

Perceived HRD Practices And Employee Performance - An Empirical Study Of Select Private Engineering Colleges In Hyderabad

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INTRODUCTION

A number of researchers have reported that HRD practices are positively linked with organizational and employee performance (e.g. Guest, 2002; Harley, 2002; Gould-Williams, 2003; Park et al., 2003; Wright et al., 2003; Tessema and Soeters, 2006). The focus and thrust of these studies have been towards developed countries. Little research has been done to test the HRD performance link in developing countries like India in the field of HRD practices related to professional educational institutions.

The present study is an attempt to test the relationship between HRD practices and employee performance in Hyderabad region among professional teachers of private engineering colleges. In this situation, it is important to find out the determinants which can enhance the teachers' performance in professional private engineering colleges of Hyderabad. The objective of this research is to facilitate the decision makers in private engineering educational institutions across Hyderabad region to follow the HRD practices, which can improve the performance of professional teachers. The present study would be helpful to human-resource managers of public and private sector professional educational institutions for formulation and development of HRD practices, that will ensure a high level of teachers' performance, resulting in increased achievement and learning among students.

REVIEW OF LITERATURE

✿ **HRD Practices** : There are number of HR practices that could be tested in connection with employee performance. Teseema & Soeters (2006) had studied eight HRD practices and their relationship with perceived employee performance. These eight practices include recruitment and selection practices, placement practices, training practices, compensation practices, employee performance evaluation practices, promotion practices, grievance procedure and pension or social security. Huselid (1995) used eleven HRM practices in his study, which are personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labor management participation, recruitment efforts, employee training and promotion criteria. **This study examines the relationship between three HRD practices i.e. compensation, promotion and performance evaluation and perceived employee performance.** The above three practices, which have a relatively direct impact on financial earnings and social status of an individual, may be considered to be the major determinants of employee's performance. This is the reason these practices have been selected for this study.

✿ **Compensation Practices** : Frye (2004) examined the relationship between equity based compensation and firm performance and found positive relationship between the two. He argued that for human capital intensive firms, compensation plays a crucial role in '*attracting and retaining highly skilled employees*'. As Educational Institutions are human capital intensive organizations, compensation practices of an Educational Institution can be of great help in hiring and keeping hold of highly skilled and competent teachers.

Incentive pay plans positively and substantially affect performance of workers, if combined with innovative work practices like '*flexible job design, employee participation in problem-solving teams, training to provide workers with multiple skills, extensive screening and communication and employment security*' (Ichniowski et al., 1997). High performance work practices (including compensation) have a statistically significant relationship with employee outcomes and corporate financial performance (Huselid, 1995). Significantly positive correlation has been reported between compensation practices and perceived employee performance by Teseema & Soeters (2006). On the basis of

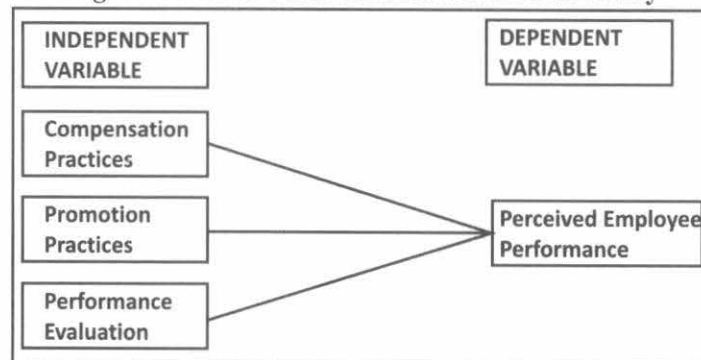
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the above mentioned literature and arguments, it can be safely assumed that compensation practices are correlated with the performance of employees. However, the relationship needs to be tested among professional private engineering college teachers of Hyderabad region.

✿ **Promotion Practices** : Financially successful companies like HP (Hewlett-Packard) '*promote and develop from within*' (Truss, 2001). Teseema & Soeters (2006) found a significantly positive correlation between promotion practices and perceived employee performance, however, HRD outcomes was used as a mediating variable. HR practices, including '*vacancies filled from within*' have been found to be positively correlated with work satisfaction and life satisfaction with values 0.24 ($P < 0.001$) and 0.15 ($P < 0.001$) respectively (Guest, 2002). Synergetic systems of HRD practices (including merit promotion decisions) lead to higher performance of an organization (Park et al., 2003). On the basis of the above mentioned literature and arguments, it can be safely assumed that promotion practices are correlated with the performance of employees. However, the relationship needs to be tested among professional private engineering college teachers of Hyderabad region.

✿ **Performance Evaluation Practices** : '*Performance appraisal represents, in part, a formalized process of worker monitoring and is intended to be a management tool to improve the performance and productivity of workers*' (Brown and Heywood, 2005). Employee commitment and productivity can be improved with performance appraisal systems (Brown and Benson, 2003). Appropriate explanation and supervision of performance lead to higher job satisfaction and professional commitment amongst teachers. This is also true when performance appraisal is low. Commitment to teaching is a function of a teacher's attitude towards performance appraisal system (Rahman, 2006). Possibility of performance appraisal is enhanced by complementary human resource management practices like formal training and incentive pay, and performance appraisal leads to greater influence of productivity (Brown and Heywood, 2005). On the basis of the above mentioned literature and arguments, it can be safely assumed that performance evaluation practices are correlated with the performance of employees. However, the relationship needs to be tested among professional private engineering college teachers of Hyderabad region.

Figure 1 : Theoretical Framework Of The Study



OBJECTIVES OF THE STUDY

1. To study the impact of compensation practices on perceived employee performance of professional teachers.
2. To study the impact of promotion practices on perceived employee performance of professional teachers.
3. To study the impact of performance evaluation practices on perceived employee performance of professional teachers.
4. To study the relationship between the Compensation Practices, Promotion Practices, Performance Evaluation Practices and Perceived employee performance of professional teachers.

HYPOTHESES OF THE STUDY

1. There is no significant impact of Compensation practices on Perceived performance of professional teachers.
2. There is no significant impact of promotion practices on perceived performance of professional teachers.

3. There is no significant impact of performance evaluation practices on perceived performance of professional teachers.

4. There is no significant relationship between the Compensation Practices, Promotion Practices, Performance Evaluation Practices and Perceived employee performance of professional teachers.

METHODOLOGY

The questionnaire was based on questionnaire used by Teseema & Soeters (2006) for measuring impact of various HRD practices on employee performance. The reason for selecting this questionnaire is that it was used to study the impact of same variables, as in the present study and was well tested on reliability and validity scales. Questionnaire that was administered consisted of three HRD practices, which are **Compensation Practices** (6 items), **Promotion Practices** (3 items) and **Performance Evaluation Practices** (6 items) and **Perceived Employee Performance** (4 items). The questionnaire was well tested by the researcher on internal consistency and other measures. Cronbach Alpha Coefficient reliability was conducted to test the reliability of the questionnaire and the Alpha value was found to be 0.742, which is acceptable. Each dimensions of HRD practices was measured with the help of statements and responses to each statement were obtained on a five point Likert scale, ranging from 1 'Strongly Disagree' to 5 'Strongly Agree'.

PARTICIPANTS

The participants included full time private engineering college teachers from 15 leading private engineering colleges of Hyderabad region. A total of 150 questionnaires were distributed. However, 115 were received back, making response rate as 77% and a sufficient sample size was collected for analysis of results.

PROCEDURE

Data was acquired through personally administered questionnaire.

STATISTICAL METHOD

DEMOGRAPHICS FREQUENCY TABLE

Demographics are shown in a demographics frequency table (see Table 1). The demographics are not used in the present study to find out their relationship with employee performance. The objective of Table 1 is to show composition of respondents to have a better understanding about their responses and results for the present study. The majority of the respondents were male. Majority of the respondents held a masters degree, which at present, is the

Table 1: Demographics Frequency Table

Demographic factor	Description	Frequency	Percentage
Gender	Male	87	75
	Female	28	25
Marital Status	Married	93	81
	Un-Married	22	19
Educational Qualifications	Bachelors	2	1
	Masters	71	62
	M.Phil	33	29
	PhD	9	8
Designation	Lecturer	21	18
	Assistant Professor	39	34
	Associate Professor	33	29
	Professor	22	19

minimum requirement to become a qualified teacher in any engineering college. The marital status of the respondents is an important demographic in the present study, as having a married life and children increase responsibility on individuals and mostly, work life conflict situation arises when there is an imbalance between work and family life.

CORRELATION MATRIX

Correlation matrix was used to verify existence of relationship between the independent variables i.e. Compensation Practices, Promotion Practices and Performance Evaluation Practices and the dependent variable Perceived Employee Performance.

Table 2: Correlation matrix

	Mean	SD	EP	CP	PEP	PP
EP	14.39	3.114	1	.531**	.309**	.440**
CP	21.30	3.623	.531**	1	.419**	.409**
PEP	21.24	3.646	0.309**	.419**	1	.444**
PP	7.06	2.820	0.440**	.409**	.444**	1

** Correlation is significant at the 0.01 level (2-tailed)

**p=0.01, n=115,

SD= standard Deviation, **EP**= Employee Performance, **CP**= Compensation Practices, **PP**= Promotion Practices, **PEP**= Performance Evaluation Practices

DISCUSSION

The correlation matrix indicates that Compensation Practices are strongly correlated with teachers' performance in private engineering colleges {(0.531**), ** .p<.01}}.

Hyderabad is a capital city of the state and majority of the employees, including the teachers placed compensation at the top. These results indicate that teachers' performance in the private engineering colleges in Hyderabad was greatly affected by Compensation Practices. Similarly, the Promotion Practices are also significantly correlated with teachers' performance in private engineering colleges in Hyderabad {(0.440**), ** .p<.01}}. Promotion not only offers a position with more status and power, but also the teachers feel more motivated as promotion provided them a chance for professional development as well. On the other hand, promotion also means more financial benefits. Hence, the teachers' performance is greatly affected by the promotion practices of private engineering colleges in Hyderabad.

The relationship between Performance Evaluation Practices and teachers' performance was weak (0.309). The reason for these different findings is that in most of the private engineering colleges, there is no proper system of teachers' performance evaluation. In Government universities, it is based on typical confidential reporting of performance after one year and in the private sector, if any system exists, that has no impact on teachers' performance. Teachers do not consider it important as it is not linked with compensation and promotion.

CONCLUSION

This study has a number of implications for private engineering colleges. Firstly, the weak correlation between Performance Evaluation Practices and teachers' performance needs prompt attention. If ineffective performance evaluation practices exist in the private engineering colleges, then it would be difficult to gain the desired output from the teachers. The evaluation system should be devised in such a manner that it is linked with promotion and compensation, so that teachers consider it important.

As far as Compensation Practices are concerned, they have a direct impact on teachers' performance in private engineering colleges in Hyderabad. Currently, the Ministry of HRD and UGC has announced an attractive salary package (6th pay commission scales) for Government university teachers, which is a very positive step to enhance teachers' performance. The rest of private engineering colleges should pay special attention towards this most important aspect of HRD to enhance teachers' performance. Promotion practices not only help teachers to grow in the organizational hierarchy, but also serve as a mode for professional development. Since this study proves the

relationship of promotion practices with teachers' performance, it is up to the Management people and the private engineering colleges to devise career development programs for teachers, which should allow them to grow in their careers as well as there should be opportunities to grow professionally.

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