

HRCAP SCORE GRID: A TOOL FOR SUSTAINABLE DEVELOPMENT OF HRM FUNCTION

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ABSTRACT

Periodic assessment of the activities and functions in an organization helps organizations to benchmark their current performance with their earlier performance or industry performance to ensure that their growth is in pace with that of the industry. One significant activity namely Recruitment and Selection activity of the HRM function is taken up for this exercise. Extensive research has been carried out in the area of Recruitment and Selection since organizations view it as a critical component matching candidates and jobs since it is central and critical to the success of an enterprise.

This study is based on the perception that, any business activity when performed with the consensus of all its employees that, such an activity is performed to the maximum capacity of the organization, it could form the first step in the process of achieving effectiveness in that activity. This study utilized HRCAP Score GRID, to assess the extent of adoption of significant Recruitment and Selection practices among the auto component manufacturing organizations registered with ACMA in Coimbatore district using Generalized Estimation Equations. Periodic assessment and benchmarking would facilitate organizations to ensure adoption of the significant practices and thereby carry out the Recruitment and Selection activity to their maximum capacity.

Keywords: Adjustment Coefficient, HRCAP, HRM Function.

I. INTRODUCTION

The globalised economy has created a scenario where capital moves speedily, technology spreads quickly and goods are made in low cost countries and shipped to developed markets. Further the transition in the global business from the recession to recovery and the ongoing shift in the competitive environment have resulted in the amalgamation of different technologies to carry out various tasks in an organization. These challenges demands organizations to be innovative and evolve strategies for building their competence and later sustaining the same. Organizations are facing challenges in varied dimensions including: shorter product life cycle, inculcating a culture of innovation within the organization, changing customer preferences, technological obsolescence, diversity issues at work place, absence of visionary leadership, ethical and

governance problems and issues related to environmental protection. The leading approach to sustainability is to identify hard-to-imitate strategies that are innovative rather than novel, unique rather than flaunting, synergetic rather than symbiotic and collaborative rather than competing. Consequently, organizations are constantly engaging in activities aimed at increasing access to resources; including manpower, material, money and methods that will allow them to compete successfully in the changing environment, and to plan and design activities to accomplish their perceived goals.

Many organizations undertake periodic assessment of their performance to ensure effective and efficient utilization of resources, to be in line with advances in technology, to meet societal needs and to ensure achievement of the organization's goals. Carmeli et al (2007) found that organizations generally examined the achievement level of their firm through employees' assessment. Management experts have developed various tools that helped organizations to evaluate their performance in their functional areas with respect to time and benchmark their performance with industry standards.

Among the tools used for performance assessment the Capacity Building (CB) process has gained acceptance and prominence in the past two decades, both in the international and Indian scenario because of the demonstrable benefits derived from its use (Sripirabaa and Krishnaveni, 2007). CB activities had taken the form of assistance provided to entities of developing country governments, by inter-governmental organizations often from the United Nations (UN) family, as part of their general work. Bilaterally funded entities, private sector consulting firms and non-governmental organizations later followed them. Based on the review of CB activities, Krishnaveni and Sripirabaa (2008b) in their article have claimed that researchers rarely used the concept of CB outside the context of non-profit sector, civil society organizations and development communities. This was due to the widely understood reason that these organizations were at the forefront of efforts to tackle poverty, ill health, environmental degradation, social injustice and to mitigate the effects of conflict and humanitarian disasters.

Review of the CB activities brought out the pervasive nature of the concept of CB and hence, Sripirabaa and Krishnaveni (2007) ascertained its extension to with-profit organizations. Further Krishnaveni and Sripirabaa (2008a) have claimed that CB concept could be utilized by organizations to bring about sustainable organizational growth, achieve human resource (HR) excellence (Krishnaveni and Sripirabaa, 2008c).

The present study evolved as the application of the concept of CB process to assess the effectiveness of the Recruitment and Selection activity (RSA), using Human Resources Capacity Score Guided Reflections for Institutional Development (HRCAP Score GRID). HRCAP Score GRID is a perception-based, consensus-oriented, bottom-up evaluation approach (Krishnaveni and Sripirabaa 2009), which assesses the extent to which organizations are practicing the common HRM practices which are intricate for organizations. Hence the study aspired to identify the significant practices in the RSA that helped organizations achieve high capacity and high consensus levels through Generalized Estimation Equations. Adoption of the significant practices ensures achievement of excellence in that activity which augments into sustainable development of that activity which cascades to the sustainable development at individual function level and finally to the organizational level. Capacity assessment of the RSA was carried out among the automobile component manufacturing organizations in Coimbatore district.

The automobile industry in the international and Indian scenario is vibrant, competitive, and has been undergoing steady growth in the past two decades. The global multinational companies like General Motors, Honda, Magna, Delphi, Bosch, Suzuki, Ford, Caterpillar, Daimler Chrysler have shifted their Automotive Design Centres into India due to the excellent base available for Prototyping, Testing, Validating and Manufacturing of Auto-Components, and the availability of design engineers with renowned IT Skills and excellent automotive domain knowledge.

The Indian automotive industry comprises the automobile manufacturers and the auto component manufacturers. The contribution of the Indian automotive industry to the Indian economy has been significantly increasing over the last two decades. The contribution of the India automotive industry to GDP was 2.77% in 1992-93 and has rose to 5% in 2006-07 and 6% in 2012-13. The prime players in the automotive industry have developed strong forward and backward linkages with suppliers and OEMs which has helped them gain competitive advantage in terms of cost savings and enhanced quality standards. Further key players in the industry have been innovative in their products and have entered into international cooperation with global players to design and manufacture automobiles and auto components in par with global standards.

II. HRCAP SCORE GRID

HRCAP Score GRID concentrates on assessing the practices adopted in the various tasks and activities of the HRM function performed by them along with

the consensus of its members. A perception-based, consensus-oriented assessment would lead to effectiveness of that function, though, majority of the studies in HR focused only on perception-based assessments (Scholarior and Lockyer 1999; Gerhart et al 2000; Buyens and De Vos 2001; Whitener 2001; Kuvaas 2008). The consensus or the degrees of agreement among the employees were not given importance. Hence, Krishnaveni and Sripirabaa (2009) felt that a perception-based and consensus-oriented assessment would add significance, and thus developed and validated HRCAP Score GRID a perception-based, consensus-oriented, bottom-up tool. Krishnaveni and Sripirabaa (2009) in their article have discussed in detail the methodology adopted for developing the above tool and the validation of the same.

HRCAP Score GRID assesses the extent to which organizations are adopting the common HRM practices and the degree of agreement among the employees regarding the same. The study used HRCAP Score GRID to elicit responses from the respondents regarding the extent of adoption of common HRM practices. Adoption of all the common practices by organizations is intricate. Hence the study focused in identifying the significant practices in the RSA that influenced the placement of an assessment area in the High-Capacity High Consensus (HC-HC) quadrant.

III. OBJECTIVE

The objective of the study was to identify the significant practices in the RSA that influenced the placement of an assessment area in the HC-HC quadrant using Generalized Estimation Equations.

IV. METHODOLOGY

The study was descriptive in nature. Since, focus was a perception-based, consensus-oriented assessment of RSA, practiced by organizations, using a questionnaire and adopted survey strategy. Extent of adoption of common RSA practices was assessed using HRCAP Score GRID. The population for the study comprised the auto component manufacturers in India. The present research felt the population too exhaustive, since it attempted in extending the CB concept to with-profit organizations among the auto component manufacturers. Coimbatore had a cluster of auto components manufacturers and was viewed as a hub, hosting auto component manufacturers in South India. Hence, as a representation of the auto component manufacturers in India, the study identified its sampling frame, as those companies manufacturing auto components in Coimbatore district. Consequently, the study identified the

companies that were registered with the ACMA, within the boundaries of Coimbatore district. Accordingly, the study identified and included seven companies.

The study adopted census sampling, since all the seven companies were included. The respondents for the research comprised the employees occupying the middle level managerial positions, since they ought to know the practices adopted in their organizations and possessed the proficiency to fill up the questionnaires. Hence, the sample for this research constituted 30% of the employees occupying the middle level managerial positions, selected at random from the above organizations, spread over the various departments. Accordingly the study included 165 respondents. The above organizations were coded as A, B, C, D, E, F and G for the convenience of analysis. The number of respondents included in this research from these organizations was,

Organization	A	B	C	D	E	F	G
Number of respondents	33	32	45	21	19	9	6

The respondents were contacted in person, and the significance of the study was explained to them before administering the questionnaire. Ample time was given to the respondents for filling up the questionnaire. While collecting back the questionnaires, it was ensured that all the questions were answered and no question was left unanswered. Data for the study was conducted during April-May 2008.

HRCAP Score GRID identified and included about 3 to 10 practices in each assessment area in the RSA. Adherence of all these practices by organizations was intricate. Hence, attempt was made to identify the significant items in each assessment area that contributed to that area achieve HC-HC for the sector. The research used data collected from seven companies. Since employees within one company are likely to be highly correlated and had to be accounted for in the multivariate analysis, the study employed Generalized Estimation Equations (GEE) technique. This Regression analysis technique with GEE methodology was commonly used when the outcome measure of interest was discrete and utilized the clustering concept. The study visualized the seven organizations as seven heterogeneous clusters and each cluster as homogenous.

The responses given by the employees were recoded as “high - 1” and “low - 0”. Responses which had a value “5 and 4” contributed to high capacity, and hence were recoded as “1”. While responses “3, 2 and 1” contributed to low capacity

and hence were coded as “0”. All the 165 respondents were used as subject variables and the seven companies as within subject variables. The items in each assessment area were used as factors in the model. Code “1” i.e. HC-HC quadrant was taken as the reference and the coefficients were estimated at a 5 percent level of significance.

V. ANALYSIS AND DISCUSSION

Using the data collected from the seven organizations, the raw, standardized and scaled capacity and consensus scores were calculated and GRID was plotted for the RSA of the seven organizations. Plot on the GRID portrayed the assessment areas that fell in the four quadrants. ‘Kindly refer Table – I’

A. Practices Identified Using Generalized Estimation Equations:

The perceptions of employees with regard to the adoption of HR practices in their organizations are likely to vary across organizations. This difference in perceptions among employees, when incorporated while identifying the significantly contributing items in each assessment area would add value. Hence, the study as discussed in the methodology section applied GEE to identify the significant effect of the items in each assessment area and the relationship between them. The coded variable for each assessment area in the sector was taken as the dependent variable and the items of that area as covariates. Among the assessment areas, Partnering of RSA had no organization in the HC-HC quadrant. Hence, GEE could not be executed for that area. Table 2 gives the GEE output for RSA. ‘Kindly refer Table – II’

- o Among the items of Job Analysis assessment area items namely Job analysis helps in preparing job evaluation and job responsibility were found to be the significantly contributing factors ($p=0.034$; 0.000) that pushed organizations adopting these practices in achieving HC-HC.
- o Items namely Internal recruitment sources includes transfers, external recruitment sources includes advertisements and employment agencies of Recruitment Procedure assessment area were found to be the significantly contributing items ($p=0.015$; 0.023 ; 0.001) pushing the organization adopting these practices to the HC-HC quadrant.
- o Organizations adopting systematic selection process and selecting candidates by committee as HR practices were likely to achieve HC-HC, since these practices turned to be significantly contributing items ($p=0.022$; 0.001) of Selection Process assessment area.

- o Among the items of Compensation assessment area items compensation pattern includes competency based pay, job based pay and special financial compensation includes employee protection programs and security and health benefits were identified as the significantly contributing items ($p=0.035$; 0.000 ; 0.000 ; 0.009) in achieving HC-HC.
- o Organizations that allocated funds in budget for recruitment and selection program expenses were likely to achieve HC-HC. Since the above item turned to be statistically significant ($p=0.000$) item of Financial Support assessment area.
- o Among the items of Alignment assessment area organizations adopting recruitment and selection programs demonstrating a clear understanding of the recruitment and selection needs of the organization, competent in recruiting and selecting candidates, adopting strategic planning and modifying recruitment and selection program objectives based on strategic planning exercise findings as practices were likely to achieve HC-HC. Since the above practices turned to be statistically significant ($p=0.000$; 0.021 ; 0.000 ; 0.007).

B. Significant Practices Identified Through Generalized Estimation Equations:

The significant pushing practices identified in the assessment areas of RSA were

1. Job Analysis – Using Job Analysis information for preparing job evaluation and job responsibility.
2. Recruitment Procedure - Adopting transfers as internal recruitment source and advertisements and employment agencies as external recruitment sources.
3. Selection Process - Adopting a systematic selection process and selecting candidates through committees.
4. Compensation - Rendering compensation to candidates based on their competency and job profile and providing special financial compensation like employee protection programs and security and health benefits.
5. Financial Support - Allocating funds in budget for recruitment and selection programs expenses.
6. Alignment - Recruiting employees based on the organization’s requirements, gaining competency in recruiting and selecting candidates, adopting strategic planning exercise and modifying the objectives based on strategic planning exercise findings.

VI. CONCLUSION

Effective HRM practices are becoming increasingly important in this competitive, dynamic, globalized knowledge based economy. The focus of organizations is in designing HRM practices that enabled them identify, recruit, retain and train their employees to remain core competent in the industry. This research was based on the perception that any business activity when performed

with the consensus of all its employees, then such an activity was presumed to be performed to the maximum capacity of the organization, then it could be viewed as the first stage in the process of achieving effectiveness in that activity. Hence, as a first step, this research took the RSA of HRM function among the auto component manufacturers in Coimbatore district and attempted in evaluating the effectiveness of that function. The statistically significant practices that influenced the placement of an assessment area of the RSA in the HC-HC quadrant were identified through GEE. Similar exercise could be extended to Performance Management system Activity and Training and Development Activity of the HRM function.

Auto component manufacturers in Coimbatore district could utilize HRCAP Score GRID, the reliable and validated instrument, to assess the capacity of their HRM function. Such assessment would enable these organizations identify the capacity lag areas. In addition, the above organizations could use the scores of the organization that have scored the highest as the benchmarked scores and compare their individual scores with that score. Such assessment would help these organizations to map their current capacity levels with that of the benchmarked score, and later ensure that they had attained the benchmarked scores. This could be viewed as stage I in the CB exercise.

As stage II, these auto components manufactures, could identify the extent to which they have adopted the statistically significant practices identified through GEE in each activity of the HRM function and ensure adoption of the same to achieve high capacity and high consensus levels in all the activities of HRM function. Achievement of high capacity and high consensus levels implies achievement of excellence in that activity. Achievement of excellence of an activity paves way for accomplishment of sustainable development of that activity and achievement of excellence in all the activities of HRM function and that of the organization would help them achieve adaptive sustainability which is becoming the need of the hour.

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Table 1: Capacity and Consensus Scores of the Organizations

Area/ Organiz ation	Scaled Capacity Score							Scaled Consensus Score						
	A	B	C	D	E	F	G	A	B	C	D	E	F	G
R-JA	65	70	70	95	70	70	50	35	70	60	75	70	25	90
R-RP	60	50	75	80	60	60	55	40	70	65	85	65	45	85
R-SP	65	65	70	70	50	65	60	45	70	60	65	55	35	75
R-CP	60	60	65	85	40	40	50	45	40	60	60	65	50	85
R-PT	45	50	45	75	45	40	20	45	25	50	40	70	35	100
R-FS	55	70	25	95	55	20	20	50	60	45	75	45	100	100
R-AL	60	70	55	90	50	75	45	45	55	50	80	55	35	65

Table 2: Generalized Estimation Equations results for Recruitment and Selection

Assessment Area	Item	Estimated Coefficient ()	Standard Error	Significance
Job Analysis	(Intercept)	0.781	0.04	0
	Job description	0.033	0.0859	0.702
	Job specification	0.192	0.0988	0.052
	Job evaluation	-0.279	0.1313	0.034
	Job responsibility	-0.979	0.1112	0
	Job authority	-0.152	0.1036	0.141
	Standards of performance (Scale)	0.107	0.0777	0.167
Recruitment Procedure	(Intercept)	0.814	0.0505	0
	Employee requirements assessed	0.056	0.0715	0.435
	Replacement charts	-0.126	0.081	0.119
	Internal and external recruitment sources	0.03	0.1252	0.812
	Transfers	-0.248	0.1025	0.015
	Advertisements	-0.346	0.1523	0.023
	Employment agencies	0.201	0.0614	0.001
	Schools, colleges and universities (Scale)	-0.156	0.0873	0.074
Selection Process	(Intercept)	0.776	0.0487	0
	Systematic selection	0.191	0.0837	0.022
	Selection committee	-0.298	0.0891	0.001
	Application screening	-0.094	0.1056	0.375
	Pre employment enquiries	0.083	0.108	0.445
	Work sample tests	-0.177	0.0957	0.065
	Written tests	0.013	0.1116	0.905
	Management tests	-0.029	0.1094	0.792
	Mental ability tests	0.137	0.0854	0.109
	Technical interview (Scale)	-0.108	0.2378	0.65
Compensation	(Intercept)	0.618	0.0488	0
	Pay for performance	-0.116	0.1018	0.253
	Skill based pay	0.103	0.0903	0.255
	Competency pay	-0.196	0.0929	0.035
	Job based pay	-0.484	0.0755	0
	Perks	-0.017	0.0906	0.854
	Low interest rates for vehicle loans	-0.077	0.0889	0.387
	Employee Protection programs	0.277	0.0747	0
	Security and health benefits	-0.216	0.0831	0.009
	Lunch allowances (Scale)	0	0.0853	0.997
	(Scale)	0.177		
Financial Support	(Intercept)	0.865	0.0367	0

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