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**EVALUATION OF FLEXIBILITY FOR THE EFFECTIVE CHANGE MANAGEMENT
FOR INDUSTRIES IN INDIA**

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Abstract:

This study examines the impact of HR practices on organizational performance through the mediating role of psychological contract (expressed by the influence of employer on employee promises fulfillment through employee attitudes) and further examines whether this relationship remains stable during periods of external economic crisis. to this providing proof that the employee attitudes of satisfaction, commitment and motivation, constitute a nested mediating epicenter of the HR practices – organizational performance relationship, meaning that employee attitudes are positively influencing employee promises fulfillment and organizational performance and being positively influenced by employer promises fulfillment and HR practices in industrial management system in India.

Keywords: HR practices, psychological contract, management system.

Introduction:

Employee retention was relevant to the cost of turnover in context of Human resource Management practices. This is because, outlined that the beginning of the employee retention strategy is to understand the cost of turnover and it is not only associated with the cost of turnover but also involves non-monetary costs relevant with subjective perceptions of the organisation. Turnover defined as when an employee had leaved the organization and moved to others organization for a new employment relationship.

The psychological contract fulfillment degree was one of the main ideas to affect employee turnover. Any dissatisfaction on work place will encourage them to leave that organization to seek or other job[1]. Its mean that breach of psychological contract will affect the overall performance of an employee and their retention behaviour. There are

several studies indicates that when the employee receive more inducements than expected from the organization, the satisfaction and fulfillment of individual will create feeling of being valued and trust by the organization. Hence, it may lead to a better positive outcome. Therefore, psychological contract is important studies in any industry and any organization. The psychological contract can be breach if any of the parties did not fulfil their explicit or implicit promises and its may lead to psychological contract violation. Psychological contract violation define as employees' feelings of disappointment (ranging from minor frustration to betrayal) arising from their belief that their organization has broken its work-related promises. As the literature confirm that psychological contract violation lead to employee turnover, also reveal that psychological contract breach is low when union commitment is stronger because individuals perceive that their union is highly instrumental in protecting their rights and benefits. The differences between unionize from non-union employee's workplaces is the collective agreement[3][9]. The collective agreements give union workers rights and protections that are not available to other workers. In non-union workplaces, employees are often at the mercy of managers who play favorites and change terms and conditions of employment on their expectations.

But in a unionized environment, workers have written and legally-binding guarantees covering things like wages and benefits. As trade unions is to protect workers' rights, the possibility of employees retain in the organization is very high compared to non-unionize workers who depends on the discretion of their manager. Managers usually make a decision depending on the reporting supervisors. Since the supervisor plays an important role in the relationship between management and employees as a middle man, a study need to conduct to determine whether the supervisors relationship give and impact on psychological contract fulfillment and retention behavior of unionize and non unionize employee's. This is because, hypothesized that employees who perceived a high quality information exchange relationship with their supervisors would be less likely to file grievances than employees who perceived a low quality information exchange relationship.

Sequence from, questions arise whether unionize employee's fall in which group (in group or out group). also reveal that leader-member exchange is related to actual turnover in among unionize employees. This is why leader member exchange take consider as an important studies in the relationship between Human Resource management practices, psychological contract fulfillment and employee's retention behaviour for this current study. Base from the literature, a gap exist to conduct further studies on the moderating effect of trade Union between leader member exchange,

psychological contract fulfillment and employee's retention behavior. So, the nature of the impact of the predictor on the criterion varies according to the level or value of the moderator. Thus this study will look at conceptual and seeking the literature review of relationship for the proposed model[2].

The new psychological contract:

Traditionally, it was believed that the main expectation of employees in return for their input to the company was a level of employment stability both in terms of working environment and job security. Nevertheless, the rapid changes in the economic and business life the last decades transformed significantly organizations. Intense competition on a global scale, political developments and numerous other factors forced organizations to adapt its structure towards a leaner, flexible more efficient approach that could withstand competitive pressures As a consequence, there was a restructuring on people management and corresponding changes in the employment relationship In the past, organization expected loyalty and commitment over a lengthy period of time and employees expected job security and remuneration based over their long duration of service to the organization.

Currently, there is need for flexible employees that will be able to constitute themselves more employable through skills and abilities they will accumulate through training, willingness to perform a variety of tasks and thus learn and adapt their portfolio of capabilities[8]. By doing so, employees are deemed as more 'marketable' and consequently more efficient for the organization and more equipped to handle the pressures of the new marketplace. Concerning the 'new' workplace there have been indeed being changes in the employment relationship, mainly attributed to global movements in economies and labour markets. Nevertheless, this are not heralds of an ominous future but more part of a transition that is continuous in organizational life (CIPD, 2005b). The most interesting point in this theoretical framework is the recognition of the PC as a tool in the manager's efforts to handle the employment relationship. Substantiating that, reported findings from a survey of 1,306 senior HR showing that the psychological contract offers managers a framework within which to contemplate and administer the ER (employment relationship). It would seem that truth lies somewhere in between.

Ignoring the changing workplace and the impact it had to the psychological contract is impossible. New variables have emerged and the employee-organisation input/expectation relationship has shifted but to level everything down is also pessimistic and equally unrealistic.

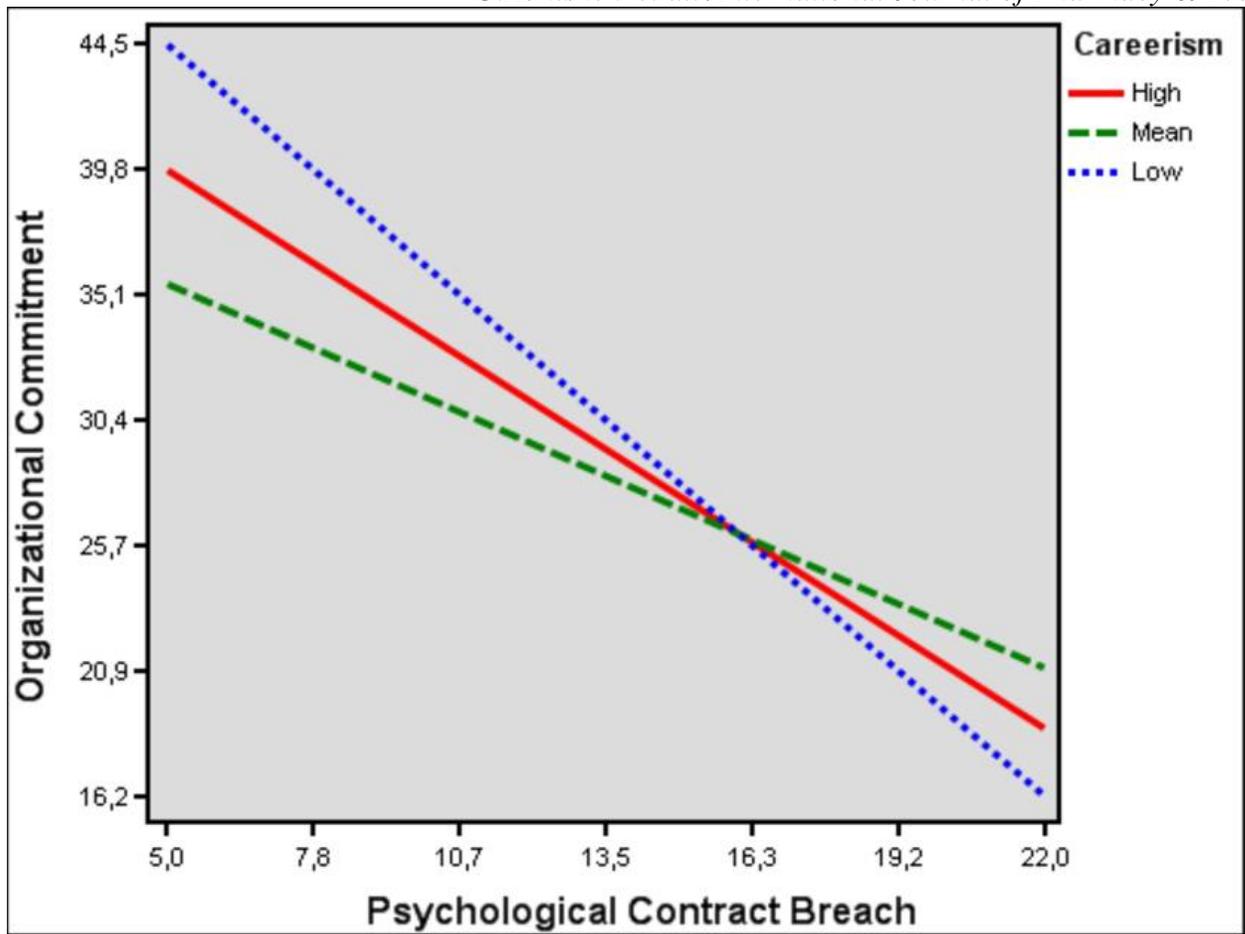


Figure 1: psychological contract Breach.

For example people might not be able to cling on to their works eternally but it seems unlikely that a corporation would invest in its human capital to ‘throw it away’ so easily. Furthermore, PC is highly subjective, fluid and constantly redefined and in a respect means that although employment practices have changed not all employees feel the same nor condone to the new working environment[3].

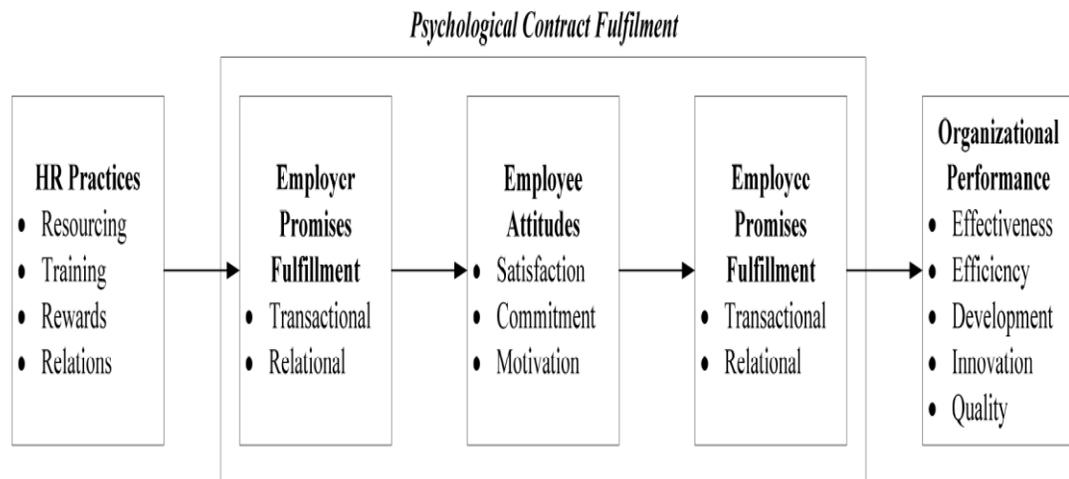


Figure 2: psychological contract Fulfilment.

Performance Appraisal

Appraisal is the judgment of an employee's performance in a job, based on considerations other than productivity alone. It aims to ascertain whether actual performance matches performance targets. One of its principal uses is to indicate training needs in areas of performance where improvements would occur if appropriate training could be given. An integrated and effective appraisal process can lead to increased organizational performance and employee motivation. It provides recognition for successful performance and provides guidance on what skills, competences and behavior are required to meet expectations. Performance reviews are important as they offer an opportunity for the employee to receive accurate feedback on their performance and may help dispel any false beliefs, of either party, that they have fulfilled their part of the psychological contract. Unrealistic self assessment by the employee will impact on the comparison process because, without accurate feedback, there is the potential for the employee to misperceive the balance between fulfillment of their obligations against those of the organization. In addition, the performance reviews offers an opportunity for the organization and employee to review and agree upon future opportunities for responsibility and challenge, and any prospective involvement in the management of change. Reviewing and renegotiating such aspects of the psychological contract on regular basis will reduce psychological contract violations that are caused by incongruence or misunderstanding between both parties [4].

Implications for practice:

With regard to managerial implications, our research highlights the need for supervisors and HR managers to understand the mechanisms for creating psychological and legal contracts. The ideas put forth in this paper should be useful for managers at all levels in a variety of organizations. In identifying HR practices as potentially capable of sending signals that might lead to the creation of psychological and legal contracts, this research implies that managers should be cognizant of the implications of the messages sent by the structural elements of human resource practices (e.g., compensation policies, promotion policies) and the agents implementing the HR practices (e.g., recruiters, managers). Organizations need to be aware that HR practices may be unwittingly creating both psychological and legal contracts. Although it may be difficult to know exactly what constitutes the psychological contract of an employee and therefore when a psychological contract has been created, it is possible for managers' to know when they have created a legal contract with an employee. This is not meant to imply that managing legal contracts is easier than managing

psychological contracts. To the contrary, managing legal contracts may be more difficult and therefore an understanding of the law is necessary. For this reason, we suggest that manager’s consult frequently with the law departments of their organizations and that their supervisory training includes the “essentials” of creating legal contracts. As a result of consulting with the attorneys of an organization or receiving training on the basics of legal contracts, managers will be made aware of the legal ramifications of their actions. For example, returning to the concept of contract creation through employee handbooks, research has found that practicing managers often believe that the language in employee handbooks is not legally binding Managers generally consider the information supplied in employee handbooks as simply conveying guidelines for employee behavior. However, supervisory training and consultation with HR professionals or attorneys would provide managers with the knowledge that although some courts have rejected the idea that employee handbooks can create legally binding contracts, the overwhelming majority of courts do consider employee handbook language capable of creating a legally binding contract between the employee and employer[5][7].

Evolution of HRM ...

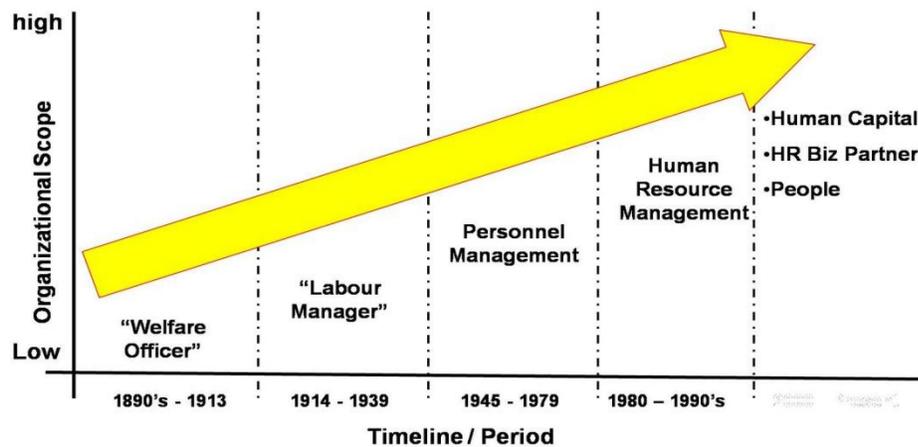


Figure 3: Evolution of HRM.

Finally, it has been argued that understanding contract creation or wanting to develop contracts (psychological or legal) is typically not one of the strengths of managers (supervisors or HR managers) because “contracts are seen as something to avoid”. However, given that contract creation is inevitable in organizations, managers need to develop skills that will allow them to intentionally create the types of psychological and legal contracts with employees that will aid firm performance. For this reason it is imperative that managers understand the importance of communication (i.e., signals) in the creation, development, and management of psychological and legal contracts. Managers need to understand for instance that ambiguity in communication can create a psychological contract so broad that it is essentially impossible to

satisfy. They need to understand that orally communicated promises may be as legally binding as written promises (see our examples in the sections labeled Express and Implied contracts) and that ambiguity in written or oral communication can prevent the creation of a legal contract. By presenting these ideas, we have made a contribution to practicing managers by highlighting the need for understanding the communication process as it pertains to the creation of psychological and legally enforceable contracts[6][10].

Conclusion:

This current study identified a gap exist such that it merits to conduct further studies on the mediating effect of leader member exchange between human resource management practice's towards psychological contract fulfillment and the moderating effect of trade Union on leader member exchange.

The moderating effect will explain that, those who are considered out group in the leader member exchange, the effect is negative (i.e., employee have low fulfillment of psychological contract will not remain in the organization), and for those with a in group, the effect is positive (i.e., employee have High fulfillment of psychological contract will remain in the organization).

The conclusion of my study is this current research it will contribute to leader member exchange theory as well as to social exchange theory and is attempting at providing proof that the employee attitudes of satisfaction, commitment and motivation, constitute the epicenter of the HRM - performance relationship. All other relationships are activated around this epicenter, meaning that employee attitudes are influencing employee promises fulfilment and organizational performance and being influenced by employer promises fulfilment and HR practices. Finally, this study supports the view that although the structure of this relationship does not change in periods of economic crisis, the strength of this structure is weaker compared with normal economic periods.

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