
STUDY OF HUMAN RESOURCES SYSTEMS ON REVENUE GROWTH, MARKET SHARE AND PROFITABILITY

Dr. Neelima Kumari

Department of BBA/MBA

Guest faculty Ranchi Women's College

ABSTRACT

Human resource capability is valuable, rare, irreplaceable, and difficult to imitate; therefore, it is crucial for creating sustainable competitive advantages. Human resource capability can be appropriately used to improve the performance of an organization. The role of human resources has undergone 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 lot of changes which are happening at a very fast pace. Organizations are now working in a global environment.

Key words : human resources, freedom, creativity

INTRODUCTION

The relationship between human resource management (HRM) and organizational performance has been the major concern of academia scholars. Numerous studies have confirmed the positive causal relationship between the HRM and performance of an organization. However, the key mediating variables of these two factors have often been considered to be a “black box” and, thus, only few of these variables have been investigated. Scholars have separately explored the relationship between HRM and organizational performance and between HRM and employee performance, overlooking the interaction between these factors. Traditionally, organizational performance was typically measured based on the level of improvement in the financial performance of an organization.

In the field of quality management, relevant research has steered from studying physical products toward analyzing intangible services as service industry becomes increasingly critical and influential in economic systems. Marketing management and HRM simultaneously emphasize the interaction between frontline employees and customers in a service industry. Moreover, internal marketing strongly supports the relationship between HRM and service quality. Because service quality is closely related to the intention and ability of internal customers (i.e., employees) to provide specific services, the levels of internal customers' satisfaction and commitment toward organization, which is highly representative of employee willingness, are aspects worthy of in-depth investigation.

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 life-line of any organization. The concept of human resources has undergone many transformations since the importance of people in 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

Grip and Sieben (2009), studied the more advanced human resource systems in small firms. They analyzed whether 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 total 1319 pharmacists who responded to the questionnaire. They noted that the human resources system approach is more adequate in analyzing 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 advanced human resources system but focused on improving the quality of workforce by means of performance evaluation, permanent contracts, training, employ highly competitive workforce and allowed assistants to perform tasks of pharmacist. 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 workforce. They did not find any positive effect of the intermediate human resources system on employee's wages. They also found that more advanced human resources systems do not have any effect on firm's productivity, as normally observed in large firms.

Legged, (2015) commented on the work of scholars and stated that most of the scholars feel that there are no 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 job and efficiencies related with 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 in 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).

Noon, (1992), Armstrong, (2000), observed that the change in the nomenclature from personnel management to human resources management was due to evolvement 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. Marching ton and Wilkinson, (2002); Legged, (2005) continued this debate and argued that both human resources management and personnel management are the same concept with different names. They have 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 practice of human resources management is human resources development.

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 commitment to work.

Natrajan (2018) 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 far better industrial relations and increased productivity.

Shah (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 healthy organizational climate and culture which helps in setting individual and departmental goals.

Messersmith and Guthrie (2010) 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 structured questionnaire. The percentage is measured at 5 points scale. Separate tables are given to show the status in all the sample organizations. The data collected represent the snapshot view and the situation at the time of survey. There is a possibility that the scenario in different organizations might have been drastically changed or improved.

Table 1: Revenue growth

Organization	At an all time 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

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

Table 2: Market Share

Organization	At an all time 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

Market share plays an important role in determining the growth of an organization. When asked about the market share as compared to last five years, 100 percent respondents from Blossom and Hindustan Lever were of the opinion that it is at the peak as compared to last five years.

Blue Star, Reliance and Aarti Ind followed with 98.55, 97.6 and 93.81 percent respondents on the positive end of scale stating it was better as compared to the last five years. For Raymond, Enercon, Micro Inks and Paper Products majority of the respondents were on the positive end stating it was better as compared to the last five years.

All the respondents from Bilag Industries were of the opinion that it was same as compared to the last five years. 5.15 percent respondents from Enercon, 3.6 percent respondents from Micro Inks and 1.61 percent respondents from Raymond were on the negative end.

Table 3: Profitability

Organization	At an all time low level		Worse		Same		Better		At an all time high level		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.					2	1.19	106	63.47	59	35.32	167
Blue Star					1	1.44	44	63.76	24	34.78	69
Bilag Ind.					50	100					50
Micro Inks			1	0.71	31	22.30	97	69.78	10	7.19	139
Aarti Ind.					6	6.18	66	25.77	25	25.77	97
Raymond					17	13.70	103	83.06	4	3.22	124
Hindustan Lever					8	10.66	23	58.66	44	58.66	75
Enercon			5	5.15	16	16.49	71	63.76	5	5.15	97
Blossom Ind.							24	31.42	11	31.42	35
Paper Products					41	48.81	43	51.19			84
Total			6	0.64	172	18.35	577	61.57	182	19.42	937

When asked about the profitability 100 percent respondents from Blossom Industries were of the opinion that it is far better as compared to the last five years. Not afar were Reliance Industries, Blue Star, Aarti Industries, Hindustan Lever Ltd. and Raymond Ltd., with 98.8 percent, 98.55 percent, 93.81 percent, 89.33 percent and 89.29 percent respectively on the positive end. 100 percent respondents from Bilag and 48.81 percent respondents from Paper Products were of the opinion that it was same as compared to the last five years. 51.19 respondents from Paper products stated that it was almost better as compared to the last five years. Overall 81 percent respondents were on the positive end.

CONCLUSION

Once we look at all the indices we can find that in terms of *revenue growth* all the ten organizations had better market share as compared to last five years clearly showing that all these organizations had growth in terms of their turnover. In terms of market share, all organizations except Bilag had a growth in their market share. In case of Bilag the growth remained constant as the organization supplies all the material produced to its parent German company and unless the capacity is increased there can not be further growth. In case of profitability as compared to last five years, respondents in all the organizations reported that their profitability was better or same. In case of Bilag the profitability remained same as the material produced is transferred on transfer price basis. Customer satisfaction is very important for the growth of any organization. Most of the respondents stated that the customer satisfaction of their organization was same or better explaining the growth of the organizations.

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