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HRD TECHNIQUES FOR COMPENSATION BETWEEN EMPLOYEE AND MANAGEMENT

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ABSTRACT:

Human Resource Development is concerned with the provision of learning, development and training opportunities in order to improve individual, team and organizational performance. The objective of the study was influence of compensation and reward on performance of employees at Nakuru county government A survey was carried out within the 11 sub-counties in Nakuru County Government with the study adapting a descriptive research design. Stratified random sampling technique was employed on a target population of 6,400 respondents from the same geographical area of study. Simple random sampling was used to select the respondents that formed a sample size of 98 respondents. Primary data was collected using questionnaires and interview schedules with a combination of open and closed questions. Statistical Package for Social Sciences was used to analyze the data HRD practices are tools used by organizations to get the best out of their workers, thus, achieve superior business performance. The authors, therefore, recommend that organizations that want to remain competitive must ensure that various stakeholders are satisfied (including Employees by implementing a robust HRD practices

Keywords: - Influence, Compensation, reward, Performance, Employees,

1.0 Introduction:

In the recent years, the Human Resource Development (HRD) practices are a vital research area. The aim of the study is to look at how the HRD practices increase the level of employee performance and the whether the employees will feel more comfortable and secure where HRD practices are implemented. These practices play a vital role in the performance of organizations; be it either public or private ones. suggests that in the current labour market, success is less dependent on capital and more on innovation, speed and acceptability. In the last two decades, there have been several attempts to show the connection between HRD practices and performance of firms. Human Resource Development is interlinked with all the

managerial functions involved in the practices of recruitment & selection, training, developmental Resources, reward and compensation. These practices increase the potential of employees in different sectors of a country's economy. business of the telecom sector is not only capital intensive, where the important component of capital is to assess to ensure the growth of the strong network but also the core competencies, skills of management, qualification and abilities of management are the dense drivers to increase the achievement of organization profits and the sustainability of business. No doubt that organization internationally isdetermined for achievement and high profit those in the same industry. For the purpose of this, organizations



have to get and apply their human resource effectively and efficiently. Organizations have to be aware of human resource need to know about HRM more realistically and organizations have to keep their human resource up-to-date. Consequently, managers play significant role for the purpose of achieving company's goal and meet profits, basically the core functions of managers have to manage the human resource in a way that right number in right way. This paper therefore, examines the influence of human resource management that is compensation, employee's development and organizational citizenship behavior on the performance of the organization. In any organization performance of organization is very important. The super objective of all organizations is to improve their performance. There may be three areas that create or to enhance the organizational performance: employee development of organization (EDO), compensation management of organization (CMO) and organizational citizenship behavior (OCB) to measure the effect of compensation on organizational performance. Compensation is vital for organization's performance. As the employee compensation, training and rewards have risen the performance of human resource management results generally raise the satisfaction and performance. There are three independent variables citizenship behavior, employee's development, and compensation management and their combine effect on organizational performance.

Theoretical framework:

One of the proponents of the social exchange theory Emerson (1976) argues that social exchange involves a series of interactions that

generate obligations. According to social exchange theory, as people associated and relate over time, they experience the need to reciprocate the support and assistance of the other person, called the norm of reciprocity. People develop trust and loyalty when the norm of reciprocity is fulfilled in a relationship. Social Exchange theory suggest that when people play their part it lead to a mutually beneficial relationship. Individuals are more motivated to reciprocate a favor than most benefactors actually predict. Social exchange theory has been used to explain the relationship between human resource management practice and performance. assert that organizations adopt a range of human resource practices, such as opportunities to contribute ideas, mentoring or support, suitable job design, constructive performance appraisal, and development programs to support employees. When these practices are adopted, employees feel they are supported and trusted by the organization. In return, these employees develop commitment to the organisation, which often lead to job satisfaction.

Human Resource Management Practices and Employee satisfaction:

study the effect of HRM practices on employee satisfaction in Ethiopian public banks, the results of this study suggest that HRM practices mainly recruitment and selection, training and development, performance appraisal and compensation package are positively related to employee job satisfaction. argued that organizations should have better HR plans to motivate its employees. Found that employee compensation is the most important factor affecting satisfaction among employee of public banks in Punjab. found that



human resource planning (HRP), and training and development (TND) positively impact on job satisfaction examined the impact of HRM practices on employee satisfaction. The result shows that training and development, and compensation and social benefits are positively related to employee satisfaction. Found that employee compensation is an important factor why people work. He adds that satisfying employees' living status in the society, loyalty, and productivity are also influenced by employee compensation examine the effect of HRM practices on job satisfaction of employees of selected banks in Nigeria. The results show that compensation practice, promotion practice, training practice and performance evaluation have a positive effect on job satisfaction among Nigerian banks staff but only supervisory role practice has an inverse effect on job satisfaction.

Human Capital Theory:

States that human capital signifies the combined intelligence and experience of staff as a source of competitive advantage that cannot be imitated by rivals. This theory has implications thus for attracting, engaging, reward and developing people in organizations. The theory has cross cutting significance in HRD practices. In the context of public sector, because some of the HRD practices in this research are meant to ensure that the performance of employees at County Government. The theory has criticized as not addressing other underlying components of employee performance. Scholars have argued that ultimately, it's only the characteristics that enhance employee performance that should be used to address HRD practices. The theory is relevant in this study. This is because it

considers intelligence and experience of staff. This means that those with desired intelligence and experience are able to develop in an organization with much ease.

1.0 Literature review:

O'Donnell, Motowidlo, S. J. (2003) Observed the positive relationship between employee development and organizational performance. Organizational performance can be achieved through the learning opportunities, through better employee performance on their jobs. The unit of analysis in the research is employee development which has an impact on performance but the less information is available. Learning opportunities are the part of employee development programs the two important measures, training and promotion. There is a significant relationship between investment in employee development and business performance. The factors effecting the employee development include the selection strategies, recruitment, evaluation of performance and planning procedure. There is an indirect relationship between employee development and organizational performance, relationship include the human resource practices

Mabey, C., & Ramirez, M.(2005). Research has established the significant impact on organizational performance. There is connection between HRM and organizational performance is considered a "black box" that is absence of clarity as to, what leads to what. Therefore this study shows the significant positive relationship between independent variables and organizational performance either financial or non-financial. In this study we fill the gap of previous studies and more observe the procedure through which HRM policies,

procedures techniques and effect of organizational performance, it is important to conduct analysis in Pakistan context on the telecom sector. The main objective of this research is to examine how the HRM practices influence the performance of organization, to enhance the relationship instead of two variables we take three variables that are employee development, compensation management and organizational citizenship. Next we present the hypothesis to be verified. The discussion is followed by methodology and evaluates the hypothesis

Resick, C. (2007). Through individual interpretations of the immediate working environment, described by HRD practices, employees develop more or less stable cognitive and affective states in the relation to their job and organization, that in accordance to the models explaining the role of attitudes in individual guide their job-related behavior. Employees evaluate various organizational practices and give them meaning; they attribute the motive and the level of sincerity of their employer. Perceived organizational support is strengthened by HRD practices in the area of reward management, training and development, developmental resources aimed to the promotion of health, safety and well-being of employees. Perceived organizational support has several positive effects for the employer and employees; it promotes organizational commitment, job satisfaction, organizational citizenship behaviour, job satisfaction and lower the levels of job related stress

Fister, K. (2004). Thus, there is a need to show how HR is interlinked with all the managerial functions involved in the practices of coaching and mentoring, training & development,

development resources and compensation and these practices increase the potential of employees in the public sector. From the various studies undertaken globally on HRD practices in different platforms, there is very little, if any, evidence relating to the County Government in Kenya. The County Governments have had a huge labour workforce as a result of hiring of new staff without consulting the relevant departments at national or central government offices. While some investigations have been initiated in different countries, the available literature highlights that most of the studies examining the relationship between HRD and performance have been conducted on the organizational performance mostly in the in developed countries. None of these studies have been done in Kenya, particularly in the public sector touching on HRD practices and employee performance.

3.0 Methodology:

This study adopted a descriptive research design. The target population comprised of 6400 respondents in Nakuru County. Simple random sampling was used to select the respondents that formed a sample size of 98 respondents. Data was achieved from both primary and secondary sources. The primary data was collected using questionnaires and interview schedules with a combination of open and closed questions. Data was analyzed using Statistical Package for Social Science. In the light of this conclusion, a purposive sample of 60 senior employees of 10 microfinance banks in Nigeria was used for this study. The MFBs were selected base on their financial performance. All the 60 questionnaires were returned but 59 were found usable for the

analysis, accounting for 98.3% response rate. According to a number of observations equal to at least five times the number of variables in the model must be present. 60 observations could be considered adequate for a model consisting of 5 constructs. Thus, a sample size of 59 is considered appropriate for this study

Measurement of variables:

The measure used in this study was all adapted from previous studies on the subject in order to ensure their reliability and content validity. The measures for training and work environment and employee compensation were adapted from The measure for employee The details of the measures used in this study are presented in Attachment Training and development. Give new and old employees the skills, abilities and knowledge they need to effectively and efficiently do their jobs. Employees can get these skills on the job and off the job when they are not at work. Training and development improves the skills and abilities of employees. According to training are methods that are applied to provide the new employees with the skills needed to perform their jobs. Notes that development activities help individual make positive contributions to the organizations Authors use 6 items to measure the construct of training and development point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree” was used Compensation management and organizational performance Holt employee receive compensation in the form of rewards, pay, benefit it is basically the output that management uses to increase the performance of organization. Half of the cash flow is equal to the compensation of the organization but more than half in the service sector. the purpose to increase performance of

organization the key factor is to motivate employees and attract the employees. Compensation can be in the form of multiple pay plans and can be in the form of individually, merit pay to performance long incentives, bonus, and merit pay in the form of rewards. These are the different qualities and components of compensation that are in the form of individual performance and multiple pay plan performance, this research was conducted by and Newman. In order to increase the performance of organization pay plan is commonly used The most common appraisal of employee is pay plan by Heinemann and Warner.

Resource based View Theory:

Within the resource-based view (RBV) of the firm, which advocates that an organization can gain competitive advantage by attracting and retaining best human resources, universalistic and contingency HRM performance linkage models have been either theoretically or empirically developed (Wood, 1999). The universalistic model suggests that a specified set of HRD practices (the so called “best practices”) will always produce superior business results whatever the accompanying circumstances. The contingency model argues that an organization’s set of HRM policies and practices will be effective if it is consistent with other organizational strategies. There is no consensus amongst researchers regarding which model is the predominant one With respect to the HRD-performance linkage model building literature, although supports the view that HRD lacks a unifying model that may be used to understand HRD issues, most current HRD models are following the universalistic rather than the contingency perspective

Training and employability McGuire & are assumed to be the basic components for people to acquire competencies that in turn will significantly improve organizational performance. There is a small number of authors, most notably Snell, Lepak, &Yound (1999), who advocate that investment in human resources may be contingent on the specific characteristics and contribution of groups of employees to the organization.

Ability, Motivation, Opportunity Theory (AMO Theory):

Expectancy theory of motivation explains the link between motivation and performance. The theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities and an appropriate role and understanding of that role. It is a short step to specify the HRM practices that encourage high skills and abilities, for example careful selection and high investment in training; high motivation, The AMO theory claims, there will be enhanced performance if the work environment provides the necessary support (for example through functioning technology) (Musah, 2008). Whitener (2001) argued that the organization may adopt a high-commitment strategy, including employment practices, appraisal, competitiveness, fair compensation, and comprehensive training and development in order for employees to have high commitment and motivation. This theory implies that an organization's HRD practices should speed up development for those staffs with high ability and motivation whenever an opportunity arises.

4.0 Results and discussions:

The expectancy theory, motivation is likely to be when there is a perceived and usable

relationship between and outcome, with the outcome being seen as a means of satisfying needs. In other words, there must be a link between a certain reward and what has to be done to achieve it. This theory is very important in the context of this research. It is instrumental especially when designing performance-based employee welfare programmers. In the Kenyan context, the public sector in particular the County Government depends entirely on civil servants to provide services to the public. Balancing competitive rewards and improved employee performance must be of key significance to the County Governments. The latter need to design performance performance-based employee welfare programmers so as to ensure civil servants continue. This theory argues that there must be clear procedure for development. It is this procedure that employees will compare against their qualifications to see if they can develop in an organization or not. This theory helps explain why an organization's staff would feel confident that they can grow in the same organization, hence remain there, or seek development elsewhere by going there leading to exit of staff.

Concept of Employee Performance:

Many of the past research conclude that HRD practices are found to be weakly related with performance, and various examples about HRD practices and employee performance show a positive relation. HR considered employees as important factors to achieve organizational goals and objectives and to attain a competitive edge over competitors. Although employee performance is considered to be an important factor in organizations, few studies did not find a direct effect of HRD practices on employee

performance. Many Studies have found that HRD practices of staffing, training, involvement of employees and incentives have a positive relation with employee performance and increase the productivity of the firm. Different concepts have been discussed to explain the how level of performance of HRD practices affect employee performance and a general tendency shows that HRD practices have positive impact on individual performance.

HR Development on the Employee Performance:

Based on the T-test, the Tcount value of HR Development variable is bigger than the T-table value. This indicates that the Compensation variable has significant impacts on the Employee Performance variable of Sulut Bank, North Sulawesi province. The result shows that an increase in compensation for the employees of the company will also increase the employee performance. The result is in line with theory, which claims that human resource development program is an effort to increase the quality and competence of human resources. Human resource development efforts are aimed to realize the vision of an organization so that it can achieve its short-term and medium-term goals. On the other hand, for employees of human resource development programs, human resource development is a systematic learning and exercise process wherein they can improve their competences and work accomplishments so that they are equipped and prepared for future roles and responsibilities. Development is a method orienting to improve the work productivity of employees in the future (Siagian, This finding supports studies, which conclude that human resource development has

positive and significant impacts on employee performance.

Major HRD Strategies:

Communications Strategy: In today's changing scenario, it is essential to educate and train employees about the change.

Accountability And Ownership Strategy: Employee's accountability and ownership leads to higher productivity and customer acceleration.

Quality Strategy: Quality needs to be fostered in the employees through training and development.

Cost Reduction Strategy: Every employee's contribution in savings is crucial as small contributions from each employee can be pooled by organizations to save substantial savings at the end of a given period and enhance its competitive strategy.

Entrepreneurship Strategy: Every employee needs to be an independent entrepreneur, who can generate ideas and bring them to reality by using the existing resources and support of the org to create innovative and creative products and services.

Culture Building strategy: Organization valuing its employees have a sustainable competitive edge over competitors because employees are highly charged, motivated and commitment to the organization

In the context of a state or nation it would differ. HRD is a process, not merely a set of mechanisms and techniques. The mechanisms and techniques such as performance appraisal, counseling, training, and organization development interventions are used initiate, facilitate, and promote this process in a continues way. Because the process has no limit, the mechanisms may need to be

examined periodically to see whether they are promoting or hindering the process. Organizations can facilitate this process of development by planning for it, by allocating organizational resources for the purpose, and by exemplifying an HRD philosophy that values human beings and promotes their development.

CONCLUSION:

The Human Resource Development variable has significant impacts on the Employee Performance. The testing results of the two variables indicate that the human resource development program through education and training done by Sulut Bank in North Sulawesi Province greatly supports the performance of the employees in the company the Organizational Commitment variable has significant impacts on the Employee Performance variable. This finding shows that improvement in Organizational Commitment will also improve the employee performance this is revealed in the behavior and preferences indicators of the employees at the company, The Compensation variable has significant impacts on the employee performance. The result shows that the higher the compensation is, the higher the employee performance will be. This can be seen from the direct and indirect compensation indicators of the employees. For future studies, more investigations in other locations are needed to

be conducted to delve into the Human Resource Development, Organizational Commitment, Compensation, and Employee Performance variables. Employee satisfaction could improve productivity, profitability and reduce employee turnover. This study has important theoretical and managerial implications for business executives and human resource practitioners, with reference to the emerging market

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