

# An Empirical Study of Impact of Demographic Variables on the perception towards HR Strategy among manufacturing sector employees in Indore Division

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## Abstract

*Human resource (HR) Strategy can play an important role in matching people with the organizations and the jobs they work in. HR Strategy is nothing but the pattern of decisions regarding the policies and practices associated with the HR system. HR Strategy reflects the various strategies employed in the various HR systems within the organizations like: Training and Development, Employee wellness, Organizational Culture and performance management etc. However, little is known about how employees perceive and interpret HR Strategy and whether or how these perceptions are influenced by the demographic factors. This study aims to bridge HR Strategy and the impact of perception on demographic factors like: designation, age, total experience and the experience in the present company. Data was collected from 181 manufacturing sector employees of Indore city. T-test and One way Anova was used for data analysis. The present study established a significant difference in the perception of employees towards HR Strategy among manufacturing sector employees in Indore Division with respect to age, total experience and the experience in the present company. Designation had no significant impact on the perception towards HR Strategy.*

**Keywords:** HR Strategy, Manufacturing sector employees, Designation, Age, Experience.

## Introduction

### HR Strategy (HRS):

Thomas (1996) contented that the prospect of tremendous change and uncertainty faced by organizations has fuelled the debate of HR strategy. He says that there are many change factors which need to be articulated and managed in the organization so as to attain organizational effectiveness. The various changes articulated by Thomas are: globalization of markets, technology, legal, regulatory, mergers and acquisitions, demographic social and organization structural changes.

Researchers (Pallavi and Mishra, 2010) also clinched that it is necessary to choose innovative HR practices in organization for the better performance and effectiveness in organization. They say that each and every function should have Innovative practices like recruitment and selection, rewards and recognition, motivation, cost cutting, training and performance appraisal. In order to achieve success and growth in the

business it is must to draw a set of human resource policies and practices which suit the organization's own policies and situation. Effective HR policies and practices should be termed as the tools that are developed to address such problems rightly. Thus, it is imperative to periodically analyze human resource functions of an organization and develop futuristic HR strategy.

HR Strategy is defined in different ways by different scholars. The various definitions are summarized as under:

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### Classification of the definition of HR strategies is as follows:

References	Definition of HR Strategy
Fombrun, et al. (1982)	A collection of HRM decisions which organizational members make over a time period as they emerge from actions.
Fombrun, et al. (1984)	The process which are typically concerned with devising ways of managing people which will assist in the achievement of the organizational objectives.
Pettigrew (1986)	A subject which is more likely to be in the breach than the observance.
Butler, et al. (1991)	Firm's deliberate use of human resources to help it gain or maintain an edge against its competitors in the market place.
Lundy (1994)	An outcome which was the pattern of decisions regarding the policies and practices associated with HR system.
Tyson (1995)	Something expressed through philosophies, policies and practices in order to manage its employees.
Thomas (1996)	A co-ordinated set of actions aimed at integrating an organization's culture, organization, people and systems.
Bamberger et al (1996)	The pattern of decisions regarding the policies and practices associated with the HR system.
Koys (2000)	"Mission statements," "philosophy statements" and other formal documents like HR Practices

From the above table it is concluded that HR strategy is not just the drafted policies but then the implementation of drafted HR policies. Implementation involves people management and people carry different perceptions with them. Hence it can be contended that perception towards HR Strategy plays a vital role in the effectiveness. Nishii et al. (2008) highlighted the importance of employee's perception towards HR practices and innovation. He contended that it is not just the HR practices themselves, but rather also employees' perceptions of those HR practices that are important for achieving desired organizational outcomes.

### Review of literature

Lundy (1994) reported that the decade of the 1980s saw the emergence of HRM strategy as one of the newest sub fields of HRM. HRM strategy was then conceptualised as an outcome of HR policies and practices in the form of pattern of decisions regarding the policies and practices associated with HR system. Thus he concluded that the focus of HRM strategy needed to be on the HR system, and not the HR function.

Researchers (Fombrun et al., 1984) contended that every specific HR strategy has a specific HR practice. Further it was supported by Dyer (1985) and Schuler and Jackson (1987). Also they suggested that the HR strategies should be in sync with HR practices. This mismatch of HR practices and strategy becomes a barrier in achieving the desired outcomes. Hence better the combination of HR Practice and the strategy better is the outcome.

HR Strategy should be framed according to the organizational goals. Organizational goals and the HR strategy should match with each other to achieve the desired results. Employee behaviours play a vital role in the implementation of the HR strategy. Schuler and Jackson (1987) argued that Specific organizational goals require specific employee behaviours for the desired outcomes. This was later supported by Cappelli and Singh (1992).

Similarly researchers contend that specific HR strategies produce specific employee behaviours. Wright and Sherman (1999); Dyer and Shafer (1999, 2003); Dyer and Shaw (2001) Concluded that the contribution of HR strategy to organizational performance depends on employee behaviours.

Researchers contended that HR strategy is linked with different other variables. Ulrich D et al. (2001) Suggested that HR strategy has a linkage with performance. Similarly, some studies reveal the linkage between employee behaviours and the organizational performance. The study conducted by Katou (2012) showed that HRM policies have a positive effect on organizational performance through employee attitudes (satisfaction, commitment, motivation) and employee behavior's (absences, turnover, disputes).

Delery & Shaw, (2001) suggested that the extent to which a human resource strategy contributes to organizational performance depends (i.e., is contingent) on its capacity to foster desired employee behavior's. Despite its appeal, the behavioral approach has only rarely been employed. Thus, they concluded that it is an opportunity which exists to develop SHRM models using a behavioral approach, which was also being supported by Dyer & Shafer, (1999).

Arthur (1994), concluded that commitment human resource systems shape desired employee behavior's and attitudes by forging psychological links between organizational and employee goals. In other words, the focus is on developing committed employees who can be trusted to use their discretion to carry out tasks in ways that are consistent with organizational goals.

HR Strategy is the core component which helps in building a better performing culture, develops leadership capability, attracts and retains the best talent. This was supported by Wright et al. (2004). He concluded that the core components of HR strategies seem to be building a performance culture, developing leadership capability, attracting and retaining the best talent, and providing state of the art HR systems, processes, and services. Wright et al. (2004) contend that the best practices are required for the development and implementation of HR strategies.

Aoife M. et al (2013) concluded that manager's leadership style and HR strategy should be in sync or else this mismatch will lead to poorer performance. Additionally he said that for good results leadership style needs to be congruent with HR strategy and practices.

The above literature review reveals that there is a need to study the perception of employees towards the HR Strategy. Since the demographic study on this variable was not found. Hence the present study is to identify the impact of demographic variables on the perception of HR Strategy.

## Methodology

### Objectives of the study:

- To study the HR Strategy with respect to designation among manufacturing sector employees.
- To study the HR Strategy with respect to age among manufacturing sector employees.
- To study the HR Strategy with respect to total working experience among manufacturing sector employees.
- To study the HR Strategy with respect to working experience in the present company among manufacturing sector employees

### Hypotheses:

**H<sub>01</sub>:** There is no significant difference in the perception towards HR Strategy with respect to designation among manufacturing sector employees.

**H<sub>02</sub>:** There is no significant difference in the perception towards HR Strategy with respect to age among manufacturing sector employees.

**H<sub>03</sub>:** There is no significant difference in the perception towards HR Strategy with respect to total working experience among manufacturing sector employees.

**H<sub>04</sub>:** There is no significant difference in the perception towards HR Strategy with respect to working experience in the present company among manufacturing sector employees.

### Research Design:

This research is descriptive in nature. Employees of manufacturing sector of Indore City (n=181) were selected as the sample of this study. For data collection purposes, Self developed Questionnaire has been used. The questionnaire has been developed by referring to various previous scales. The questionnaire was divided in two parts. The first part of the questionnaire included questions about demographic profile of the respondents. Second part of the questionnaire included questions/variables related with dimensions of HR Strategy. All the variables were required to be marked on likert scale in the range of 1 - 5, where 1 represented strongly disagree and 5 represented strongly agree. A Purposive sampling technique was adapted for the research.

Data was collected from 181 respondents during Jan-April 2015. Initially 200 questionnaires were distributed Out of the same, 190 questionnaires were received back and 181 questionnaire were finally considered for data analysis. After collecting the data, the raw scores are tabulated and analyzed through appropriate statistics tools with the help of SPSS, t-test one way Anova was used to test the hypothesis.

## Results and discussion

Reliability test has been made for testing the reliability of HR Strategy, with the help of Coefficient (Cronbach Alpha). Reliability of data is (.971) (see annexure 1) which is excellent.

**H<sub>01</sub>:** There is no significant difference in the perception of HR Strategy with respect to designation among manufacturing sector employees.

Since  $p=.160$  (see annexure 2, refer table 2.2) which is greater than .05 which means that null hypothesis is accepted. Therefore, H<sub>01</sub> is accepted. Hence, it may be concluded that there is no significant difference in the perception of HR Strategy with respect to designation among manufacturing sector employees.

**H<sub>02</sub>:** There is no significant difference in the perception of HR Strategy with respect to age among manufacturing sector employees.

Since  $p=.000$  (see annexure 3, refer table 2.3) which is less than .05 which means that null hypothesis is not accepted. From the table it can be concluded that significant difference arises among employees of different age groups. From the post hoc analysis revealed that significant difference found between age group 20-30 years and 31-40 years.

**H<sub>03</sub>:** There is no significant difference in the perception of HR Strategy with respect to experience among manufacturing sector employees.

Since  $p=.000$  (see annexure 3, refer table 3.2) which is less than .05 which means that null hypothesis is not accepted. Therefore, H<sub>03</sub> is not accepted. Hence there is a significant difference in the perception of HR Strategy with respect to experience among manufacturing sector employees.

**H<sub>04</sub>:** There is no significant difference in the perception towards HR Strategy with respect to working experience in the present company among manufacturing sector employees.

Since  $p=.000$  (see annexure 4, refer table 4.2) which is less than .05 which means that null hypothesis is not accepted. Therefore, H<sub>04</sub> is rejected. Hence there is a significant difference in the perception of HR Strategy with respect to working experience in the present company among manufacturing sector employees.

## Conclusion

The result of the study revealed that there is a significant difference between age and experiences and total mean scores of the perception of employees towards HR Strategy in manufacturing sector. Age has a positive impact on the perception of employees towards HR Strategy as the older people are having higher degree of knowledge and experience of HR Strategy than Younger. Experience of respondent was also found to have significant association with the perception of employees towards HR Strategy. Accordingly, one is inclined to say that people who have high experience seem to be having more knowledge and exposure towards the HR Strategy and would be more aware about the benefits of HR Strategy. Thus it can be concluded that experience helps in building positive perception of employee's towards the HR Strategy. Hence, older the employee positive is the perception towards HR Strategy. This is the reason that only experience and age has a significant impact over the positive perception of employees over HR Strategy. At the same time research implied that designation has no impact on the employees perception towards HR Strategy that is HR Strategy at all levels in the organization is equally disseminated.

## Limitations

Limitations of the study are as follows:

1. **Sample Size:** The sample size is a limitation to the research as the results may vary with difference in the number of sample. More the sample size better can be the outcomes.
2. **Biasness of respondents:** The results are derived from responses of respondents. The personal biasness of the respondents is inseparable.
3. **Represents only one sector:** The outcomes of the study cannot be generalized for all the sectors as the study is based on manufacturing sector. The outcomes of the service sector may or may not be same.
4. The study is restricted only to Indore division.

## Future Scope of the Study

1. The study can be conducted for various sectors.
2. The relation of HR Strategy with other variables like change, Organizational culture, and performance can be studied.
3. A study with large sample size, cross departmental and sector can be conducted. So that the outcomes can be generalized.

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## Annexures

### Annexure 1

Reliability Statistics	
Cronbach's Alpha	N of Items
0.96	23

### Annexure 2

**Table 2.1: Descriptives Total**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	Minimum		Maximum
					Lower Bound	Upper Bound		
20-30 years	30	92.2333	21.13125	3.85802	84.3428	100.1239	55	111
31-40 years	119	78.6891	14.79908	1.35663	76.0026	81.3756	37	104
41-50 years	24	97.75	5.61249	1.14564	95.3801	100.1199	85	108
51 & above years	8	84.75	2.54951	0.90139	82.6186	86.8814	83	91
Total	181	83.7293	16.58006	1.23239	81.2975	86.1611	37	111

**Table 2.2: ANOVA Total**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9918.872	3	3306.291	14.792	0
Within Groups	39562.86	177	223.519		
Total	49481.74	180			

**Table 2.3: Post Hoc Tests Multiple Comparisons Dependent Variable: Total Tukey HSD**

(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
20-30 years	31-40 years	13.54426*	3.05433	0	5.6225	21.466
	41-50 years	-5.51667	4.09438	0.534	-16.1359	5.1025
	51 & above years	7.48333	5.94899	0.591	-7.946	22.9127

<b>31-40 years</b>	20-30 years	-13.54426*	3.05433	0	-21.466	-5.6225
	41-50 years	-19.06092*	3.34539	0	-27.7375	-10.3843
	51 & above years	-6.06092	5.4606	0.684	-20.2236	8.1017
<b>41-50 years</b>	20-30 years	5.51667	4.09438	0.534	-5.1025	16.1359
	31-40 years	19.06092*	3.34539	0	10.3843	27.7375
	51 & above years	13	6.10354	0.148	-2.8302	28.8302
<b>51 &amp; above years</b>	20-30 years	-7.48333	5.94899	0.591	-22.9127	7.946
	31-40 years	6.06092	5.4606	0.684	-8.1017	20.2236
	41-50 years	-13	6.10354	0.148	-28.8302	2.8302
*. The mean difference is significant at the 0.05 level.						

### Annexure 3

#### Descriptives Total

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
<b>2.1 – 5 yrs</b>	23	103.565	3.641	0.7592	101.991	105.14	101	111
<b>5.1- 8 yrs</b>	58	77.3103	15.19026	1.99458	73.3163	81.3044	55	104
<b>Above 8 yrs</b>	100	82.89	15.74025	1.57402	79.7668	86.0132	37	108
<b>Total</b>	181	83.7293	16.58006	1.23239	81.2975	86.1611	37	111

Table 3.2: ANOVA Total

	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	11509.88	2	5754.94	26.98	0
<b>Within Groups</b>	37971.86	178	213.325		
<b>Total</b>	49481.74	180			



**Table 3.3: Post Hoc Tests Multiple Comparisons Dependent Variable: Total Tukey HSD**

(I) Total work experience	(J) Total work experience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
2.1 – 5 yrs	5.1- 8 yrs	26.25487 <sup>*</sup>	3.59903	0	17.7486	34.7611
	Above 8 yrs	20.67522 <sup>*</sup>	3.37761	0	12.6923	28.6582
5.1- 8 yrs	2.1 – 5 yrs	-26.25487 <sup>*</sup>	3.59903	0	-34.761	-17.749
	Above 8 yrs	-5.57966	2.41066	0.06	-11.277	0.1179
Above 8 yrs	2.1 – 5 yrs	-20.67522 <sup>*</sup>	3.37761	0	-28.658	-12.692
	5.1- 8 yrs	5.57966	2.41066	0.06	-0.1179	11.2772

#### Annexure 4

**Table 4.1**

Group Statistics					
	working experience in the present company	N	Mean	Std. Deviation	Std. Error Mean
Total	5.1- 8 yrs	37	87.892	20.4543	3.3627
	Above 8 yrs	144	82.66	15.3318	1.2777

**Table 4.2**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	17.03	0	1.72	179	0.087	5.23217	3.0394	-0.7655	11.2298
Equal variances not assumed			1.46	46.9	0.152	5.23217	3.5972	-2.0049	12.4692