

Analysis of Human Resources Systems on Revenue Growth and Market Share

Dr. Neeraj Chaudhary

Assistant Professor

Institute of Business Studies

Ch. Charan Singh University, Meerut

Email: nchaudharydsmc@gmail.com

Abstract

The human resource (HR) marketplace is poised for significant growth in the next 10 years. Companies around the world are increasing their investment in HR infrastructure. They are not only becoming more attuned to the benefits of recruiting, hiring and retaining top talent, but they are also buying more products and services to help them realize the best return from their people and investing in automation to streamline the delivery of these services. As the market for HR products and services expands, so does the competition. Human resources management is more important than other competitive sources because these people use other assets in organization, create competitiveness and realize objectives. Thus firstly, organizations must understand the expectations of their workforce in order to achieve the desired performance. The realization of the expectations of employees will enable the desired behavior of employees in the organization. Some of the desired outcomes of the organization in managing their workforce are: competence, cooperation of employees with managers, cooperation of employees between them, showing the capabilities of employees; motivation, commitment and satisfaction; attitude and presence; employee behaviors.

Keywords

Human resources, freedom, creativity.

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Dr. Neeraj Chaudhary

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Introduction

The role of human resources has undergone a 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 a lot of changes that are happening at a very fast pace. Organizations are now working in a global environment. 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 lifeline of any organization. The concept of human resources has undergone many transformations since the importance of people in an 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. A 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.

Review of Literature

Armstrong, (2012), observed that the change in the nomenclature from personnel management to human resources management was due to evolution 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. Wilkinson, (2014); Legge, (2017) continued this debate and argued that both human resources management and personnel management are the same concepts with different names. They have the 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 the practice of human resources management is human resources development.

Legge, (2012) commented on the work of scholars and stated that most of the scholars feel that there is not 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 jobs and efficiencies related to 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 into existence in 1920. 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. Stead and Lee (1996) believed that the development of human resources in an organization goes far beyond the training and also takes care of the development and motivation aspects as suggested by organizational psychologists such as Blake,(1995).

Grip and Sieben (2010), studied the more advanced human resource systems in small firms. They analyzed whether the human resources system in small firms can be associated with higher performance as well as higher wages. Their study focused on Dutch pharmacies and the data was collected from 549 out of a total of 1319 pharmacists who responded to the questionnaire. They noted that the human resources system approach is more adequate in analyzing the effects of human resources management. They analyzed the effects of non-traditional human resources systems on the performance of Dutch pharmacies, which are micro firms, which operate on a local market. The pharmacies did not have an advanced human resources system but focused on improving the quality of the workforce by means of performance evaluation, permanent contracts, training, employing a highly competitive workforce and allowing assistants to perform the tasks of pharmacists. They found that workers benefit from more advanced human resources systems as the system includes higher wages. This shows that the firms reward the higher quality of the workforce. They did not find any positive effect of the intermediate human resources system on employees' wages. They also found that more advanced human resources systems do not have any effect on a firm's productivity, as normally observed in large firms.

Sinha (1991) stated that HRD is development of skills, through action learning and continuing education, these capability contributes to human resources development. Capability building has to be supported with a commitment to work.

Bose and Natrajan's (2014) study at Colgate Palmolive highlights that human resources development through training can build a firm foundation of Mutual Trust and independence which helps in bringing change in organizational culture, conducive to far better industrial relations and increased productivity. Shah's (2012) and Shirodkar (1988)'s studies reveal that besides qualitative gains, quantitative results in terms of increasing sales turnover, profit, labor productivity and discipline can also be attained through HRD. According to Shah, HRD brings a healthy organizational climate and culture which helps in setting individual and departmental goals.

Messersmith and Guthrie (2015) studied the high-performance work systems organizations and their implications on the firm's performance they observed that the most important challenge faced by the human resources today is finding and retaining the right people. They stated in that the most important part of an organization are people and human resources systems designed to acquire, develop, and motivate talented individuals have implications for firm performance. These policies and practices seem particularly salient for firms relying on innovation and an entrepreneurial spirit to compete in today's dynamic business world. They studied the data of 2018 establishments and provided a number of theoretical and practical implications which showed that using high-performance work systems is associated with higher levels of sales growth, product innovation, and organizational innovation. The study results did not support a mediating relationship for firm turnover levels.

Result

Growth, market share, profitability and customer satisfaction are measured with the help of the statements of responses collected with the help of a structured questionnaire. The percentage is measured on 5 points scale. Separate tables are given to show the status of all the sample organizations. The data collected represent the snapshot view and the situation at the time of the survey. There is a

the possibility that the scenario in different organizations might have been drastically changed or improved.

Table : 1 Revenue Growth

Organization	At a time of 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	26	18.70	95	68.34	16	11.51	139
Aarti Ind.					6	6.18	58	59.79	33	34.02	97
Raymond	2	1.61	2	1.61	14	11.29	105	84.67	1	0.80	124
Hindustan Lever							17	22.66	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

The 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, the 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 and Enercon 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 85.48 and 79.86 percent of respondents also expressed similar views. 59.52 percent of respondents from Paper Products were of the opinion that it was the same as compared to the last five years whereas 40.48 percent of 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 Bilag Industries, 100 percent of respondents felt that the revenue growth was the same. Overall, all the organizations had a good revenue growth as compared to the last five years.

Market share plays an important role in determining the growth of an organization. When asked about the market share as compared to the last five years, 100 percent of respondents from Blossom and Hindustan Lever were of the opinion that it is at its peak as compared to the last five years. Blue Star, Reliance and Aarti Ind followed with 98.55, 97.6 and 93.81 percent of respondents on the positive end of the scale stating it was better as compared to the last five years. For Raymond, Enercon, Micro Inks and Paper Products, the majority of the respondents were on the positive end stating it was better as compared to the last five years.

Table : 2 Market Share

Organization	At a time of 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	2.15	2	1.43	31	22.30	92	66.18	11	7.91	139
Aarti Ind.					6	6.18	69	71.13	22	22.68	97
Raymond	1	0.8	1	0.80	13	10.48	105	84.67	4	3.2	124
Hindustan Lever							11	14.66	64	85.33	75
Enercon	5	5.15			20	20.61	50	51.54	22	22.68	97
Blossom Ind.							24	68.57	11	31.42	35
Paper Products					39	46.42	45	53.57			84
Total	9	0.96	3	0.32	164	17.50	523	55.81	238	25.40	937

Conclusion

Organizations are trying to create as much competition in the market, reaching to manage their human resources in achieving the organizational performance required. Some of the goals are cost reduction, achieving sales levels, increasing the number of customers, increasing the market percentage, increasing product quality, innovative products, improve productivity. Human resources are playing an important role in achieving these performance indicators. But before that, organizations should realize the expectations required from employees and so the employees show their skills, be motivated and behave in the manner required by the organization to achieve performance. Strategic HRM is a detailed process for human resource management throughout the organization that it's integrated with the organization's overall strategy. Also, authority and responsibility must involve in the entire organization working as a single team and not focusing only on managers. Performance management strategy should focus on the development of a continuous and flexible process. The study analyzed 30 organizations, of which 16 are in the service sector and 14 are in the manufacturing sector.

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