



**A STUDY OF HRM PRACTICES AND ITS EFFECT ON JOB SATISFACTION IN
SELECTED SMALL AND MEDIUM SCALE AGRO COMPANIES IN PUNE REGION.**

Dr. Hitesh Vaswani

Associate Professor & HOD, Department of Management Studies, Nabira College, Katol

Mr. Prashant T Pawar

ABSTRACT

The purpose of this study was to understand the impact of HRM practices on jobsatisfaction in selected small and medium scale agro companies in pune region. Specifically, the study examined selective HRM practices in small and medium scale agro companies.

The sample size for the study was 410 employees. We have adopted convenience sampling technique. The research findings indicate that there is positive relationship between HRM practices and Job satisfaction.

Key words: HRM Practices, Job Satisfaction,

INTRODUCTION

Human resources constitute the most critical inputs relying on the use of science and technology for development. Agriculture being the backbone of Indian economy, the human resource

practices must be implemented in agro based industries to meet the standard with other industrial sectors. The growth achieved in Indian agricultural sector has been attributed to the concerted efforts of available skilled human resource. But over the years the scenario has changed. The growth in agriculture sector slowed down and the job opportunities declined leading to increased unemployment. These agro based industries are not adopting necessary HR practices and this results in to labour turnover and slowdown of productivity.

Human resource management (HRM) is an approach to the management of people, based on basic principles. First, human resources are the most important assets an organization has and their effective management is the key to its success.

Second, this success is most likely to be achieved if the personnel policies and procedures of the company are closely associated with, company objectives and strategic plans.

And finally, HRM practices are concerned with assimilation – getting all the members of the organization involved and working together for achieving common goal i.e. profit maximization with efficient & skillful manpower.

Human Resource Management is considered to be an inherent part of management, which highlights the human assets of an enterprise. Its objective are the maintenance of better human relations in an enterprise by the improvement, application and assessment of policies, procedures and programmes relating to human resources to optimize their contribution towards the realization of organizational objectives.

Human resources are the most vital assets of the firm. They are the most impetuous and diverse creatures also and to manage them is a challenging job. The success or failure of an organization depends upon the kind of resources the company hires and how well they manage them. To manage human resources in agro industries is difficult as the manpower came from diverse background and many of the ground level employee are not even educated. Therefore human resource practices are crucial part of the organization and without proper HR practices, whole organization cannot run smoothly and efficiently.

Agro based industries are growing rapidly in the market. It is important to implement good HR practices in any organization for its success. The Human Resources Management (HRM)

function includes a variety of activities, and key among them is manpower planning which will help you in deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations and at par with the industry standards. With the current scenario in agro companies there is tremendous need for such types of HR Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. Usually small & medium scale agro industries have to carry out these activities themselves because they can't yet afford part- or full-time help. However, they should always ensure that employees have and are aware of personnel policies which conform to current regulations. These policies are often in the form of employee manuals, which all employees must have. This study will help to analyze HR practices in unnoticed agro sector. It further helps to evaluate HR practices & policies with other organized sectors and bring it to the same level where these sectors are excelled in terms of best HR practices.

Agro- industrial integration can be defined as “an organic link between agriculture and industries that uses agricultural raw materials on one hand, and manufactures agricultural in-puts and agriculture that uses them on the other hand”.(V.Venkaiah,1985). Agro based industries may be defined as “Those industries which are engaged in either processing of products of raw materials or manufacturing them to finished products on the basis of primary and secondary products of agriculture and forest” (N. Rangaswamy, 1988). According to James E. Austin (1981) “An agro based industry is an enterprise that processes agricultural raw material, including ground and tree crops as well as live stock products”. In other words, an integration of Agro Based Industries ordinarily results in an integrated development of both agricultural and industrial sectors. Their mutual development has its own spread and multiplier’s effect on rural economy into a dynamic industrialized economy.

Types of Agro-Based Industries

Agricultural products and processed foods, including marine products, have been recognized as a major thrust area for development as they contribute significantly to foreign exchange earnings and help the country to reduce the problems of balance of

payment. The food processing industry in India comprises of three groups. The first group consists of primary food processing units mainly rice mill, dal mill, oil mills etc. The second group consists of unorganized cottage industries including of traditional food units, processing units of fruits, vegetables and spices. The last group is the organized sector of food processing units with further division into the following sub sectors

- (a) Primary food processing
- (b) Fruit and vegetables processing
- (c) Dairy and live stock products
- (d) Fish and fish products and
- (e) Consumer goods industry (processed foods)

As per Maharashtra Agro Industries Development Corporation it has five divisions of Agro Companies

1. Fertilizers
2. Pesticides
3. Agro Engineering
4. Animal Feeds
5. Processed Foods

About Small & Medium Scale Companies

Definition of MSMEs in India

Small enterprise

A small enterprise is one where the investment in plant and machinery is more than Rs.25 lakh but does not exceed Rs.5 Crore.

Medium enterprise

A medium enterprise is one where the investment in plant and machinery (see above) is more than Rs.5 crore but does not exceed Rs.10 crore.

The definition of SMEs in the service sector is:

- Small enterprise: Investment in equipment is more than Rs.10 lakh but does not exceed Rs.2 crore
- Medium enterprise: Investment in equipment is more than Rs.2 crore

The Indian micro- and small-enterprises (MSEs) sector plays a pivotal role in the country's industrial economy. It is estimated that in value, the sector accounts for about 39 percent of manufacturing output and about 33 percent of total exports. In recent years, the MSE sector has consistently registered a higher growth rate than the overall industrial sector. The major advantage of the MSE sector is its employment potential at a low capital cost. According to available statistics, the sector employs an estimated 31 million people in 12.8 million enterprises; labor intensity in the MSE sector is estimated to be nearly four times that of large enterprises.

OBJECTIVES

1. To study various HRM practices in selected small and medium scale agro companies in Pune region
2. To study the impact of HRM practices that significantly influences Job satisfaction.

LITERATURE REVIEW

(Mimbaeva, Dana, 2005) has represented theoretical framework for future empirical study on organizational knowledge transfer from Danish-based MNCs' HQs to their subsidiaries with emphasis of the role of HRM practices in the process. Building on the synergy of four theoretical streams – knowledge-based perspective, SHRM, theory of MNCs and organizational learning perspective, this study contributes in understanding the process of organizational knowledge transfer and the role of HRM practices in the process. Determinants of knowledge transfer process are grouped under four dimensions: country, industry, corporate, and individuals. Organizational knowledge was viewed as divided into two big concept families: functional and organizing. Moreover, it was assumed that there are different types of organizational knowledge to be transferred at different stages of acquisition process. Organizational knowledge is

transferred in a “sequential” order: organizing tacit – functional tacit – functional explicit-organizing tacit.

HRM practices are identified as mechanisms of organizational knowledge transfer and means for building supportive learning environment for the transfer. Furthermore, the study brings more attention to the important issue of complementarity among HRM practices in transferring a single knowledge and process complementarity of HRM practices implementation in achieving the overall effectiveness of organizational knowledge transfer. It also assumes the existing effect of complementarity in organizational knowledge transferred on organizational performance measured by one of the most important HRM performance criteria – organizational turnover rate.

(Heslid, Mark A. & Becker, Brian E., 2005) have elaborated that an analysis of what is important and what should be measured is a top-down process, not a bottom-up process. The Oakland as figured out what it took for the team to be successful and then defined player performance, the measures of that performance, in terms of their logical contribution to that success. HR professionals often do just the opposite in their efforts to demonstrate their strategic contribution. They start with the measure, often focusing on operational and administrative efficiency, and attempt to make a bottom-up argument. The business logic is superficial and neither the execution of the firm’s strategy nor the credibility of the HR function is well served. They have further emphasized the need to more sophisticated methods of analysis follow directly from the first two dimensions of analytical literacy, using business logic as the foundation of measurement and thinking in terms of causal relations. Strategic performance measurement is based on the relationship between human capital and the unique strategic performance drivers in the organization. Therefore, benchmarking HR performance using traditional efficiency measures such as cost per hire or recruiting cycle time is not the solution. Neither is constructing measures like “human capital value added” that are nothing more than combinations of old measures with new names. HR and human capital strategic performance require new numerators and they will largely be unique to the system of strategy drivers required to execute the firm’s strategy.

(Barringer, B. R., Jones, F. F., and Neubaum, D. O., 2005) conducted a quantitative content analysis of the narrative descriptions of 50 rapid-growth firms and a comparison group of 50 slow-growth companies. Results demonstrated that employee incentives differentiated the rapid-

growth from the slow-growth firms. Firms that were eager to achieve rapid-growth provided their employees financial incentives and stock options as part of their compensation packages. In doing so, firms managed to elicit high levels of performance from employees, provide employees the feeling that they have an ownership interest in the firm, attract and retain high-quality employees, and shift a portion of a firm's business risk to the employees.

(Kraimer, M.L., Wayne, S.J., Liden, R.C., Sparrowe, R.T., 2005) used psychological contract and social cognition theories to explore the role of full-time employees' perceived job security in explaining their reactions to the use of temporary workers by using a sample of 149 full-time employees who worked with temporaries. Results demonstrated that employees' perceived job security negatively related to their perceptions that temporaries pose a threat to their jobs. On the one hand, for those with high job security, there was a positive relationship between benefit perceptions and performance. On the other hand, for those with low job security, there was a negative relationship between threat perceptions and performance. In the organizations or firms, human resource management (HRM) practices as a mediator between HRM strategy and HRM outcome. Sheppeck and Militello (2000) focus HRM strategy into four groups: employment skill and work policies, supportive environment, performance measurement and reinforcement and market organization whereby Guest (1997) divides in to three categories: differentiated on innovation, focus on quality and cost-reduction. However, there are many definitions in previously researches on HRM strategy, but all strategies used to achieve the same organizational goal through HRM practices. Sivasubramanian and Kroeck (1995) verify the various perspective of human resource management as the concept of fit or integration. Based on Guest (1997) suggests the various types of human resource management can be classify in two dimensions as internal and external fit. External fit explain HRM as strategic integration whereby internal fit as an ideal of practices. Several of researches try to examine which fit is appropriately. Youndt et al., (1996) who observe the external fit, their result shows more particular fit between high performance HRM practices and quality strategy. Stavrou-Costea (2005) also argued that the effective human resource management can be the main factor for the success of a firm. As supported by Lee and Lee (2007) HRM practices on business performance, namely training and development, teamwork, compensation/incentive, HR planning, performance appraisal, and employee security help improve firms' business performance including employee's productivity, product quality and firm's flexibility.

HYPOTHESIS TESTING

Hypothesis : Impact of HRM practices that significantly influence Job satisfaction.

To test the hypotheses;

The Null Hypothesis, H_0 :

The correlation between the Impact of HRM practices & Job Satisfaction is not significant.

Vs.

The Alternative Hypothesis, H_a :

The correlation between the Impact of HRM practices & Job Satisfaction is significant.

The Pearson's correlation is calculated & it's significance is tested by t test.

Calculation Table:

Correlations			
		HRM Practices	Job Satisfaction
HRM Practices	Pearson Correlation	1	.672**
	P value (2-tailed)		.000
	N	410	410
Job Satisfaction	Pearson Correlation	.672**	1
	P value (2-tailed)	.000	
	N	410	410
**. Correlation is significant at the 0.01 level (2-tailed).			

Since p value < 0.05, the level of significance; there is strong evidence to reject the null hypothesis.

Conclusion:

The correlation between the Impact of HRM practices & Job Satisfaction is significant.

Hence impact of HRM practices that significantly influence Job satisfaction.

Hypothesis 1 is accepted.

DATA ANALYSIS

Table 1: Frequency distribution of respondents according to Q.1: Regular and fair Payment

The frequency distribution of respondents according to Q.1: Regular and fair Payment is given below along with its pie chart.

Regular and fair Payment	Frequency	Percent
Highly Dissatisfied	60	14.6
Dissatisfied	93	22.7
Can't say	52	12.7
Satisfied	199	48.5
Highly Satisfied	6	1.5
Total	410	100.0

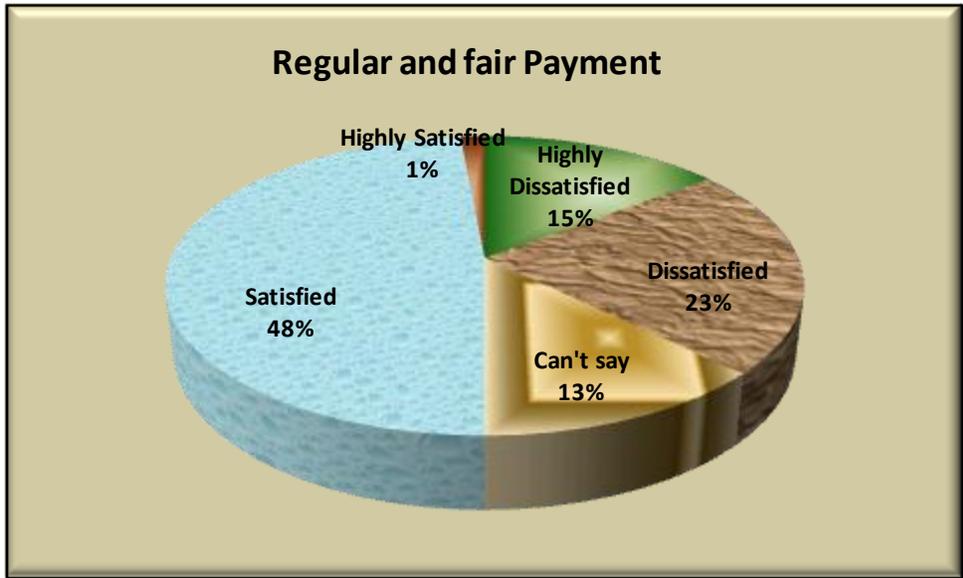
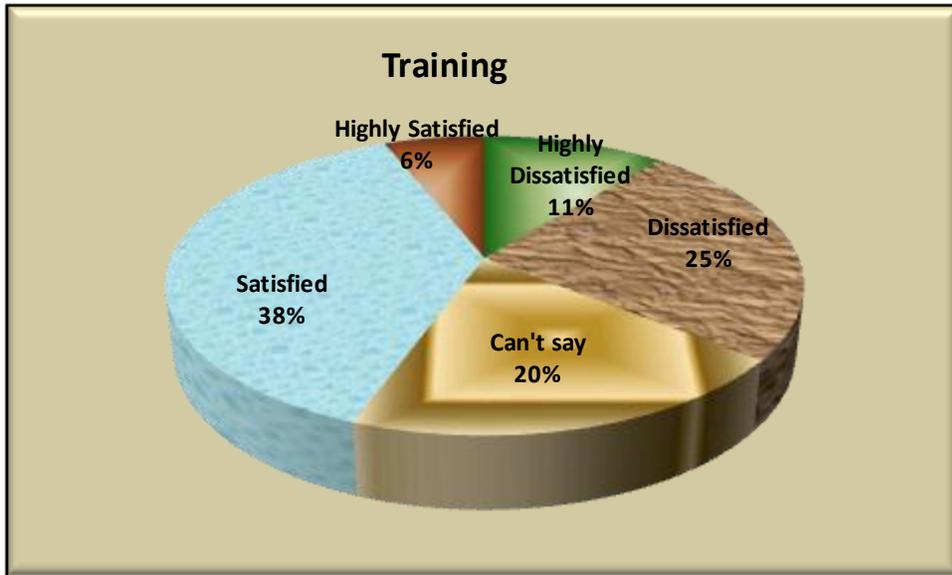


Table2: Frequency distribution of respondents according to 2: Training

The frequency distribution of respondents according to 2: Training is given below along with its pie chart.

Training	Frequency	Percent
Highly Dissatisfied	45	11.0
Dissatisfied	102	24.9
Can't say	81	19.8
Satisfied	157	38.3
Highly Satisfied	25	6.1
Total	410	100.0



CONCLUSIONS:

1. The respondents are in favor of mostly 'regular and fair payment help to increase job satisfaction'; then 'My company has a training and development policy applicable to all employees'; then 'Employees are working efficiently after attending training course'; then 'I am aware about career planning in my company'; then 'My company has dedicated training and development department'.
2. The respondents are in favor of mostly 'Training and development practices help to increase job satisfaction'; then 'My company has a training and development policy applicable to all employees'; then 'Employees are working efficiently after attending training course'; then 'I am aware about career planning in my company'; then 'My company has dedicated training and development department'.
3. The respondents are against of majorly 'My company has dedicated training and development department'; then 'I am aware about career planning in my company'; then 'My company has a training and development policy applicable to all employees'; then 'Training and development practices help to increase job satisfaction'; then 'Employees are working efficiently after attending training course'.

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