

## Impact on HRM to Develop Relationship between Leadership Effectiveness and Organizational Performance

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### ABSTRACT

It is often known that choices and actions related to human resource management (HRM) are likely to have a significant and distinctive impact on organizational performance. Either increased revenue growth or enhanced efficiency must be the clear connection. Nonetheless, opinions on the precise transmission mechanism or model that connects the two have changed significantly throughout time. The current study examines how government institutions function in relation to human resource management. In an economic landscape that is changing quickly due to factors like globalization, investor and customer demands, and the proliferation of products on the market, government institutions are constantly striving to improve their performance by cutting costs, modernizing processes and products, and enhancing quality in order to stay competitive and survive. The present study used a quantitative research methodology for analysis. For this investigation, a sample size of 250 respondents was used. With the exception of the fifth hypothesis, which claimed that "decentralization is positively associated with organizational performance," all of the hypotheses were shown to be false. Thus, it was determined that there is a favorable correlation between organizational effectiveness and decentralization.

**Keywords:** HRM, relationship, leadership effectiveness, organizational performance

### 1. INTRODUCTION

Leadership is seen as a recursive process in which at least one person influences a group of individuals to behave in a certain way. The concept of leadership has been used to a wide range of human endeavors, including political and economic matters, the academic realm, and even social activities. Messick and Krammer (2004) argue that a leader's influence is contingent not only on his inherent characteristics and skills, but also on the specifics of the scenario in which he finds himself. So, an individual will remain with the group if he thinks his needs will be met; otherwise, he or she would go for better opportunities elsewhere. Leadership occurs when one member of a group influences the motivation and performance of the group as a whole.

Many businesses have failed because of weak leadership from the upper management team; in these situations, employees are not motivated, inspired, or supported to do their best work. This, in turn, leads to lower productivity, higher costs, a less cooperative workforce, and so on. All of this leads to the dissolution of the organization in the end. The search for charismatic, knowledgeable, strategic, and experienced leaders is a challenge for certain businesses. For the purposes of this assessment, we will focus on three distinct types of leadership: pioneering leadership, value-based leadership, and free-market leadership. Shared aims and beliefs as well as mutual trust and esteem motivate the two groups to try their hand at government support for the company, and the resulting innovation in leadership is more effective, helpful, inventive, and fulfilling to followers. Iyang, for his part, thinks that effective leadership is fundamental in the administration of organizations, and that it consists of a special way of coordinating workers with the organization so that its vision or goals can be achieved. Edem, who has the same "soul," agrees that the employees, customers, and other businesses inside and

outside the company are all affected by the success or failure of an association. McGregor (1978) declared that one of the key variables affecting the outcome of any business, association, or nation is leadership. As indicated by Ukeje and Okorie (1990), leadership decides if an association, nation, or organization succeeds or comes up short, creates a gain or loses cash, or creates or under creates. Leadership, as indicated by Arnold and Feldman (1986), is an impact interaction.

### **1.1. Organizational Performance and Leadership**

One of the most important components of increasing company success is leadership. As the primary decision-makers, leaders choose how to allocate, develop, and use organizational resources. They also decide how to turn these resources into worthwhile goods and services and how to provide value to the stakeholders inside the company. They are therefore reliable sources of long-term management and competitive benefit.

Positive correlations between transformational leadership and results at the individual and company levels have been shown in several research. Comparable research has also shown that, in a range of organizational contexts, transformational leadership behaviors have a stronger positive correlation with subordinate effectiveness than do transformational behaviors. Leaders that exhibit transformational behavior have an impact on employees' motivation by raising their awareness of the consequences of their work and cultivating a self-interest in the success of the company.

Organizational performance (OP) has grown in significance over time for effective organizational management. While most businesses today consider product-market rivalry to be the norm, the fast occurring changes in the economic environment have been supplanted by deregulation of markets, globalization, and shifts in investor and consumer demand. An company must assess its internal environment in order to determine its possibilities and challenges in order to maintain competitiveness and achieve sustainable development. As a result, businesses often look for ways to outperform their rivals and gain a competitive edge. However, even when organizational performance is successfully attained, the question of how it was done still has to be looked at. Numerous empirical study designs have looked at the variables that affect organizational success. The investigation of different variables that might work on organizational performance, like all out quality administration (TQM), human asset rehearses, leadership styles, data innovation (IT) and development, organizational capacities, and scholarly capital, has been the focal point of various other examination projects in the fields of promoting, human asset the executives, data frameworks, worldwide business, and activity the board. To increase OP, human resource management (HRM) is a crucial component that has to be considered. Human resource management (HRM) is essential and includes all members of the company. According to Delery and Roumpi (2017), HRM refers to organizational activities related to the management and development of humans. Moreover, these approaches reinforce each other and function in tandem to guarantee both individual and organizational performance (OP). Stated differently, HRM practices are organizational actions chosen to maximize the use of resources in support of the organization's goals while also making use of the human resource inside the company. Along these lines, human asset the board, or HRM, is worried about a representative's abilities and information that empower changes in financial development and advancement as well as an improvement in organizational performance. Moreover, SOLAJA and OLADIMEJI's (2019) study recommends that HRM is an association's human variable, containing immaterial and significant assets like incredible skill, abilities, and knowledge that give the association an exceptional character and make the representatives a "load of information implanted in the aggregate capacities of an association to distinguish fitting arrangements." Besides, the asset based view (RBV) of an association explains how the additional worth of human asset the board might uphold an association's development and performance. Sihite considers HRM to be the association's most important resource and wellspring of assets, producing positive returns. As a result, an organization's capacity to make a substantial contribution to its operations determines its performance. The management of the company must acknowledge that HRM stands out from other organizational resources and is dependable since it produces the necessary value throughout the process of achieving OP.

## **2. LITERATURE REVIEW**

Kareem & Hussein (2019) The job landscape is drastically shifting, globalization and technology are influencing behaviors and experiences, and societies are becoming more diverse and international. Employability is quickly changing the business environment and becoming a primary aim for any corporation due to the advent of globalization. The quality of human

resources is a key factor in corporate success, and HRD procedures can raise employee competency levels. The motivation behind this study is to research what HRD rehearses mean for the efficiency of staff individuals and the general viability of the association in an example of Iraqi public organizations. For information investigation, a clear scientific methodology in light of a solitary relapse model was utilized. The result shows that worker performance and HRD rehearses have a significant relationship that works on organizational effectiveness. Besides, the discoveries show a measurably huge connection between's laborer performance and organizational viability. Furthermore, this study recommends that college leaders work to formulate HRD techniques that will permit them to raise representative capability and increment laborers' ability to meet organizational objectives and targets. This paper adds to the assortment of information on organizational effectiveness, representative performance, and human asset improvement. Significant hypothetical and pragmatic outcomes of this work are likewise given and completely analyzed.

Sabiu, et.al. (2019) This study looks at the effect of human asset the executives rehearses (HRM) on organizational performance (Over powered) in Nigerian instructive organizations. Information was gathered from 181 organizations, and SmartPLS-SEM was utilized to test the relationship and interceding impact of moral environments (ECs). The outcomes showed solid help for ECs' intervening job in the relationship between HRM rehearses and Over powered. Strategy producers and chiefs in instructive offices ought to consider embracing performance-based HRM rehearses that empower moral way of behaving among representatives and inside the association. This study adds to grasping the relationship among HRM and Over powered by explaining a pathway between these factors and summing up discoveries to various disciplines and settings.

Adiguzel, (2019) Businesses in the service industry risk falling behind in the fight for customers and being forced out of business if they fail to communicate clearly and offer the necessary services. Consequently, the impact of senior managers' leadership on staff members is mirrored in the performance of the company, which is becoming increasingly significant. The goal of this research is to examine the connections among the following variables: team creativity and service innovation, learning orientation and successful communication, and leader effectiveness. Our investigations showed that learning orientation and effective leadership had a beneficial influence on service innovation, team creativity, and effective communication. This suggests that in the service industry, good leadership and a learning orientation favorably impact effective communication, team creativity, and service innovation. Three hundred and forty-eight questionnaires were collected from white-collar workers, and these were used for the evaluation after being subjected to regression analysis for hypothesis testing, factor and reliability analysis for the Likert scale questions, and correlation analysis for the variable relationships.

Alkhalzali, et.al. (2020) The purpose of this study was to determine how empowerment and HRM practices affected 13 commercial banks in Jordan's organizational performance (OP). The study used a descriptive and analytical methodology to illustrate its principles. A random sample of 180 managers and vice-managers was used for analysis and result extraction. In order to meet the research's goals, a questionnaire was created to extract as much information as possible from the study population. Data was then gathered, examined, and evaluated, and the smart PLS was used to pick the hypotheses. There were 74% of respondents. The findings showed that empowerment and HRM practices have a positive and substantial impact on OP out of all the independent factors evaluated.

Falatah et al. (2021) investigated the connection between intentions to leave a job, work satisfaction, and job security. Using SPSS, the data was examined, and the findings showed that work satisfaction moderates the association between intentions to leave one's employment and job security. In a different study, Cherif (2020) looked at how HRM procedures affected Saudi Arabian bank workers' levels of commitment and satisfaction. Correlation and regression analysis were used to examine the data gathered from 330 respondents. The correlation analysis's findings show a strong relationship between HRM practices, commitment level, and satisfaction. Conversely, regression analysis showed that increasing employee commitment is a result of both HRM practices and satisfaction. A research was conducted by Park and Doo (2020) to examine the impact of HR procedures and organizational culture on the degree of commitment and satisfaction among female managers. A Korean government-sponsored institution provided the data, which was then analyzed using the structural equation modeling approach on 230 female managers. The results of the investigation showed that HR procedures

have an impact on managers' levels of commitment and work satisfaction, which in turn has an impact on managers' levels of commitment. The findings also indicated that HR procedures are directly impacted by corporate culture.

Pradhan et al. (2019) carried out a study to examine the relationship between employee happiness and HRM practices in Indian public sector enterprises. 393 workers in the industrial and service sectors provided the data. The data was analyzed using SPSS and AMOS, and the findings show that HRM practices help to improve workers' job satisfaction. The findings of the mediation study, which the researchers also conducted, showed that employee engagement had a complete mediating impact on the link between HRM practices and work satisfaction.

Ashton (2018) carried a research to examine the connection between HRM practices and employee retention and work satisfaction in Thailand's hotel sector. The multiple regression approach and correlation analysis were used to examine the data collected from 403 respondents. According to the findings, workers are content with their work life quality, job security, leadership, and personal qualities; nevertheless, advancement chances, employee empowerment, and benefits packages are not very essential in raising employee happiness. Additionally, it was shown that job satisfaction plays a role in keeping workers in the hotel business.

Ling et al. (2018) We conducted a study to investigate how HRM strategies may raise project managers' levels of satisfaction at Singapore's Construction Company. The analysis of the 81 respondents' replies was done using PLS-SEM. According to the research, project managers are content with their jobs, benefits, talent development, pay schedules, and career and performance coaching.

Ocen et al. (2017) performed a research on a sample of 282 respondents who were employed by Uganda's banking industry. Training and commitment as well as training and satisfaction were shown to be positively correlated, according to SPSS analysis. Additionally, dedication and work satisfaction had a favorable relationship. A portion of the association between commitment and training is mediated by job satisfaction.

Kloutsiniotis and Mihail (2017) carried out a research with 296 medical professionals to investigate the connection between a high-performing work environment and job satisfaction. The findings indicated a strong correlation between job happiness and high performance work systems.

Sattar et al. (2015) explored the relationship between HRM practices and raising employee happiness and performance, and they included employee engagement as a mediating factor in their research. The study's target demographic consisted of the workers in Pakistan's banking industry. Multiple regression analysis was used to examine the effect of HRM practices on employee satisfaction using data gathered from 181 respondents. The findings show that the organization's remuneration policies were the next best predictor of employee happiness, behind training procedures and employee empowerment methods. Training methods have a significant role in raising worker performance and engagement.

## **RESEARCH METHODOLOGY**

To decide the variables and their relationships, as well as to survey the impact of HRM on the performance of government organizations, the current review utilized the quantitative exploration strategy. The exploration involves significant procedures for social occasion information. Utilizing a Likert scale as an information assortment device, overviews are the principal type of information gathering utilized in this review. By utilizing an assortment of test techniques, inspecting methodologies are used to assemble essential information from the assigned objective populace. Involving Service of Districts staff as the review populace, the objective populace for this exploration is the representatives working in the Service of Provincial Districts and Water Assets in the Kurdistan area of Iraq. A complete, very much organized poll was made and dispersed to each person inside this segment. Understanding the HRM procedures and how they impact performance is essential, since this study expects to decide what human asset the board rehearses mean for government organizations' performance. The laborers in this area of the economy might reveal insight into the subject and answer the review's examination questions. For this examination, an example size of 240 respondents was utilized. A lot of the responses came in. Since the predetermined reactions from a populace will be the objective populace, this exploration utilizes the nonprobability examining strategy. The testing system utilized is arbitrary inspecting. Research morals will be

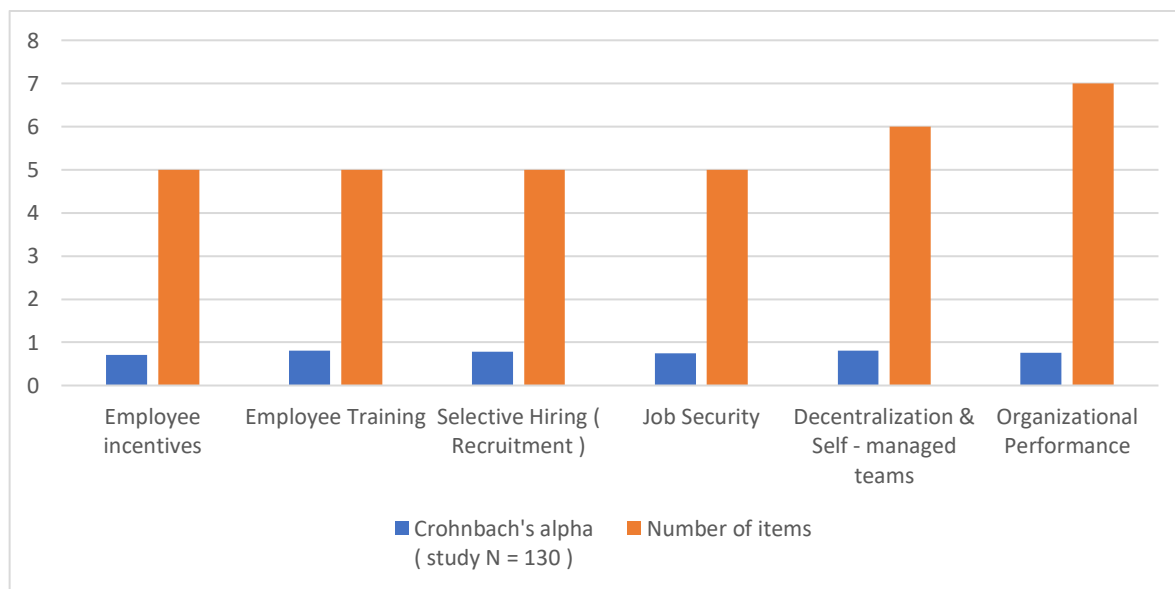
continued in the assortment of information and the strategies utilized in the review. what's more, gave 300 polls to the organization's staff individuals.

### 3. DATA ANALYSIS

Because it tackles the obstacles and problems that obstruct scientific study, the subject of The Impact of Human Resource Management on Private Institutions performs very important. The section begins by providing a broad overview of the participants. The survey answers from workers served as the basis for this study's findings.

**Table 1-** Reliability analysis

Items	Crohnbach's alpha ( study N = 130 )	Number of items
Employee incentives	0.82	5
Employee Training	0.812	5
Selective Hiring ( Recruitment )	0.83	5
Job Security	0.76	5
Decentralization & Self - managed teams	0.821	6
Organizational Performance	0.770	7



**Figure 1-** Reliability analysis

The current review's dependability examination is displayed in table (1). To evaluate the effect on organizational performance in government foundations, the analyst involved five particular HRM rehearses as free factors. With respect to impetuses, it was found that the five things used to assess worker motivations had a Crohnbach's alpha of  $0.82 > 0.6$ , showing that the things were trustworthy for the reasons for this exploration. With respect to preparing, it was found that the five-thing Crohnbach's alpha was  $0.812 > 0.6$ . this shows that the five proportions of representative preparation that were remembered for this exploration were substantial. It was found that the five things used to measure specific employing (enlistment) had a Crohnbach's alpha of  $0.83 > 0.6$ , demonstrating that the things were trustworthy for the current exploration. It was found that the Crohnbach's alpha for five components was  $0.76 > 0.6$  regarding business security. this shows that the five instruments remembered for the current examination to assess employer stability were legitimate. At last, it was found that the seven things used to quantify organizational performance were dependable for the ongoing review.

The Cronbach's alpha for seen things = 0.770 > 0.6 demonstrates that the seven things used to quantify decentralization and independent terms were additionally dependable. These discoveries connect with the unwavering quality of the six things used to gauge decentralization and independent terms in the ongoing review.

**Table 3-** Multiple Regression

Model	Coefficients		Standardized Coefficients	t	Sig .
	Unstandardized	Coefficients			
	B	Std . Error			
( Constant )	0.590	0.240		2.645	0.032
Employee incentives	-0.090	-0.060	0.012	1.612	0.141
Employee Training	-0.031	-0.070	0.030	0.410	0.691
Selective Hiring ( Recruitment )	-0.31	0.070	-0.300	4.572	0
Job Security	-0.065	0.051	0.075	1.261	0.223
Decentralization & Self managed teams	0.332	0.050	0.423	6.792	0

The findings of a statistical model, most likely a regression analysis, are shown in table 3, which includes coefficients and related statistical data for different variables.

The "Model" section at the top describes the model that is being looked at and includes a description of the coefficients that are being looked at.

The influence of independent variables on the dependent variable (usually denoted as Y) in the model is shown in the "Unstandardized Coefficients" column. For every unit change in the independent variables, these data show how the dependent variable changed.

Standardized coefficients, often known as Beta ( $\beta$ ), are shown in the "Standardized Coefficients" column. These coefficients, which allow for a comparison of the relative significance of several independent variables in explaining fluctuations in the dependent variable, are scaled copies of the unstandardized coefficients.

The t-values, or number of standard errors a coefficient estimate deviates from zero, are shown in the "t" column. The statistical significance of the coefficients is determined by these values.

The significance levels, or p-values, connected to each coefficient are shown in the "Sig." column. These numbers tell us if it is probable that the coefficient is not equal to zero and whether the coefficient is statistically significant.

- The phrase "(Constant)" denotes the intercept, or the value of the dependent variable, in the case when there are no independent variables. The constant value in this case is 0.590, and statistical significance is shown by the p-value of 0.032.
- The variable "Employee incentives" has an unstandardized coefficient of -0.090. Even though the standardized coefficient (Beta) is 0.012 ( $p = 0.141$ ), it is not statistically significant. This implies that the dependent variable is not much impacted by employee incentives.

Moreover, multiple regressions may be used to determine the overall model fit and the proportional contributions of each predictor to the total variance explained. The five HRM practices were used as independent variables in regression models, with organizational performance as the dependent variable. Incentives have been demonstrated to have little to no effect on productivity in the workplace. It was discovered that organizational performance has not been much predicted by training. It was discovered that organizational success has not been substantially predicted by selective hiring. It was

discovered that organizational performance has not been substantially predicted by job security. It was discovered that there is a direct positive correlation between decentralization and organizational performance, and that decentralization strongly predicts organizational performance.

#### 4. RESULTS & DISCUSSIONS

The objective of the ongoing review was to examine the relationship between organizational performance and HRM rehearses. The examination recommended that the accompanying HRM rehearses — motivations, worker preparing, specific enlisting, employer stability, and decentralization — are decidedly connected with organizational achievement. This speculation depended on an exhaustive investigation of the writing. They have suggested that the relationship between job security and organizational effectiveness is not very strong. On putting the initial hypothesis under consideration for this investigation to the test.

##### 4.1. Incentive is positively associated with organizational performance was rejected

It was discovered that incentives had little impact on organizational effectiveness. Al-Aydi (2000) investigates how incentives affect the degree of performance in Iraqi Kurdistan's textile government organizations. He projected that there would be a weak correlation between the pay system and performance level as well as between the two. Additionally, there is a direct link between the organizational performance level and the incentives and promotion structure. The results demonstrated that training and IT, two HR practice instruments, have a direct impact on an organization's success. Although incentives were expected to have a favorable association with organizational performance, they did not modify the link between organizational performance and human resource practices.

##### 4.2. Hypothesis 2: Employee training is positively associated with organizational

**performance**, was turned down. Employees with a great deal of work experience perform better since their competences and abilities have increased as a result of their experience. Employee performance affects the success of the corporation as a whole since human resources are a company's most valuable asset. Organizational personnel get training in order to improve both the organization's and the employee's performance.

##### 4.3. Hypothesis 3: Selective hiring is positively associated with organizational

**performance** was turned down, and it was discovered that selective hiring had no beneficial relationship to the functioning of the business. We polled Greece's food managers to get their opinions on HR procedures and how they relate to the overall functioning of the company. Overall, the results are helpful for all HR procedures, with the exception of job security. It was anticipated that one of the key strategies for improving an organization's performance would be selective recruiting. Comprehensive training, remuneration policies, decentralization of decision-making, and information exchange were critical performance predictors for all performance indicators.

#### 5. CONCLUSION

The objective of the flow research was to decide what HRM rehearses meant for the working of government foundations in Iraq's Kurdistan area. It likewise tried to pinpoint the vital components of human asset the executives that are answerable for this impact. Ultimately, the review tried to give ideas or strategies connected with the HRM techniques under assessment that could raise or work on the effectiveness of government foundations, particularly in the Iraqi Kurdistan region.

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