# A Study on the Effects of Human Resource Management Practices on Employee Performance in Pharmaceutical Companies

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## Abstract

*Management of human resources (HRM) practices have stringent impact on employee performance. The study is commenced with 100 employees working in pharmaceutical companies in Chennai. To choose the samples for the investigation, basic random sampling was utilised. Descriptive research design is adopted to formulate this seminal work. The study used interview schedule to collect samples from the respondents. The study's initial goals include examining the socio demographic makeup of the workforce, the effect of HRM practises on worker performance, the causes of worker motivation, and the contribution of training and development activities to performance. These human resource management practises, which collectively account for the cumulative variance of 65.94% described in the data in pharmaceutical organizations were discovered to have an impact on employee performance. Compensation, appreciation, job autonomy, resource access and relationship have tremendous impact on employee performance. At par remuneration, employee feedback system and workplace atmosphere have active impact on workplace motivation. Training and development practices factors are equally influencing on employee performance in pharmaceutical firms.*

***Keywords:*** *Employee Performance, Human Resource Management, Employees, Motivation, Training and Development, Pharmaceutical Companies.*

## 1. Introduction

In order to gain a competitive advantage, many businesses are concentrating on human resource management strategies and how these approaches address global issues. Employers can boost employee performance and productivity by utilizing human resource management strategies. Human resource management (HRM) techniques like performance evaluation reward and compensation, and employee empowerment also enhance performance[1]. The more opportunities for growth an employee has, the more formal and informal reward systems they can use to receive feedback regarding their performance, the more they will be given agency over organizational strategies, and the better-trained they are, the more opportunities they will have for growth. Employees' performance is one of the key factors that determine how well an organization performs. Organizations that are successful recognize HR as a crucial component that directly affects performance[2]. Though many other factors, such as the organization's size, the environment in which it operates, and its activities, also play a part in determining a company's performance, workers' actions and decisions are what make a company successful. When evaluating an employee's performance at work, human resources management techniques are frequently used, and in the current, fiercely competitive environment, the tendency is to enhance HRM procedures in order to boost employee performance. Employee performance is defined as the utilization of knowledge, skills, experiences, and talents by employees to efficiently and effectively complete the assigned task as directed by their management.[3] The value of performance can be assessed in a number of ways, such as assisting in the assessment and achievement of established performance goals, helping to take into account the cost of resources used, measuring the quantity and quality of work completed, assisting in the survival and growth of businesses, and finally, enhancing employee performance efficiency assists in making the best decisions[4]. The main techniques for assessing employee performance are employee attributes, which confirm traits important to the company, employee behaviors, which are frequently used for evaluating employee behaviors necessary to complete a job successfully, and employee achievements, which demonstrate the degree to which particular objectives have been met, exceeded, or not met.

## 2. Statement of the Problem

Pharmaceutical companies design and produce pharmaceutical products for doctors, nurses, hospitals, and pharmacists that are only available with a prescription, including drugs, medical devices, and equipment (such cardiovascular or laser equipment). One of the most crucial facets of corporate policy is the human resources policy, which controls hiring, selection, orientation, training, and placement of employees. Actually, this strategy is centered on using human resources efficiently to complete tasks in order to accomplish corporate goals and objectives. Pharmaceutical companies use HR management methods to select the best employees for each position and location for a productive workplace. Similar

to this, managers must implement the right policies in their organizations to maximize employee productivity. Because of this, pharma managers must use extreme caution when outlining human resource policies to prevent errors that lead to disappointment. In pharma companies, employee performance is positively and significantly correlated with HRM practices. In response to organizational changes, training and development is a factor that affects employee performance. When employees update their skills, knowledge, and talents to reflect the current economy, it gives their employers a competitive advantage. To meet the needs of the business, employees are developed in accordance with the company's mission and vision. One of the key ideas for boosting productivity and performance in an organization. Additionally, productivity rises when staff members are knowledgeable about the goals and strategies of the company. Attending training sessions helps employees learn more about the business, which makes them happier and more productive.

## 3. Review of Literature

An organization can create plans and accomplish goals in an adaptable and efficient way by utilizing HRM practices like development, training, selection, appointment, and compensation. It can also implement policies within the company. (On et al., 2019) Human resource management (HRM) practices are consistent with internal policies and procedures established and used to ensure that the organization's human resources contribute to achieving the organization's goals, coming up with solutions for developing people to help improve the capability, opportunity, and motivation of employees (Nguyen et al., 2020). One of the most crucial aspects of improving employee happiness and establishing job commitment—factors that raise productivity—is HRM strategies and their execution (Alsafadi & Altahat, 2021).

HRM procedures are a significant determinant of company performance and have the ability to foster innovation (Suksod & Cruthaka, 2020). Aiming for organizational innovation in products and services, effective HRM practices include sophisticated approaches for recruiting and selection, orientation, appraisal, and training (Saleh et al., 2020). Companies must regularly modify their human resource management (HRM) practices to take into account the changing business environment as well as the expanding needs and desires of the workforce. (Cherif, 2020). This will encourage employee involvement, which will in turn increase organizational performance as well as employee growth and well-being, which will affect behavior and support business objectives. Organizations must develop a set of internal HRM (human resource management) best practices. (Bowra et al.,2012). Preparing and advancement in associations emphatically influence the representative and works on their exhibition and improvement. With respect to assessment, it provides the individual the capacity to work better to arrive at the most elevated levels (Mohammed et al., 2019).

## 4. Research Objectives

1. To scrutinize the socio-demographic profile of employees working in pharmaceutical companies.
2. To investigate the effect of employee performance on pharmaceutical company practices in human resource management.
3. To investigate the factors affecting employee motivation in pharmaceutical companies.
4. To analyse the effects of training and development activities on the performance of pharmaceutical employees

## 5. Research Methodology

Survey is managed in various pharma firms in Chennai and is conducted with a sample of 100 employees working in pharmaceutical companies in Chennai. The sample is chosen using simple random sampling, and data is gathered through personal interviews with respondents who have been identified for data collection. Sampling is done by interviewing randomly selected candidates in their workplaces. To collect data from respondents, a structured and unmistakable interview schedule is distributed. The interview schedule is divided into four sections: the first deals with the socio-demographic profile of employees, the second with the effect of human resource management (HRM) practices on employee performance, the third with the factors influencing employee motivation in pharmaceutical companies, and the fourth with the role of training and development activities in performance. The preliminary data for the questionnaire construction were collected from 15 employees in order to investigate the intensity and diversity of factors influencing their performance. This study employs both primary and secondary data and is based on descriptive research. The respondents' socioeconomic profile is tested using simple percentage analysis, factor analysis was applied to assess the impact of HRM practices on employee performance, Friedman's chi square method was used to test the factors influencing workplace motivation, and mean rank analysis was used to assess the role of training and development measures.

## 6. Findings and Discussion

### 6 1 Employees' Social economic Profile

Socio-economic profile of employees in the pharmaceutical companies are analysed with the following characteristics like, gender, age, monthly salary, designation, educational qualification, experience, and functional department, which are presented in table-1.

**Table – 1: Analysis of Socio-Demographic Profile**

| Attributes | Particulars | Number | Percentage |
|---|---|---|---|
| Gender | Male | 73 | 73% |
| | Female | 27 | 27% |
| Age | Less than 30 | 27 | 27% |
| | 31 to 45 | 47 | 47% |
| | More than 45 | 26 | 26% |
| Monthly Salary | Under Rs. 30,000 | 19 | 19% |
| | Rs.30,000 – 50,000 | 46 | 46% |
| | Rs.50,001 – 70,000 | 21 | 21% |
| | More than 70,000 rupees | 14 | 14% |
| Designation | Pharmacist | 41 | 41% |
| | Scientist | 28 | 28% |
| | Manager/Others | 31 | 31% |
| Educational Qualification | Diploma | 25 | 25% |
| | UG | 37 | 37% |
| | PG | 38 | 38% |
| Experience | Maximum 3 years | 24 | 24% |
| | 3 - 5 years | 37 | 37% |
| | over five years | 39 | 39% |
| Functional Department | Laboratory | 34 | 34% |
| | Production | 29 | 29% |
| | Marketing | 37 | 37% |

**(Source: Primary data)**

Table-1 shows that 73% of employees are male and 27% are female. Age reveals that 27% are under 30 years old, 47% are between 31 and 45 years old, and 26% are over 45 years old. Monthly salary asserts that 19% of the employee's salary is less thanRs.30,000, 46% are getting salary between Rs.30,000 – 50,000 per month, 21% are drawing Rs.50,001 – 70,000 per month and rest 14% are getting more than Rs.70,000 per month. Designation shows that 41% are working as pharmacist, 28% are working as scientists and rest 13% are working as manager and other category. Educational qualification of the respondents shows that 25% are completed diploma, 37% are completed under graduation and 38% are completed post-graduation. Experience of the employees shows that 24% are having experience of up to 3 years, 37% are in 3 – 5 years and 39% are in more than 5 years. Functional department in which working is shows that 34% are employed in laboratory, 29% are working in production department, and 37% are working in marketing department.

### 6.2 The Influence of Human Resource Management Practices on Employee Performance

The rotated component matrix was designed to assess the impact of human resource management practices on employee performance in pharmaceutical companies. Table-2 shows the results of the analysis.

**Table – 2: Rotated Component Matrix**

| Labels | Variables | Compensation | Appreciation | JobAutonomy | Resource Access | Attachment |
|---|---|---|---|---|---|---|
| HRMP01 | Adequate remuneration | **.812** | .235 | .064 | .211 | .148 |
| HRMP19 | Benefit of allowances and perquisites | **.810** | .057 | .161 | .210 | .096 |
| HRMP11 | Leave facilities | **.792** | .084 | .161 | .167 | .085 |
| HRMP20 | Provision of accommodation | **.784** | .132 | .085 | .114 | .195 |
| HRMP13 | Better increment opportunities | **.765** | .090 | .028 | .048 | .146 |
| HRMP06 | Sufficient increment | **.754** | .021 | .086 | .096 | .176 |
| HRMP18 | Monetary support for skill development | **.716** | .137 | .175 | .137 | .246 |
| HRMP21 | Permission for higher studies | .187 | **.785** | .043 | .185 | .127 |
| HRMP02 | Rewards and recognitions | .047 | **.776** | .125 | .075 | .238 |
| HRMP26 | Welfare support and facilities | .258 | **.748** | .104 | .175 | .039 |
| HRMP12 | Encouragement to achieve more | .246 | **.735** | .082 | .048 | .119 |
| HRMP07 | Approval for higher studies | .164 | **.696** | .276 | .054 | .066 |
| HRMP22 | Funding support for development | .236 | **.674** | .157 | .247 | .086 |
| HRMP03 | Impartial employee treatment | .174 | **.667** | .170 | .038 | .146 |
| HRMP25 | Award for best performance | .047 | **.653** | .067 | .195 | .056 |
| HRMP14 | Freedom and autonomy in work | .074 | .196 | **.784** | .175 | .154 |

| | | | | | | |
|---|---|---|---|---|---|---|
| HRMP04 | Self-sufficiency in decision making | .137 | .246 | **.752** | .205 | .094 |
| HRMP10 | Flexibility in work | .143 | .160 | **.701** | .041 | .164 |
| HRMP15 | Achievability of goals | .077 | .081 | **.694** | .321 | .015 |
| HRMP09 | Resource accessibility | .064 | .047 | .196 | **.798** | .017 |
| HRMP23 | Provision of virtual facility | .088 | .068 | .086 | **.777** | .144 |
| HRMP05 | Grievance redressal | .075 | .059 | .095 | **.698** | .167 |
| HRMP17 | Motivation for best performance | .264 | .074 | .147 | **.685** | .056 |
| HRMP24 | Participation in management affairs | .174 | .215 | .087 | .072 | **.797** |
| HRMP16 | Keen interest in job | .057 | .088 | .147 | .187 | **.744** |
| HRMP08 | Care on employee affairs | .036 | .119 | .185 | .235 | **.688** |
| **Eigen values** | | **7.435** | **5.639** | **3.966** | **2.543** | **1.524** |
| **% Variance** | | **20.52** | **16.59** | **11.26** | **9.94** | **7.63** |
| **Cumulative % Variance** | | **20.52** | **37.11** | **48.37** | **58.31** | **65.94** |
| **Cronbach's α** | | **0.822** | **0.781** | **0.832** | **0.746** | **0.762** |

**(Source: Primary data)**

The rotated component matrix is shown in Table-2, along with the extracted and assumed factor loadings for the factors outlined in bold. The cut-off percentage for factor loadings was set to 0.5. The exploratory analysis of factors reveals that twenty-six distinct human resource management practices influence employee performance in pharmaceutical firms, accounting for 65.94% of the total variance explained in the data. Cronbach's alphas were supposed to be greater than 0.5 for the factors. Employee compensation has been identified as the most important factor, with the highest explained variance of 20.52%. Seven factors are loaded such as, adequate remuneration, benefit of allowances and perquisites, leave facilities, provision of accommodation, better increment opportunities, sufficient increment and monetary support for skill development and it brings main impact on employee performance in pharmaceutical firms.

Employee appreciation was discovered to be the second most significant factor, with an explained variance of 16.59%. Eight variables were loaded in this factor such as, permission for higher studies, rewards and recognitions, welfare support and facilities, encouragement to achieve more, approval for higher studies, funding support for development, impartial employee treatment and award for best performance. This factor is considered as the import factor in employee performance. Job autonomy of employees

is the third most important factor, which explains 11.26% variance in data. It is loaded with four variables such as, freedom and autonomy in work, self-sufficiency in decision making, flexibility in work and achievability of goals. The fourth factor is resource access, which includes variables such as resource accessibility, provision of virtual facilities, grievance redressal, and motivation for best performance and accounts for 9.94% of the variance in data. Finally, the relationship factor is loaded with three variables that explain 7.63% of the variance in data: participation in management affairs, keen interest in job, and concern for employee affairs. As a result, HR functions have been discovered to have a significant impact on employee performance.

### 6.3 Factors affecting Workplace Motivation

The Friedman chi-square test attempts to investigate the null hypothesis that factors have no significant impact on workplace motivation. The greater the chi-square analysis value for a constant sample group, the larger the difference between each variable rank sum and its expected value. The chi-square value for these rankings is 151.679; degrees of freedom are limited to variables with less than one, and asymptotic significance means that the estimated probabilities of reaching factors are not significantly different. It is concluded that the 100 employees have equal attachment because a chi-square result with 15 degrees of freedom is highly unlikely to occur as a result of change. As a result, factors influencing workplace motivation have a significant impact. It is shown in table-3.

**Table-3: Descriptive Statistics**

| Variables | N | Mean Rank | Mean Score | Standard Deviation | Chi-Square |
|---|---|---|---|---|---|
| At par remuneration | 100 | 10.74 | 3.133 | 1.5563 | 151.679 P-value 0.000* |
| Provision of leave with pay | | 7.59 | 2.854 | 1.2954 | |
| Research and development initiatives | | 6.78 | 2.457 | 1.6475 | |
| Workplace atmosphere | | 9.57 | 2.266 | 1.2632 | |
| Conflict and dispute among employees | | 7.31 | 3.235 | 1.5753 | |
| Employee feedback system | | 9.69 | 2.899 | 1.2851 | |
| Relationship with co-workers | | 5.55 | 2.442 | 1.5942 | |
| Inflow of communication | | 6.86 | 3.232 | 1.2756 | |
| Direction of work command | | 7.35 | 3.079 | 1.1268 | |
| Overtime compulsions | | 5.93 | 2.764 | 1.3758 | |
| Performance appraisal | | 6.45 | 3.021 | 1.5423 | |
| Behaviour of superior | | 8.36 | 3.174 | 1.3841 | |
| Over workload | | 7.07 | 3.156 | 1.1721 | |
| Extra hours of work | | 5.85 | 2.471 | 1.2742 | |
| Work on holidays | | 6.27 | 2.156 | 1.5867 | |

**(Source: Primary Data) * at 1 % level Significant**

Table-3 shows that the factors influencing workplace motivations of employees in pharmaceutical companies are tested using the Friedman's test and the results are presented. . It was possible to determine that among the fifteen variables, at par remuneration (10.74) is ranked first; it is followed by employee feedback system (9.69); workplace atmosphere (9.57); behaviour of superior (8.36); provision of leave with pay (7.59); direction of work command (7.35); conflict and dispute among employees (7.31); over workload (7.07); inflow of communication (6.86); research and development initiatives (6.78); performance appraisal (6.45); work on holidays (6.27), overtime compulsions (5.93), extra hours of work (5.85); and relationship with co-workers (5.55) are ranked second, third, fourth and so on. Hence, it can be concluded that at par remuneration, employee feedback system and workplace atmosphere have active impact on workplace motivation of employees in pharmaceutical companies. It inculcates that these variables are significantly affect workplace motivation of employees.

### 6.4 Employee Performance and the Role of Training and Development

Performance of employees is primarily governed by pharmaceutical companies' training and development practices. The results are summarized and tabulated in this manner with the null hypothesis, which states that the impact to development and training practices on performance of employees are not significantly different. The alternative hypothesis, on the other hand, states that the effects of training and development practices on employee performance are significantly different. Friedman test with a level of significance of 5% is used to analyse the data. The achieved result is tabulated below in accordance with the order of mean rank in table-4.

**Table - 4: Mean Rank Table**

| Training and Development | Mean Rank | Test Statistics |
|---|---|---|
| Employee development programmes | 5.09 | Chi-square 49.335, Df.7, Asymp.Sig.0.403 |
| Skill development activities | 4.52 | |
| Collaborative training with foreign companies | 3.93 | |
| Tie-up with similar firms | 3.62 | |
| Onjob training | 3.34 | |
| Induction training | 2.91 | |
| Drug invention training | 2.52 | |
| Awareness orientations | 2.48 | |

**(Source: Primary data)**

Table-4 reveals that the calculated significance value is 0.403 which is more than 0.05, it directs to accept null hypothesis and it states that training and development practices on employee performance are not significantly different. Therefore, put together all training and development practices factors are equally influencing on employee performance in pharmaceutical firms.

## 7. Conclusion

This study can provide supervisors with more information about the impacts of Human Resource Management (HRM) practices on employee performance. The findings of the study could also be used to start making more reliable decisions about HRM planning and the implementation of an associating program to raise management awareness and other employees' participation. Socio-demographic profile consists of 73% are male employees, 47% are in 31 – 45 years of age, 46% are getting salary between Rs.30,000 – 50,000 per month. In this way,41% are working as pharmacist, 38% are completed post-graduation,39% are in more than 5 years, and 37% are working in marketing department. The exploratory factor analysis reveals that twenty-six distinct HRM practices have an impact on employee performance in pharmaceutical firms, accounting for 65.94% of the data's cumulative variance. Employee compensation has been recognized as the most important factor, accounting for 20.52% of the explained variance. Employee appreciation was discovered to be the second most important factor, with an explained variance of 16.59%. Employee job autonomy is the third most important factor, accounting for 11.26% of the variance in data. Resource access is the fourth most factors and accounts 9.94% variance in data. Finally, the data variance of 7.63% is explained by the relationship factor. As a result, it is discovered that HRM practices significantly affect employee performance. It was found that at par remuneration, employee feedback system and workplace atmosphere have active impact on workplace motivation of employees in pharmaceutical companies. Training and development practices factors are equally influencing on employee performance in pharmaceutical firms.

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