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INFLUENCE OF HUMAN RESOURCES SYSTEMS ON GROWTH, MARKET SHARE, PROFITABILITY AND CUSTOMER SATISFACTION OF ORGANIZATION

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Abstract

Human Resources are vital for any organization. People working in the organization constitute human resources. Productivity, quality of the product, relationship with suppliers, customers, branding – everything depends upon the people working in the organization. People can be said to be the life-line of any organization. The concept of human resources has undergone many transformations since the importance of people in organization was realized. Realizing the importance of human resources in an organization, keeping information about the human resources working in the organization is very vital. The term human resources systems has evolved over a period of time to systematically recruit, train and retain the employee in the organization. The Human Resources (HR) department of any organization administers human resources through the Human Resources System. Human resources system includes processes such as the selection of employees through raising vacancy adverts, calling for resumes, and facilitating interviews to finalize the hiring of employees with good skill sets. It also includes identifying training needs and scheduling of optimum training of employees through participation in conferences and seminars. Remuneration to employees is another important aspect that HR administers through the HR system. At this juncture, it would be insightful to have an overview of the Human Resource Systems.

Introduction

The main aim of any business organization is to maximization of return for the stakeholders. However, achieving the organization's long-term ultimate objective (e.g., profits) will obviously depend on the degree to which its organizational performance is reached organizational performance is usually indicated by index such as:

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Effectiveness: if the organization meets its business objectives

Efficiency: if the organization uses the minimum possible resources to meet its objectives

Development: if the organization is developing in its capacity to meet future opportunities and challenges.

Satisfaction: of all participants; stakeholders, employees, and customers

Innovation: for products and processes

Quality: percentage of products of high quality

The present study aims to examine the impact of human resources system on the performance of the organization. In order to measure the impact it is important to measure the impact in terms of mainly growth, market share, profitability and customer satisfaction in addition to other indices stated above. In this chapter presents analysis of answers of respondents with respect to growth, market share, profitability and customer satisfaction. In the beginning of this chapter introduction is provided which is followed by discussion of empirical evidence on the basis of analysis of data.

Litreature Review

The role of human resources has undergone change from being reflective to proactive. The organizations have realized that human resources are the most important assets in the organization. Organizations are giving more and more importance to the people. This emphasis is also due to the new emerging values of humanism and humanization. There is an increased focus on creativity and autonomy.

This is due to people realizing that it is important to have freedom and creativity. The expectation of people are fast changing, people cannot be taken for granted anymore. There are lot of changes which are happening at a very fast pace. Organizations are now working in a global environment. The evolution of the concept of HR systems is presented chronologically as follows:

Though, the concept of Human resources can be traced back to 3000 BC, the time of Sumerian civilization, however the concept of Human resources or human resource management is said to have started in England in the early 1800s, when training was started for craftsmen and apprenticeship which was further advanced and developed when

industrial revolution began in the late 1800s. Various scholars have studied this subject and tried to trace the origin of concepts of human resources/ human resources management, human resources development and human resources system.

Some scholars argue that Human resources management has its origin from the term Personnel Management. The term personnel management was coined after the World war in 1945. This was result of an effort by personnel management practitioners to distinguish their profession from other managerial functions and making the personnel management function as a separate function with professional body of knowledge and code of ethics as a result personnel management became a full-fledged professional managerial function.

The main responsibility of personnel management professionals was to arrange for the required manpower, administration of benefits and training. Tyson, (1985) stated that there were many criticisms and concerns of uncertainty articulated about the purpose and role of personnel management and human resources management. In management of human resources activities one had to respond to different circumstances and situations. They had to proactively respond to the demands of trade unions.

Beer and Spector, (1985), stated that though there were many similarities in the functions some writers defined the terms human resources management and personnel management differently.

Lloyd and Rawlinson, (1992) stated that the term human resources management slowly replaced the traditional personnel management during 1980s.However it seems there was not much difference in both these human resources management and personnel management functions, as both took care of arranging, organizing, and motivating human resources required by organizations.

Noon, (1992), Armstrong, (2000), observed that the change in the nomenclature from personnel management to human resources management was due to evolvement and changes in the world of management and the new term was introduced so as to take up new ideas, concepts and philosophies of human resources Marching ton and Wilkinson, (2002);

Legge, (2005) continued this debate and argued that both human resources management and personnel management are the same concept with different names. They have same meaning and practice as of personnel management, this debate is still continued on the meaning and practice of human resources management. Another concept used in practice of human resources management is human resources development.

Legge, (2005) commented on the work of scholars and stated that most of the scholars feel that there are no much difference between personnel management and human resources management and it is the same thing with a new label.

According to Ivancevich, (2007), in the 19th century, Frederick W. Taylor suggested that a combination of scientific management and industrial psychology of workers should be introduced. The proposal was made to manage the workers from job and efficiencies related with the jobs and psychology and maximum welfare of the workers. Due to radical changes in technology, the growth of organizations, unionism and intervention by the governments the personnel department came in existence in1920. During these days the personnel administrators were called welfare secretaries and their prime responsibility was to take care of the welfare of the workers in the organization.

One more term which one comes across is human resources development. The current study is examining the human resources system hence it will be instructive to understand the term human resources development and its meaning. This will make clear our understanding of all the concepts i.e. human resources management, human resources systems and human resources development.

The term human resources development is supposed to have its origin in these during the beginning of the Industrial Revolution in 1800s. However according to some scholars the concept of human resources development was introduced in 1913when Ford Motor started training its workers to introduce mass production in the assembly line.

Garavan, Costine and Heraty (1995) provided the viewpoints of human resources development as a strategy for business success. They stated that with the help of human resources development initiatives organizations can gain competitive advantage.

Blake (1995) argued that Human resources development may have started in the early 1930s and it was originated from the concept of organization development (OD). According to him, Nadler (1970) realized the extended role of personnel management is which went beyond hiring and administration of benefits. Due to this extended role and he introduced the term human resources development in 1970s and placed the same under the big structure of human resources with the function of selection and development of employees under the term human resources development.

On the other hand, Stead and Lee (1996) argued that the historical starting point of human resources development was during the 1950s and 1960s when theories on employees' developmental process was popularized and published by organizational psychologists such as Argyris (1957), McGregor (1960), Likert (1961) and Herzberg (1959).

Hypothesis

Theoretical Development and Objectives of the Study:

The current study aims at understanding the impact of human resources system and highlighting the importance of Human Resources systems by focusing on the impact these systems create on the performance of the organization. If any business has to succeed in the long run, it will have to satisfy the expectations of all the stakeholders i.e. the employees, the customers and shareholders. It is possible that the organization may get success in the short run; however, in order to succeed in the long run it will have to take a balanced approach and will not succeed without a balanced satisfaction of all the three. One of the important arguments is that all the three components are interrelated. Employee attitudes and behavior influences customer satisfaction and retention. Similarly, customer satisfaction and retention influences shareholders satisfaction and investments. The shareholder satisfaction affects employee satisfaction through bonuses, stock options and further investments on employees. If even one of the components breakdown, the chain does not work leading to performance drops. The current study made an attempt to study the impact of Human Resources systems on the organization. In order to study the impact, focus of the study is on the nature and extent of some important system of human resources; study the outcome of Human resources system implementation. Identify the Human Resources system which has major impact on the performance of individual and the organization.

4. Data and Methodology

Empirical Evidence:

Growth, market share, profitability and customer satisfaction are measured with the help of the statements of responses collected with the help of structured questionnaire. The percentage is measured at 5 points scale. Separate tables are given to show the status in all the sample organizations. The data collected represent the snapshot view and the situation at the time of survey. There is a possibility that the scenario in different organizations might have been drastically changed or improved.

Organization	At an all time low level		Worse		Same		Better		At an all time high level		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind							132	79.04	35	20.95	**167**
Blue Star					1	1.44	43	62.31	25	36.23	**69**
Bilag Ind.					50	100					**50**
Micro Inks			2	1.43	31	22.3	92	66.18	11	7.91	**139**
AartiInd					6	6.18	69	71.13	22	22.68	**97**
Raymond	2	1.61	2	1.61	14	11.29	105	84.67	1	0.8	**124**
Hindustan Lever							17	22.86	58	77.33	**75**
Enercon			5	5.15	4	4.12	84	86.59	4	4.12	**97**
Blossom Ind.							21	60	14	40	**35**
Paper Products					50	59.52	34	40.48			**84**
Total	**2**	**0.21**	**9**	**0.96**	**151**	**16.11**	**589**	**62.86**	**186**	**19.85**	**937**

Table 1.1 Revenue Growths

Revenue growth of an organization is an important indicator of its performance. When asked about the revenue growth as compared to the last five years, majority of the respondents were on the positive end of the scale. All respondents from Blossom Industries, Hindustan Lever Ltd. and Reliance Industries gave a positive response. Other organizations like Blue Star Ltd., Aarti Industries andEnercon had 98.55, 93.81 and 90.72 percent of respondents respectively stating it was much better as compared to the last five years. Raymond and Micro Inks had 85.48and 79.86 percent respondents also expressed similar views. 59.52 percent respondents from Paper Products were of the opinion that it

was the same as compared to the last five years whereas 40.48 percent respondents were of the opinion that it was better than the past five years forming a mixed response which indicated the revenue growth is marginally better as compared to the past five years. In BilagIndustries, 100 percent respondents felt that the revenue growth was same. Overall, all the organizations had a good revenue growth as compared to the last five years.

Organization	At an all time low level		Worse		Same		Better		At an all time high level		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind					4	2.39	99	59.28	64	38.32	**167**
Blue Star					1	1.44	28	40.58	40	57.97	**69**
Bilag Ind.					50	100					**50**
Micro Inks	3	2.2	2	1.43	31	22.3	92	66.18	11	7.91	**139**
AartiInd					6	6.18	69	71.13	22	22.68	**97**
Raymond	1	0.8	1	0.8	13	10.5	105	84.67	4	3.2	**124**
Hindustan Lever							11	14.66	64	85.33	**75**
Enercon	5	5.2			20	20.6	50	51.54	22	22.68	**97**
Blossom Ind.							24	68.57	11	31.42	**35**
Paper Products					39	46.4	45	53.57			**84**
Total	**9**	**1**	**3**	**0.32**	**164**	**17.5**	**523**	**55.8**	**238**	**25.4**	**937**

Table 1.2 Market Share

Market share plays an important role in determining the growth of an organization. When asked about the market share as compared to last five years, percent respondents from Blossom and Hindustan Lever were of the opinion that it is at the peak as compared to last five years. Blue Star, Reliance and AartiInd followed with 98.55, 97.6 and 93.81 percent respondents on the positive end of scale stating it was better as compared to the last five years. For Raymond, Enercon, Micro Inks and Paper Products majority of the respondents were on the positive end stating it was better as compared to the last five years. All the respondents from Bilag Industries were of the opinion that it was same as compared to the last five years. 5.15 percent respondents from Enercon, 3.6 percent respondents from Micro Inks and 1.61 percent respondents from Raymond were on the negative end.

Organization	At an all time low level		Worse		Same		Better		At an all time high level		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind					2	1.19	106	63.47	59	35.32	**167**
Blue Star					1	1.44	44	63.76	24	34.78	**69**
Bilag Ind.					50	100					**50**
Micro Inks			1	0.71	31	22.3	97	69.78	10	7.19	**139**
AartiInd					6	6.18	66	25.77	25	25.77	**97**
Raymond					17	13.7	103	83.06	4	3.22	**124**
Hindustan Lever					8	10.7	23	58.66	44	58.66	**75**
Enercon			5	5.15	16	16.5	71	63.76	5	5.15	**97**
Blossom Ind.							24	31.42	11	31.42	**35**
Paper Products					41	48.8	43	51.19			**84**
Total			**6**	**0.64**	**172**	**18.4**	**577**	**61.6**	**182**	**19.42**	**937**

Table 1.3: Profitability

When asked about the profitability 100 percent respondents from Blossom Industries were of the opinion that it is far better as compared to the last five years. Not afar was Reliance Industries, Blue Star, Aarti Industries, Hindustan Lever Ltd.and Raymond Ltd., with 98.8 percent, 98.55 percent, 93.81 percent, 89.33 percent and89.29 percent respectively on the positive end. 100 percent respondents from Bilagand 48.81 percent respondents from Paper Products were of the opinion that it was same as compared to the last five years. 51.19 respondents from Paper products stated that it was almost better as compared to the last five years. Overall 81 percent respondents were on the positive end.

Organization	At an all time low level		Worse		Same		Better		At an all time high level		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind							60	35.93	107	64.07	**167**
Blue Star					1	1.44	29	42.02	39	56.52	**69**
Bilag Ind.					50	100					**50**
Micro Inks	1	0.71	1	0.71	19	13.7	90	64.74	28	10.14	**139**
AartiInd					6	6.18	61	62.88	30	30.92	**97**
Raymond					15	12.1	87	70.16	22	17.74	**124**
Hindustan Lever					8	10.7			67	89.33	**75**
Enercon					4	4.12	64	65.97	29	29.89	**97**
Blossom Ind.							18	51.42	17	48.57	**35**
Paper Products					45	53.6	39	46.43			**84**
Total	**1**	**0.71**	**1**	**0.71**	**148**	**15.8**	**448**	**47.8**	**339**	**36.18**	**937**

Table 1.4 : Customer Satisfaction

Customer satisfaction is very important for the growth of any organization. All the respondents from Blossom and Reliance Industries were of the opinion that their customer satisfaction was the highest as compared to the last five years. Blue Star, Enercon and Aarti Industries had 98.55 percent, 95.88 percent and 93.81 percent respondents on the positive end stating it was better as compared to the last five years. Hindustan Lever, Micro Inks and Raymond Ltd. had majority of the respondents on the positive end constituting 89.33, 84.89 and 87.9 percent respondents respectively.53.57 percent respondents from Paper Products were of the opinion that it was same as compared to the last five years. Bilag Industries had 100 percent respondents stating that it was same as compared to the last five years.

Results & Conclusions [Summary]

Once we look at all the indices we can find that in terms of revenue growth all the ten organizations had better market share as compared to last five years clearly showing that all these organizations had growth in terms of their turnover. In terms of market share, all organizations except Bilag had a growth in their market share. In case of Bilag the growth remained constant as the organization supplies all the material produced to its parent German company and unless the capacity is increased there cannot be further growth. In case of profitability as compared to last five years, respondents in all the organizations reported that their profitability was better or same. In case of Bilag the profitability remained same as the material produced is transferred on transfer price basis.

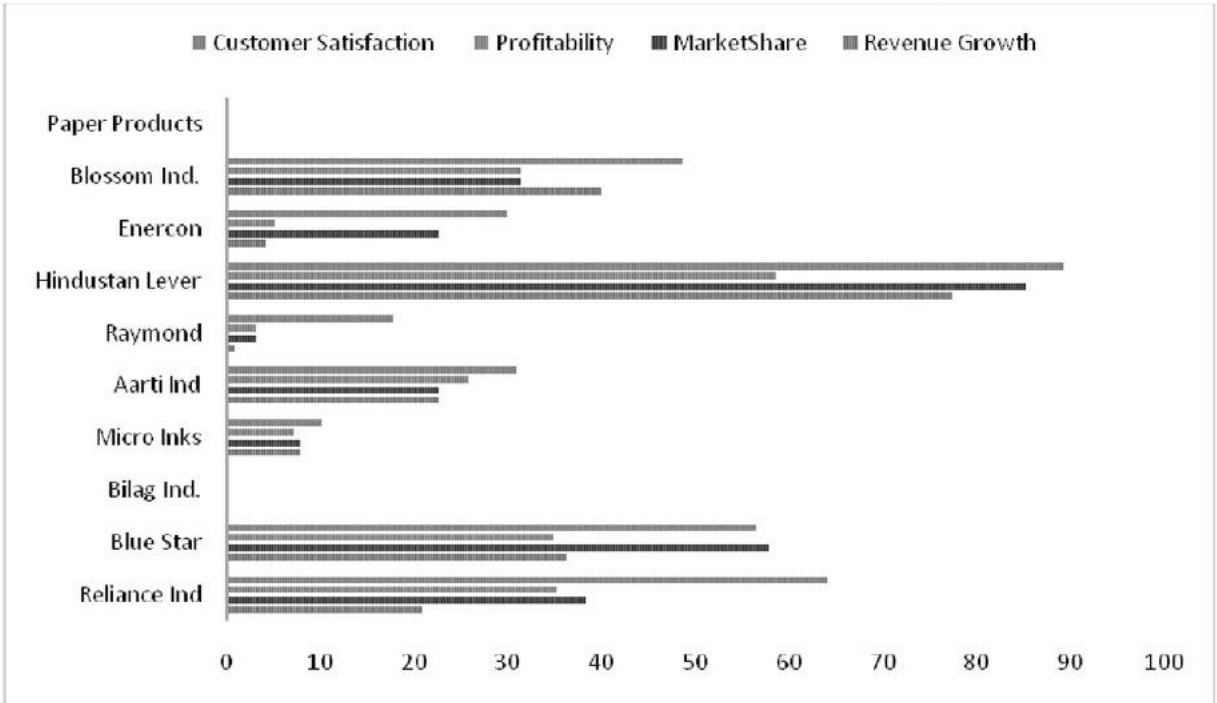

Chart 1: % of at all-time high level in all aspects

Customer satisfaction is very important for the growth of any organization. Most of the respondents stated that the customer satisfaction of their organization was same or better explaining the growth of the organizations. One can sum up and state that respondents felt on all the performance parameters the sample organizations performed better in comparison to last five years.

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