioral reactions they induce (Schultz, 2007).

Furthermore, primarily rewards include cash compensation, benefits, and other non-cash forms and the work experience. Strategic reward plans go beyond cash to include training and educational opportunities, job redesign, flexible work schedules, stock options and recognition awards such as merchandise and travel. Non cash rewards, such as on-site day care, fitness centers, dry-cleaning services and automatic teller machines, add convenience to employees' daily lives and engender higher loyalty (Deci, 1971). Work at – home and job-sharing arrangements enable employees to better balance work and family responsibilities and afford employers the necessary flexibility to respond to business needs. The total reward system is defined here to include base salary, variable pay, direct compensation, perquisites, benefits, performance management, training, career development, coaching and other employee-related policies. Combinations of variable pay, recognition and celebration and benefits are essential to providing a total reward package (Milne, 2007).

Currently, many organizations are implementing or planning to implement, reward and/or recognition programs believing that these was help bring about the desired cultural change (Milne, 2007). In some organizations, large amounts of money are being invested in these types of activities and some managers are required specifically to set aside a certain amount from their budgets for this purpose. This rationale is based on the assumption that these types of incentives was encourage employee loyalty, foster teamwork and ultimately facilitate the development of

the desired culture that encourages and supports knowledge sharing (Deci, 1971). According to Kanter (1987), many organizations rewards are differentiated on the basis of status (rather than contribution) and, often, the only way an individual can increase his or her pay is to get promoted. This usually motivates them to “look out for themselves” rather than improve their overall contribution.

Meanwhile, money is still the primary incentive used to lure information technology professionals. However, most experts agree that money is not the long term answer for hiring, and especially for keeping skilled high technology employees (Leinfuss, 1998). According to Higginbotham (1997) high salaries are not essential, but “good” and “fair” salaries showed a strong correlation with intention to stay, indicating that as long as the compensation is competitive, financial rewards are not the primary factor in retention. Kochanski and Ledford (2001) support this statement, which indicated that the actual level of pay is less important than feelings about pay raises and the process used to administer them. Employees want to understand how the pay system works, and want to know how they can earn pay increases. Once the pay level has been reached other things become important, the intangibles, e.g. career, supervisor support, work and family balance (Tomlinson, 2002).

Performance Appraisal

A performance appraisal, employee appraisal, performance review, or (career) development is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost, and time) typically by the corresponding manager or supervisor. A performance appraisal is a part of guiding and managing career development. It is the process of obtaining, analyzing, and recording information about the relative worth of an employee to the organization. Performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training. It is also the judgment of an employee's performance in a job based on considerations other than productivity alone.

Performance management (PM) includes activities that ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas. Performance management as referenced on this page is a broad term coined by Dr. Aubrey Daniels in the late 1970s to describe a technology (i.e. science imbedded in applications methods) for managing behavior and results, two critical elements of what is known as performance. Managing employee or system performance facilitates the effective delivery of strategic and operational goals. There is a clear and immediate correlation between using performance management programs or software and improved business and organizational results. For employee performance management, using integrated software, rather than a spreadsheet based recording system, may deliver a significant return on investment through a range of direct and indirect sales benefits, operational efficiency benefits and by unlocking the latent potential in every employees work day (i.e. the time they spend not actually doing their job).

Organization Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. The concept of organizational performance can be applied to either individual performance such as an athlete or organizational performance such as a racing team or a commercial enterprise or even a farm or livestock production. In performance improvement Organizational performance, is the concept of organizational change in which the managers and governing body of an organization put into place and manage a programme which measures the current level of performance of the organization and then generates ideas for modifying organizational behavior and infrastructure which are put into place to achieve higher output.

The primary goals of organizational performance are to increase organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and or services. Another area in organizational performance that sometimes targets continuous improvement is organizational efficacy, which involves the process of setting organizational goals and objectives in a continuous cycle. Organizational performance at the operational or individual employee level usually involves processes such as statistical quality control. At the organizational level, performance usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the viewpoint of customers (Robert, 2001).

Employee Relations

Internal policies and procedures impact HR activities. For example, if the company is committed to promoting from within, HR must ensure employees receive appropriate training and development to be ready for promotion when the time comes. HR should monitor the number of employees eligible for retirement and ensure potential replacements or other staff members are trained to avoid a sudden departure of business knowledge. If the company is unionized, HR must engage in collective bargaining with the union on matters of representation. External influences, political factors and organizational culture all influence the amount of grievances and complaints HR must respond to.

Conceptual Framework

Conceptual framework is a process of taking a construct or concept and refining it by giving it a conceptual or theoretical definition. It is the schematic diagram which shows the variables included in the study (Urco 2009).

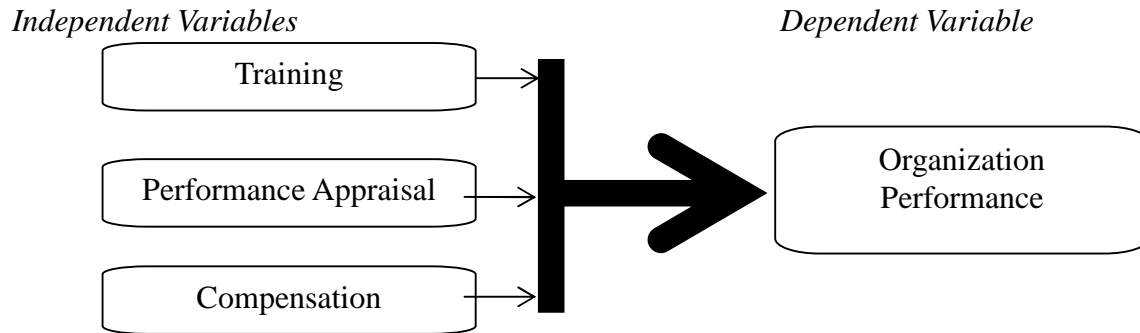


Fig 1: Conceptual Framework

Source: Author (2013)

Independent variables

This demonstrates the strategic human resource management practices that have a bearing on organization performance (dependent variable). The highlighted ones in the model include; training, performance appraisal and compensation.

Dependent variable

These attempts to depict the likely effect on organization performance based on strategic human resource management practices (independent variables). It is expected that the day to day strategic human resource management practices or activities of an organization was impact on organization performance positively or negatively.

Training

Training is the process of increasing the knowledge and skills of an employee for doing particular jobs. It is an organized activity designed to create change in the thinking and behaviour of people and to enable them to do their jobs in a more efficient manner. Effective training can minimize learning costs; improve individual, team and corporate performance in terms of output, quality, speed and overall productivity. More skills lead to increased competitiveness. Education is crucial throughout the world. Policy makers are being persuaded that the route to economic advantage is through up-skilling (i.e. improving employees' skills). Increasingly, the meteoric of global competition has been to push a policy agenda in which a highly skilled work force becomes the link pin of success.

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objects are poly sensory and do not engage specialized reward receptors, and the brain extracts the reward information from visual, auditory, somatosensory, olfactory and other sensory information.

Research Methodology

Research Design

Orodho (2003) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. According to Kombo and Tromp (2006), research design can be thought of as the structure of research. This research problem was being studied through the use of a descriptive research design. According to Cooper and Schindler (2003), a descriptive study is concerned with finding out the what, where and how of a phenomenon. This study therefore was able to generalize the findings to all the departments in the organization involved in risk management. The main focus of this study was being quantitative. However some qualitative approach was be used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study. This method concerns the intense investigation of problem solving situations in which problems are relevant to the research problem. The underlining concept is to select several targeted cases where an intensive analysis was identify the possible alternatives for solving the research questions on the basis of the existing solution applied in the selected case study. The researcher attempts to describe and define a subject, often by creating a profile of group of problems (Cooper and Schindler, 2003).

Target Population

Target population as described by Borg and Crall (2009) is a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population of this study was be Kenya Industrial Estate while the study population was be top management staff, middle and who deal directly with the day to day operations at the Kenya Industrial Estate. Mugenda and Mugenda (2003) explained that the target population should have observable characteristics to which the researcher intents to generalize the result of the study. This definition assumes that the population is not homogeneous.

Sampling and Sample Size

The sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the sample was be selected (Cooper and Schindker, 2003). The study was employ Stratified random sampling technique in coming up with a sample size of 22 respondents from a total of 72 in specific department in Kenya Industrial Estate. The study employed a percent of 30 in sampling.

Stratified random sampling is unbiased sampling method of grouping heterogeneous population into homogenous subsets then making a selection within the individual subset to ensure

representativeness. The goal of stratified random sampling is to achieve the desired representation from various sub-groups in the population. In stratified random sampling subjects are selected in such a way that the existing sub-groups in the population are more or less represented in the sample, Mugenda and Mugenda (2003).

Data Collection Procedure

The study was employ questionnaire to collect primary data. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals, Mellenbergh (2008). The questionnaire was comprised of both open (and close-ended questions. Franker, (2006) stated that a questionnaire is useful in obtaining objective data because participants are not manipulated in any way by the researcher. According to Franker, (2006) questionnaires have the added advantage of being less costly and using less time as instruments of data collection.

The data instrument was addressing the four research objectives while it was be sub-divided into two sections. The first section of the questionnaire was enquire general information about the respondents, while the next sections was answer the four objectives, that is, organization culture, top management commitment, communication and training. The questionnaires was be administered through drop and pick later method. The quantitative section of the instrument to be employed was using both a nominal and a Likert type scale format to determine each of the variables. A 5 point Likert scale ranging from 1 to 5 was is used as answers to statement like questions. The Likert – type format is selected as the format yields equal – interval data, a fact that allows for the use of more powerful statistical to be used to test hypotheses (Kiess and Bloomquist, 2008).

Data Analysis and Presentation

The study was generated both qualitative and quantitative data. Quantitative data was be coded and entered into Statistical Packages for Social Scientists (SPSS Version 17.0) and analyzed using descriptive statistics. Qualitative data was be analyzed based on the content matter of the responses. Responses with common themes or patterns was be grouped together into coherent categories. Descriptive statistics involves use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data was being presented in tables and graphs and explanation was being presented in prose.

Summary, Conclusions and Recommendations

The purpose of this study was to investigate the effect of strategic human resource management practices on organizational performance. The study findings revealed that the SHRM practices aimed at attracting and developing employees through selection, training and development; and those aimed at retaining employees are performance appraisals, compensation systems, and

flexible work arrangements. Performance of KIE positively increased.

Influence of compensation system on organization performance

Compensation practices are positively related with retaining & enhancing the skilled employees that are considered assets of an organization. (Mondy and Noe, 1993) has divided compensation in two types' financial compensation & non-financial compensation. Financial compensation is further divided into direct and indirect financial compensation. Direct compensation includes bounce, good salary packages, profits & commission indirect financial compensation are all those benefits that are not covered by direct financial compensation. Non-financial compensation consists of responsibilities, opportunities, recognition promotion, vacations, work place environment, sound policies, insurance, medical, retirement etc. All these compensations affect the performances of the employees in different manners. (Armstrong, 1999) argued about the non-financial compensation which should be any reward that should focus on the needs of people which can be different such as level of attainment, respect, task, control and individual improvements. (Zingheim, 2000) talks in the favor of non-financial compensation such as people's responsibility for more than their return. (Bernadin et al; 1995) state that compensation performance is the result work of employee because it is the strongest link for the planned goals and economic aid. According to (Sherman, 1996 cited in Prasetya & Kato) the general purposes of the compensation policy covers respecting employee's performance, maintaining competitive labor market conditions, maintain justice employee salaries, motivating employee performance & Reduce employee turnover. Gardner et al 2004; teseema & soeters, 2006). Providing respectful compensation to the employees of an organization has soothing effect of both organization and employees. Compensation for organization performance systems need ongoing attention to keep them functioning properly. Organizational goals were change; performance goals and measures were become obsolete; performance may improve or decline; managers may make errors in evaluating performance or allocating rewards. For all these reasons and more, agencies need to monitor the operation and effectiveness of their compensation for performance systems and modify them accordingly. Only by giving the pay systems and related organizational requirements the ongoing attention that they warrant were agencies being able to obtain optimal results from their pay for performance systems. In conclusion, outstanding performers were receiving the greatest rewards, to acknowledge their superior contributions and to motivate them to continue high performance. Average performers were receiving substantially smaller raises, which may encourage them to work harder to achieve larger raises in the future. Poor performers were receiving no increase, which is intended to persuade them to improve their performance or leave.

Determine the influence of training and development on organization performance

Armstrong, M. (1996) it is vital to evaluate training in order to assess its effectiveness in producing the learning outcomes specified when the training intervention is planned, and to indicate where improvements or changes are required to make the training even more effective. The basis upon which each category of training is to be evaluated should be determined at the planning stage while considering how the information required to evaluate learning events would

be obtained and analyzed.

Employee Orientation: Organizations should have an orientation program in place that helps new employees to get acclimated to the company, such as its history and mission, key members of both the organization and individual departments, and personnel rules and regulations.

In-House Training: Ongoing in-house training helps employees to advance in their positions and adjust to changes in their job requirements. Mentoring is a type of in-house training where employees are trained by high-rated employees. According to Go2, this type of training improves team building.

Seminars: Outside training such as seminars and courses provides new skills, instills employee commitment and stimulates creative ideas. According to Zero Million, when a company invests in well-trained employees, it helps to build a more efficient and highly motivated team, which in turn improves morale and enhances the organization's competitive position.

Impact of performance appraisal on organization performance

Performance appraisal doesn't benefit only employees. Organizations that use the results of performance appraisal to identify areas of strength and opportunity can benefit as well. Performance appraisal can provide an indication of areas of training need as well as direction for leadership development, performance improvement and succession planning.

Identifying Areas of Strength: The results of performance appraisal can be assessed to identify areas of strong performance across all employees, by department or by demographics. Standardized performance assessments allow companies to aggregate, calculate and analyze results to show where performance is strong. These areas of strength then can serve as benchmarks and opportunities for sharing of best practices for other areas of the organization.

Identifying Training Needs: Evaluating the results of performance appraisals can provide managers, human resources departments and organizations with an indication of where additional training and development may be necessary, says Lin Gensing-Pophal, author of "Human Resource Essentials." For instance, results may indicate that employees collectively are scoring low on items related to use of technology or customer service. These may become target areas for the creation and implementation of training programs designed to boost employee competence and performance. Results also may be assessed at the individual, department and division levels

Leadership Development and Succession Planning: Performance appraisal can provide an indication of employees with leadership potential or leadership development needs. In both cases, the manager and HR department then can develop programs and interventions to either offer employees an opportunity to exercise their leadership competencies or build skills. Performance appraisal can serve as an input to succession planning by identifying employees with specific competencies that the organization knows it will need in the future due to turnover and retirement; it can highlight external factors affecting the need for new skills. To maximize the use of performance appraisals in this manner, it is important that the appraisals be standardized and that appraisal results are reviewed, assessed and analyzed to identify

competencies and development needs across all departments.

It is often said that organizations that perform well are a reflection of the efforts and successes of their staff. Recognizing these efforts and appropriately praising or redirecting them is imperative for organizational success. This is the basic purpose of performance appraisals. George and Cole (1992. p389) describe it as, “to discuss performance and plan for the future”. Wanna et al (1992. p162) define the objective of staff appraisals as “to improve planning and service delivery at the general level, but also to provide feedback to individual officers”. To underpin these discussions, there must be a reliable and accurate method by which to determine current levels of performance and compare them with predetermined levels of acceptability. There is therefore an inference of a need for quantifiable standards linked to job descriptions and expected performance. (Wanna et al 1992) Wood (1989) argues that this leads to two types of appraisal mechanisms, based on either accountabilities or core competencies.

Impact of employee relation on organization performance

Maintaining healthy employee relations in an organization is a pre-requisite for organizational success. Strong employee relations are required for high productivity and human satisfaction. Employee relations generally deal with avoiding and resolving issues concerning individuals which might arise out of or influence the work scenario. Strong employee relation depends upon healthy and safe work environment, cent percent involvement and commitment of all employees, incentives for employee motivation, and effective communication system in the organization. Healthy employee relations lead to more efficient, motivated and productive employees which further lead to increase in sales level.

Good employee relation signifies that employees should feel positive about their identity, their job as well as about being a part of such a great organization. Despite the importance of strong and healthy employee relations, there are circumstances in the life of every organization when employee and management relations are hampered. Instances of such circumstances are as follows:

1. When the employees do not behave as per accepted norms of behavior, it is known as employee indiscipline. Absenteeism, change in employee’s behavior, slow performance and grievances are all forms of employee indiscipline. Thus, when the employees fail to meet management expectations in terms of standard performance and behavior, it is referred to as indiscipline. In such cases, it must be ensured by the management that steps should be taken so that employee’s behavior is in conformity with the managerial expectations.
2. Similarly, the employees also expect from the management to provide them a safe working environment, fair treatment, proper incentives, participation in decisions, and needs satisfaction. The failure on part of management to meet these expectations is termed as employee grievance.

3. When the employees fail to meet their own expectations whether in terms of personal goals, career goals, performance, self-respect, etc it is referred to as employee stress. Excessive workload, insufficient workload, peer pressure, excessive/unreasonable use of authority by the management, lack of promotional opportunities, nature of job, etc all again lead to employee stress.

All the above mentioned organizational factors influencing employee's relation must be carefully tackled. An optimistic approach to strengthen disciplinary culture rooted on shared norms of employees should be adopted. An effective grievance redressal system should be there. Stress management strategies should be followed in the organization.

Improving Employee Relations

Employee relations must be strengthened in an organization. To do so, following points must be taken care of:

1. Employee has expectation of fair and just treatment by the management. Thus, management must treat all employees as individuals and must treat them in a fair manner. Employee favoritism should be avoided.
2. Do not make the employees' job monotonous. Keep it interesting. Make it more challenging. This can be done by assigning employees greater responsibilities or indulging them in training programmes.
3. Maintain a continuous interaction with the employees. Keep them updated about company's policies, procedures and decisions. Keep the employees well-informed. Informed employees were make sound decisions and were remain motivated and productive. Also, they were feeling as a member of organizational family in this manner.
4. Employees must be rewarded and appreciated for a well-done job or for achieving/over-meeting their targets. This was boost them and they was work together as a team.
5. Encourage employee feedback. This feedback was making the employers aware of the concerns of employees, and their views about "you" as an employer.
6. Give the employees competitive salary. They should be fairly paid for their talents, skills and competencies.
7. Be friendly but not over-friendly with the employees. Build a good rapport with the employee. The employee should feel comfortable with the manager/supervisor rather than feeling scared.

Recommendation for Further Research

This study focused on SHRD strategies as used by KIE and how they influence its performance. Taking into cognizant that improvement in business is multi-faceted, further studies in the same institution need to explore what other factors could have contributed to the increase in performance. In addition further studies should investigate what other strategies are available for the organization. The study recommends that choice of the mode of SHRD should be well

thought depending on the objective that the firm wants to achieve. Secondly it was recommended that policies and procedures be well set while implementing the strategies considering the inherent internal factors in an organisation in order to achieve a successful implementation and the results.

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