

NON PROFIT ORGANIZATIONS AND THEIR HUMAN RESOURCE DEVELOPMENT PRACTICES.-AN EMPIRICAL STUDY OF HRD PRACTICES FOLLOWED NPOS.

Apoorva B Satish¹ and Dr. Rechanna²

Research Scholar¹ and Research Guide², JSS Research Foundation, University of Mysore, Mysuru

ABSTRACT

The Non-Profit Organizations are gaining huge importance in recent years. Human resource is an important asset of any organization. In the organizational development of NPOs human resource play an important role. The success of an NPO depends on the HRD structure of the organization. In order to design a structural framework appropriate HRD practices must be considered. The present study focuses on the HRD practices that are directed towards the development. This research aims to investigate the perception of employees regarding the Human Resource Development (HRD) practices of Non-profit organizations (NPOs). The study is conducted by considering perception of 500 employees working in NPOs. Questionnaires were used to collect primary data. To test the hypothesis formulated statistical tools like mean Standard deviation and t-test were used. Twenty HRD practices are grouped under four dimensions Appraisal system, Rewards and benefits, Training and Organizational environment and examined in detail. The results of the study show that perception of employees regarding the HRD practices is satisfactory.

Key words: Human Resource Development Practices; Non- Profit Organizations; Appraisal system; Rewards and benefits; Training; Organizational environment.

INTRODUCTION

There is growing evidence that non profits are gaining huge importance in present world. Non profits can perform better only if they employ sufficient and efficient human resources. Hence Human Resource Development (HRD) has gained significant importance in voluntary sector. There are several studies related to HRD in for profit organizations but very few studies have focused on HRD in Non profit organizations. The present article particularly studies the the perception of employees regarding the Human Resource Development (HRD) practices of Non-profit organizations (NPOs).

The assessment is based on perception of 500 employees about the overall importance given to various dimensions of the HRD practices. The study instrument measured 4 dimensions Appraisal system ,Rewards and benefits ,Training , Organizational environment. The instrument had 20 statements that were based on a 5-point Likert scale. Higher averages/score indicated a better perception of the HRD practices for that particular statement. HRD practices like Appraisal system ,Rewards and benefits, Training and Organizational environment support employees and act as the driving force in the organization. These have direct or indirect significant impacts on the development of NPOs. Organizations can accomplish their goals by maintaining good relation with their employees and by providing quality services to customers. Therefore the present study focuses on the perception of employees regarding the Human Resource Development (HRD) practices of Non-profit organizations (NPOs) .

INSIGHT INTO THEORETICAL ASPECTS

Human Resource Development (HRD)

Human Resource Development (HRD) is the structure for employees to develop their potential capability. HRD includes Appraisal system, Rewards and benefits ,Training and Organizational environment.HRD practices are intended to help individuals as well as organization to accomplish their work goals.

Nonprofit organization

A Non-Profit Organization (NPO) is an organization established for the purpose of providing services to the public. Its main motto is doing service to people rather than earning profit. Unlike profit organizations NPOs use their surplus to accomplish their service goals. They don't prefer to distribute as profits to shareholders.

Human Resources (HR) in a Non –Profit Organization.

Just like private or public institutions cannot run without quality workforce , even voluntary sector requires human resources. It is the fundamental strength for the success of an NPO. In order to achieve their goals HR must be given top priority. A NPO must strive to attract, develop and retain qualified and enthusiastic employees as they are the key to the success of one's business. HR in a NPO is no different to HR in any other sector, but the problems that HR professionals face within the voluntary are quite unique.

LITERATURE REVIEW

T V Rao conducted a survey on HRD practices in India in 1975. The survey of 53 public and private sectors revealed that 30 % of the companies had HR Department, a proper HRD policy is framed only by 32 % of the company, a performance appraisal system is followed by 26% of the companies, a definite training policy is followed by more than half of the companies, team building is focused by almost 50% of the companies and most of the companies has encouraged employees' counseling. The study reveals that most organizations seem to have well developed performance management system or are in the process of having the same; feedback and counseling is the second system mostly followed; there is no potential appraisal in most of the companies, 360 degree feedback is being tried out in 75 % of the organization under study; employees satisfaction surveys, TQM interventions, total productivity management, team building workshops, visioning exercises, train the trainer programmes etc. are some of the programmes being used by those organizations.

Zheng, Morrison and O'Neil (2006) surveyed 74 Chinese Small and Medium Enterprises and found factors such as performance based pay, participative decision making, free market selection and performance evaluation, only high-level employee commitment were responsible for increasing performance. This article helps us to identify the different parameters which can be undertaken for the study.

Arthur, J.B. (1994) investigated 30 steel mills in US. He considered 10 variables – decentralization, participation, general training, skilled workers, level of supervision, social events, due process, wages, benefits, bonus, percentage unionized as HR measures clustered into two systems: control and commitment. Outcome measures were taken manufacturing performance (labour efficiency, scrap rate) and employee turnover. Study concluded that HR system with less scrap and more efficiency yield higher results.

MacDuffie, J. (1995) conducted cross sectional study taking 62 automotive assembly plants in 16 countries (volume plants). HR measures were identified as HR policies (index of four items - hiring criteria, incentive pay, presence of status barriers and level of training), Production organisation measures were use of buffers (3 items) (e.g. incoming and work in progress inventory), work systems (6 items – including employment involvement (production-related suggestions, job rotation and quality tasks), total automation, production scale, model mix complexity, parts complexity, production design age and Outcome measures were taken as labour productivity (hours of actual effort to build a vehicle), quality (consumer perceived, defined as defects per 100 vehicles). He used hierarchical regression and found that innovative HR practices affect performance not individually but as interrelated elements in an internally consistent HR system and these systems contribute most to plant productivity and quality when they are integrated with manufacturing policies of a flexible production system.

Huselid, M.A. Jackson, S.E. and Schuler, R.S. (1997) study of 293 publicly held US firms found significant relationship between strategic HRM and employee productivity, cash flow, and market value. They concluded that on a per employee present value basis, a one standard deviation increase in overall HRM effectiveness corresponds to an estimated increase in sales. This study is conducted overseas which suggests that same can be conducted in India.

Guest, D.E., Michie, J, Conway, N & Sheehan, M (2003) conducted a study taking 366 firms with over 50 employees. They selected 48 items on HRM covering nine main areas: recruitment and selection, training and development, appraisal, financial flexibility, job design, two-way communication, employment security and the internal labour market, single-status and harmonization, and quality as HR measures and found that using objective measures of performance, greater use of HR practices was associated with lower labour turnover and higher profit per employee, but showed no association with HR and productivity. There was a strong association between subjective estimates of HR and productivity and financial performance. The study supports the association between HRM and performance but does not show that HRM causes high performance.

There are several studies related to HRD but very few have focused on the HRD system in Voluntary sector. The researcher identified this as the research gap and the objective of present study is to analyze HRD practices in NPOs.

OBJECTIVES

1. To gain insight into the theoretical aspects of HRD in NPOs.
2. To analyze the perception of employees towards HRD practices followed in NPOs.
3. To study the perception of employees towards HRD practice Appraisal System followed in NPOs.
4. To examine the perception of employees towards Rewards and benefits followed in NPOs.
5. To find the perception of employees towards Training practices of NPOs.

6. To explore the perception of employees towards Organizational environment of NPOs.

METHODOLOGY

An exploratory study was conducted to analyze the HRD practices in NPOs. Non probability convenient sampling method was adopted. 500 employees from NPOs in Karnataka state, India were the respondents. Employees belonging to different levels were included in the respondents list. Required information was collected through questionnaires. Survey instrument consisted questions on respondent's profile and the HRD practices followed in their organization.

ANALYSIS AND DISCUSSION

The data collected was analyzed using SPSS 16.0. For study purposes, the mean scores and standard deviation were calculated for each statement. In order to test the hypotheses formulated t- tests have been conducted

Reliability Analysis

Table 01: Reliability test results

Sl.no	Variables	Number of items	Cronbach's Alpha Score
1	Appraisal system	5	0.887
2	Rewards and benefits	5	0.885
3	Training	5	0.898
4	Organizational environment	5	0.891

Source: SPSS16.0 output

In general, a higher alpha value shows a more reliable generated scale. The Cronbach's Alpha Score values of the stated variables ranges from 0.885 to 0.898 . From Table 01 it is implied that all the values are greater than the prescribed threshold of (0.70) hence the scale is sound and reliable.

Descriptive Statistics

Descriptive Statistics in the form of means and standard deviations for all variables and for the responses of all respondents were computed. Computed means signifies levels of agreeableness and disagreeableness of the respondents. The values of standard deviation serve as fundamental measures of variability. Computations of means and standard deviations are presented in table 02.

Table 02 : Mean and standard deviation results

Sl.no	Variables	Mean value	Standard deviation value
HRD 1	Appraisal system		
1	Promotion decisions are based on suitability	3.32	0.69
2	There is no favoritism	3.13	1.1
3	Fair decision making	3.02	0.53
4	Regular supervision	3.22	1.17
5	Standard Performance evaluation	3.18	0.71
	Overall Appraisal system	3.174	0.728
HRD 2	Rewards and benefits received		
1	Adequate Compensation	3.2	0.65
2	Organization plans and policies are clear	3.14	1.28
3	Adequate Non-monetary benefits are given	3.00	0.55
4	Job performed is valued correctly	3.04	1.19
5	Appreciation for good work	3.22	0.85
	Overall Rewards And Benefits Received	3.120	0.784
HRD 3	Training		
1	Encouragement for training	3.3	0.72
2	Sponsor for training programs	3.19	1.24
3	Conducting training programs	3.04	0.60
4	Maintain time to time training needs	3.16	1.20
5	Opportunity to try new methods	3.30	0.86
	Overall Training	3.198	0.810

HRD 4	Organizational environment		
1	Delegation of authority	3.23	0.78
2	Valued feed back	3.08	1.24
3	Seniors guide juniors	2.95	0.60
4	Good Team spirit	3.14	1.26
5	Career opportunities	3.15	0.85
	Overall Organizational environment	3.116	0.802

Source :SPSS16.0 output

From Table no .2 it is clear that variable training has highest mean value (3.198)and standard deviation(0.810), indicating majority of respondents strongly agree with HRD Practice training followed in their organization.

Hypothesis testing

To study the perception of employees regarding HRD Practices followed in their organization mean, standard deviation and t-tests were done. Based on the literature review and objectives framed the following hypothesis was formulated.

H₀ : The perception of employees towards HRD Practices followed in NPOs is unsatisfactory.

H₁ : The perception of employees towards HRD Practices followed in NPOs is satisfactory.

Table 03 :Results of t-test

Variables (N=500)	Mean value	Standard deviation value	t- value	p- value
Appraisal system	3.174	0.728	43.57	.000*
Rewards and benefits	3.120	0.784	39.76	.000*
Training	3.198	0.810	39.49	.000*
Organizational environment	3.116	0.802	38.87	.000*

significance at 0.05

Source: Field survey (SPSS Output)

Table 03 highlights mean values and standard deviation values of HRD dimension. The t- values are high with corresponding p-value < 0.05. The results of all the variables are statistically significant. t-test results rejects null hypothesis and accepts research hypothesis as the p-value associated with variables is < 0.05 with a significance level of 0.05. The results show that perception of employees towards HRD Practices followed in NPOs is satisfactory.

LIMITATIONS AND PRACTICAL IMPLICATIONS

The present study has certain limitations that offer opportunities for future research. The data is based on individual opinion, which may bring in some bias. In this study, the survey has been conducted among 500 employees of NPOs. As there are plenty of NPOs operating the sample size can be increased. Findings from the study have some practical implications. The findings can be used by managers and scholars in general and HR practitioners in particular to build a positive environment that promotes employee commitment and organizational efficiency.

SUMMARY AND CONCLUSION

Findings of this study indicate the perception of employees towards HRD practices followed in NPOs is satisfactory. Based on t-test results significant and satisfactory results are obtained. Which implies that appraisal system followed is satisfactory. Rewards and benefits can be increased to make employees satisfied at work place. HRD practice like training should be conducted regularly. Organizational environment should be improved to increase work efficiency of employees. Since the non-profit sector works towards the development of society its performance influences the development of nation. Therefore the development of NPOs plays a vital role in community development. The present study proves that perception of employees towards the HRD practices is important for development of NPOs. Implying, managers of Non-profit organizations expecting organizational success should focus on HRD practices like Appraisal system ,Rewards and benefits ,Training , Organizational environment.

REFERENCES

- Arthur, J .B. (1994), Effects of Human Resource System on Manufacturing Performance and Turnover, Academy of Management Journal, 37:670-687
- Ahang, A. M; May-Chiun & Maw, K. (2009). Human Resource Practices and Organizational

- Ahang, A. M; May-Chiun & Maw, K. (2009). Human Resource Practices and Organizational Performance. *Journal of Academic Research in Economics*, 1(2)
- Bartel, A.P. (1994) Productivity gains from the implementation of employee training *British Journal of Industrial Relations*, 33, 411-425
- Capelli, P., Newmark D (2001), Do high performance work practices improve establishment level outcomes? *Industrial Labor Review*, 54(4): 75-737
- Delaney, J.E. & Huselid, M.A. (1996). The impact of human resource management practices on perceptions of organisational performance. *Academy of Management Journal*, 39, 949-969.
- Guest, D.E., Michie, J, Conway, N & Sheehan, M. (2003). Human resource management and corporate performance in the uk. *British journal of industrial relations*, 41, 291-314.
- Huselid, M.A.; Jackson, S.E. & Schular, R.S. 1995. the significance of human resource management implementation effectiveness for corporate financial performance. Paper presented to the academy of management conference, Vancouver, 6-9 august.
- Huselid, M.A. (1995) The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38(3), 635-672.
- Huselid, M.A., Jackson, S.E. & Schuler, R.S. (1997). Technical and strategic human resource management effectiveness as determinants of firm performance. *Academy of Management Journal*, 39, 949-969.
- Ichniowski, C., Shaw, K., & Prennushi, G. (1997). The effects of human resource Management practices on productivity; a study of steel finishing lines. *The American Economic Review*, 87, 291-313.
- Macduffie, J.P. (1995). Human resource bundles and manufacturing performance: flexible production systems in the world auto industry. *Industrial Relations and Labor Review*, 48, 197- 221
- Mueller, F. (1996). Human resource as strategic assets: an evolutionary resource based theory, *Journal Of Management Studies*, 33, 757-85.
- Nkomo, S.M. (1987). Human resource planning and organizational performance: An Exploratory analysis. *Strategic Management Journal*, 8, 387-392.
- Orton, J.D. & Weick, K.E. (1990). Loosely coupled systems. A reconceptualisation. *Academy Of Management Review*, 15, 203-223.
- Paul a. K., anantharaman r.n. (2003), impact of people management practices on Organizational performance: analysis of a causal model, *International Journal of Human Resource Management*; 14 (7), 1246–1266
- Rao T.V., Abraham E. (1986), human resource development: practices in Indian industries: a trend report, *Management and Labor Studies*, 11 (2) 73–85
- Tessema, M. T., and Soeters, J.L. (2006) 'challenges and prospects of hr in developing countries: testing the Human resource Planning –performance link in Eritrea', *International Journal of Human Resource Management*, 17, (1), 86-105

- Wognum Ida Fond, Lam Jo (2000), stakeholder involvement in strategic HRD aligning: the impact on HRDeffectiveness, International Journal of Training & Development; 4 (2), 98
- Wright,P.M.; Dunford,B.B. Snell,S A. (2001).Human resource and resource based view of The firm,Journal of Management,27,701-21.
- Zheng,C., Morrison, M., O'Neil,G. (2006), ‘ an empirical study of high performance HRM practices inChinese SMEs,’ International Journal of Human Resource Management , 17(10),1772-1803.