

# INFLUENCE OF INNOVATIVE SHRM PRACTICES ON EFFECTIVENESS OF AUTOMOBILE FIRMS IN CHENNAI

<sup>1</sup>R. LATHA, <sup>2</sup>Dr. P. JAGADEESAN

**ABSTRACT**--Human Resource Management (HRM) has been developed into Strategic Human Resource Management (SHRM) by researchers who seek to emphasise the need to ensure the effective functioning of an organisation. To this end, many researchers have established that innovative Strategic HRM practices would lead to an improvement in organisational performance and effectiveness. When organisations believe in implementing innovative strategic HRM practices it is sure to replace the traditional and looked down HR policies and procedure with one that help HR managers in linking the HR objectives and strategy with the overall goals of the organisation. This article throws light on the influence of innovative SHRM practice on the effectiveness of automobile firms in Chennai.

**Key words**--SHRM practices, recruitment and selection, compensation and rewards, training and employee relations

## I. INTRODUCTION

Strategic HRM helps to a great extent in bridging the gap between employees and the organisation. To be more specific SHRM is the integration of HRM strategies in to organisational strategies. SHRM practices aims generating employee commitment, flexibility, improved quality and performance in any organisation.

The real challenge faced by the automobile firms in the current situation is the transformation of companies into global corporates without giving up ethics and values being developed over the years. In this scenario banks realized the importance of upgrading of human resources management strategies with the view to achieve their goals by enhancing knowledge, sharpening skills to improve work culture and performance.

## II. LITERATURE REVIEW

In recent years automobile sector is witnessing a lot of change in technology and government regulations. With this trend, it is important for an HR managers and line managers to have a good composition of workforce to challenge the environment in attaining a competitive advantage.

Strategic HRM is a distinctive approach to management which attempts to ensure an organisation is able to achieve competitive advantage through the deployment of innovative strategic HRM which requires a team of highly committed and capable lot of employees. According to Salaman, Storey and Billsberry (2005) organisations attempted to do so by employing an collection of cultural, structural and personnel techniques.

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<sup>1</sup> Ph. D Scholar, VELS University, Chennai

<sup>2</sup> Professor & Head, Department of Commerce, VELS Institute of Science and Technology and Advanced Studies, Chennai.

Alewel and Hansen, (2012) are of the conviction that the major concept of SHRM system is the keeping bundle of some complementary HRM activities bound together such that they help in bringing an economic improvement in the organisation. Strategic HRM thus links corporate strategy and HRM, and puts emphasis on having a proper integration of HR with the business and its environment.

Holbeche (1999) and Schuler and Jackson (1999) believe that such an integration between HRM and business strategy contributes to effective management of human resources, which in turn brings about an improvement in organisational performance and finally the success of a particular business by improving efficiency and effectiveness.

Research carried out by Lengnick-Hall and Lengnick-Hall (1988) has proved that a number of advantages could be reaped through the integration of HRM into the overall corporate strategy. By ensuring there is that innovative methods are used for solving the complex organisational problems, HR would be able to ensure the successful formulation and implementation of corporate strategic by being in a position to contribute effectively.

Schuler (1992) developed a '5-P model' of SHRM that is Philosophies, Policies, Programs, Practices and Processes, This model raises two important combinations which are seemed to be very important, the first one is that the level of integration of HRM in to business strategy and the responsibility of line managers in performing the HRM activities.

### **III. OBJECTIVES OF THE STUDY**

The objectives of this article are:

- To study the influence of innovative SHRM practices on the effectiveness of automobile firms in Chennai.
- To know the extent to which innovative recruitment and selection strategy, compensation and rewards strategy, training initiatives and employee relations strategy influence the effectiveness of automobile firm.

### **IV. RESEARCH METHODOLOGY**

The Descriptive design seemed to be most appropriate and was therefore adopted. The sample size was limited to 100 respondents drawn from different automobile firms operation in Chennai. The tool used for collecting data was a structured questionnaire. The respondents included mostly men since the sector is still a male dominated one, belonging to different age groups, with varied educational qualification and with varied years of experience. The respondents included were supervisors working in automobile firms in Chennai and the sample size was limited to 176 and the sampling technique was convenience sampling.

### **V. DATA ANALYSIS**

The data collected through the survey method has been analyzed and interpreted as follows.

**Table 1:** Friedman Test for Significant Difference among Mean Ranks of Variables Influencing Innovative Recruitment and Selection Strategy

Recruitment and Selection	Mean rank	Chi-Square Value	P value
Recruitment and selection process are stringent and vigorous	4.07	101.244	<0.001**
HR managers are helped by line managers in selecting the right person for the right job	4.88		
Valid and standardized test are used to select candidates with desired skills, attitude and knowledge	3.91		
Experience and attitude play a major role in the selection process	4.59		
Recruitment policy of the organisation is highly impartial and transparent	4.90		
Recommendation or reference of employees are duly considered	4.97		
Recruitment policy is updated and helps in improving the overall effectiveness of the organisation	4.70		

Note: \*\* Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is significant difference among the mean ranks of various aspects of innovative recruitment and selection strategy influencing effectiveness of automobile firms.

Based on mean rank, recommendation or reference of employees are duly considered (4.97) is most effective variable of innovative recruitment and selection strategy influencing effectiveness of automobile firms followed by recruitment policy of the organisation is highly impartial and transparent (4.90), HR managers are helped by line managers in selecting the right person for the right job (4.88), recruitment policy is updated and helps in improving the overall effectiveness of the organisation (4.70), experience and attitude play a major role in the selection process (4.59) recruitment and selection process are stringent and vigorous (4.07) and valid and standardized test are used to select candidates with desired skills, attitude and knowledge has a mean score (3.91).

**Table 2:** Friedman Test for Significant Difference among Mean Ranks of Variables Influencing Innovative Compensation and Rewards Strategy

Compensation and Rewards	Mean rank	Chi-Square Value	P value
Competitive compensation is paid to each and every employee	4.62	82.457	<0.001**
Good incentive and increments offered to motivate employees to give their best at work	3.76		
Job performance determines the quantum of compensation	4.59		

incentive paid to employees			
Attractive compensations and reward system help in improving the effectiveness of the organisation	4.54		

Note: \*\* Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is significant difference among the mean ranks of various aspects of innovative compensation and rewards strategy influencing effectiveness of automobile firms.

Based on mean rank, competitive compensation is paid to each and every employee (4.62) is most effective variable of innovative compensation and rewards strategy influencing effectiveness of automobile firms followed by job performance determines the quantum of compensation incentive paid to employees (4.59), attractive compensations and reward system help in improving the effectiveness of the organisation (4.54) and good incentive and increments offered to motivate employees to give their best at work has the least mean score (3.76).

**Table 3:** Friedman Test for Significant Difference among Mean Ranks of Variables Influencing Innovative Employee Training Strategy

Employee Training	Mean rank	Chi-Square value	P value
Extensive and innovative training is offered on all technical aspects of the job	2.47	58.162	<0.001**
Identification of training needs is done through a formal interactive mechanism	2.98		
New skills and knowledge are regularly imparted in line with the need of the job	2.94		
Training helps employees to take on new responsibilities and thereby improve performance	2.74		
Training imparted is realistic, useful, relevant and based on the needs of the organisation	2.91		
Training in improving the overall effectiveness of the organisation	2.81		

Note: \*\* Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is significant difference among the mean ranks of various aspects of innovative employee training strategy influencing effectiveness of automobile firms.

Based on mean rank, identification of training needs is done through a formal interactive mechanism (2.98) is most effective variable of innovative employee training strategy influencing effectiveness of automobile firms followed by new skills and knowledge are regularly imparted in line with the need of the job (2.94), training imparted is realistic, useful, relevant and based on the needs of the organisation (2.91), training in improving the overall effectiveness of the organisation (2.81), training helps employees to take on new responsibilities and

thereby improve performance (2.74) and extensive and innovative training is offered on all technical aspects of the job has the least mean score (2.47).

**Table 4:** Friedman Test for Significant Difference among Mean Ranks of Variables Influencing Innovative Employee Relations Strategy

Employee Relations	Mean rank	Chi-Square value	P value
Employees are encouraged to participate in operations related decisions	3.72	119.566	<0.001**
Employees are given opportunities to suggest improvements in performing their job	3.65		
Nature of relationship between employees and managers affects the performance of the organisation	3.25		
Good employee relation leads to increased effectiveness of the organisation	3.94		

Note: \*\* Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1 percent level of significance. Hence concluded that there is significant difference among the mean ranks of various aspects of innovative employee relations strategy influencing effectiveness of automobile firms.

Based on mean rank, good employee relation leads to increased effectiveness of the organisation (3.94) is most effective variable of innovative employee relations strategy influencing effectiveness of automobile firms followed by employees being encouraged to participate in operations related decisions (3.72), employees are given opportunities to suggest improvements in performing their job (3.65) and nature of relationship between employees and managers affects the performance of the organisation has the least mean score (3.25).

## VI. FINDINGS AND CONCLUSION

The study has proved that innovative recruitment and selection strategy along with innovative compensation and rewards strategy, innovative employee strategy and innovative employee relations strategy could help in improving the effectiveness of an organisation beyond doubt. In the light of the findings, however the following suggestions are being put forth. Recruitment and selection procedures and policies can be updated with more standardized tests. Job appraisal methods should be designed in such a way that it identifies the training and development needs of the various departments appropriately. Training should be provided anticipating the future needs so as to enable the employees to take innovative measures to improve the performance of the organisation

It can be concluded that strategic HRM policies and procedures have positive influence on the effectiveness of an organisation. Organisations that have adopted innovative SHRM practices would surely be able to gain more

strategic outcomes like organisational flexibility, quality, efficiency, cost effectiveness, performance, productivity and profitability in the market.

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