

Human Resource Development in Non-Profit Organizations: A Study On The Impact Of HRD Practices On Organizational Development Of NPOs

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Abstract

This research aims to investigate the impact of Human Resource Development(HRD) variables on organizational development of Non-profit organizations (NPOs) . Drawing from data provided by 100 individuals working in NPOs it is understood that HRD practices have a significant impact on organizational development. Questionnaires were used to collect primary data. To test the hypothesis formulated statistical tools like mean Std deviation, correlation, ANOVA and regression were used. Correlation results show a positive relationship between HRD practices and organizational development. The results of the study show a significant impact of the human resource development variables (Appraisal system ,Rewards and benefits,Training and Organizational environment)on organizational development of NPOs .

Key words: Human Resource Development Practices, Non- Profit Organizations , Organizational Development

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 impact of human resource development variables like Appraisal system ,Rewards and benefits ,Training and Organizational environment on organizational development of NPOs .

The assessment is based on perception of 100 employees about the overall importance given to various dimensions of the HRD climate. The study instrument measured 5 dimensions Appraisal

system ,Rewards and benefits ,Training , Organizational environment , organizational development. The instrument had 30 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 impact of HRD practices on organizational development.

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 nonprofit organization (NPO) is an organization established for the purpose of providing services to the public. Its main motto is doing good 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.

Importance of Human Resources (HR) in a Non –Profit Organisation.

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)'s 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 study the perception of employees towards HRD practices followed in NPOs.
2. To determine the relationship of HRD Practices and organizational development.
3. To analyze the impact of HRD practice on organizational development of NPOs.

METHODOLOGY

An exploratory study was conducted to analyse the HRD practices in NPOs. Non probability convenient sampling method was adopted. 100 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 correlation test, regression analysis and 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
5	Organizational Development	10	0.914

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 0.914 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 .

Table 2 : 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
ORG DEV	Organizational Development		
1	Cost reduction	3.28	0.77
2	Profitability	3.20	1.21
3	Knowledge utilization	2.98	0.62
4	Fair and equal treatment	3.23	1.21
5	Work productivity	3.20	0.85
6	Professional relationship	3.27	0.63
7	Quality service is provided	3.32	1.19
8	Good competitive spirit	3.03	0.48
9	Targeted towards goal accomplishment	3.24	1.10
10	Customer satisfaction is given importance	3.28	0.85
	Overall Organizational Development	3.100	0.650

Source :SPSS16.0 output

From Table no .2 it is clear that independent variable training has highest mean value (3.198)and standard deviation(0.810),dependent variable Organizational Development has the least mean of (3.1)and standard deviation(0.65) indicating majority of respondents strongly agree with HRD Practice training followed in their organization.

Hypothesis testing

(A) The perception of employees regarding HRD Practices followed in NPOs.

To study the perception of employees regarding HRD Practices followed in their organization mean, standard deviation and t-tests were done.

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.

(B) Relationship between dependent and independent variables

Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. To analyse the relationship between variables the following hypothesis was formulated.

H₀: There is no significant relationship between HRD Practices and Organizational Development

H₁ : There is significant relationship between HRD Practices and Organizational Development

Table. 04 : Correlation Matrix for all variables involved

Variables	Appraisal system	Rewards and benefits	Training	Organizational environment	Organizational Development
Appraisal system	1				
Rewards and benefits	0.120	1			
Training	0.048	0.082	1		
Organizational environment	0.249	0.677	-0.005	1	
Organizational Development	0.604	0.162	0.155	0.210	1

Source :SPSS16.0 output

Table 04 depicts positive correlation between dependent variable(Organizational Development) and independent variables(Appraisal system ,Rewards and benefits ,Training and Organizational environment). The highest positive correlation in this study was found between Rewards and benefits and Organizational environment($r= 0.677, p < 0.01$). The second highest correlation was between Appraisal system and Organizational Development ($r= 0.604, p < 0.01$) and the third highest correlation was found between Appraisal system and Organizational environment ($r= 0.249, p < 0.05$). Whereas Organizational environment and Training showed a negative relationship ($r= -0.005$). Overall there is a positive relationship between the variables. The null hypothesis is rejected and research hypothesis is accepted. The statement 'There is significant relationship between HRD Practices and Organizational Development' stands accepted.

(C) Impact of HRD Practices on Organizational Development

To study the impact of human resource development variables like Appraisal system, Rewards and benefits, Training and Organizational environment on organizational development, regression analysis was performed i.e. to understand the degree of association between the variables. Regression analysis is a statistical procedure used for estimating the strength of relationships amongst the independent and dependents variables. In this study linear regression model is applied to test listed hypothesis. Table 05 highlights the regression analysis results of four models constructed to test the hypothesis.

Table 05 : Regression analysis results

Model	R	R Square	Adjusted R Square	Std Error of the estimate	Beta	F	t-value	Sig .
1 .Appraisal system	0.604	0.364	0.358	0.520	0.604	56.14	5.948	0.000
2. Rewards and benefits	0.162	0.026	0..16	0.644	0.162	2.630	10.103	0.000
3.Training	0.155	0.024	0.14	0.645	0.155	2.404	10.235	0.000
4.Organizational environment	0.210	0.044	0.034	0.638	0.210	4.513	9.98	0.000

Source :SPSS16.0 output

Model 1: Appraisal system

Hypothesis ,

H₀: There is no significant impact of HRD Practice Appraisal system on Organizational Development.

H₁ : There is significant impact of HRD Practice Appraisal system on Organizational Development.

The value of R Square implies that 36.4% variation in the dependent variable (Organizational Development) is because of independent variable (Appraisal system). The value of F (56.14) implies that the model possess significant overall strength. This ensures the correctness of the model. On the basis of Beta coefficients the model implies that Appraisal system causes 60.4% positive variation in Organizational Development, $t = 5.948$ and also $p < 0.001$). So H₀ which declares that " There is no significant impact of HRD Practice Appraisal system on Organizational Development " is rejected and research hypothesis which declares that " There is significant impact of HRD Practice Appraisal system on Organizational Development " is accepted.

Model 2: Rewards and benefits

Hypothesis ,

H₀: There is no significant impact of HRD Practice Rewards and benefits on Organizational Development.

H₁ : There is significant impact of HRD Practice Rewards and benefits on Organizational Development.

The value of R Square implies that 2.6% variation in the dependent variable (Organizational Development) is because of independent variable (Rewards and benefits). The value of F (2.63) implies that the model possess significant overall strength. This ensures the correctness of the model. On the basis of Beta coefficients the model implies that Rewards and benefits causes 16.2% positive variation in Organizational Development, $t = 10.10$ and also $p < 0.001$). So H₀ which declares that " There is no significant impact of HRD Practice Rewards and benefits on Organizational Development " is rejected and research hypothesis which declares that " There is significant impact of HRD Practice Rewards and benefits on Organizational Development " is accepted.

Model 3: Training

Hypothesis ,

H₀: There is no significant impact of HRD Practice Training on Organizational Development.

H₁ : There is significant impact of HRD Practice Training on Organizational Development.

The value of R Square implies that 2.4% variation in the dependent variable (Organizational Development) is because of independent variable (Training). The value of F (2.4) implies that the model possess significant overall strength. This ensures the correctness of the model. On the basis of Beta coefficients the model implies that training causes 15.5% positive variation in Organizational Development, $t = 10.23$ and also $p < 0.001$). So H₀ which declares that " There is no significant impact of HRD Practice Training on Organizational Development " is rejected and research hypothesis which declares that " There is significant impact of HRD Practice Training on Organizational Development " is accepted.

Model 4: Organizational environment

Hypothesis ,

H₀: There is no significant impact of HRD Practice Organizational environment on Organizational Development.

H₁: There is significant impact of HRD Practice Organizational environment on Organizational Development.

The value of R Square implies that 4.4% variation in the dependent variable (Organizational Development) is because of independent variable (Organizational environment). The value of F (4.51) implies that the model possess significant overall strength. This ensures the correctness of the model. On the basis of Beta coefficients the model implies that Organizational environment causes 21% positive variation in Organizational Development, $t = 9.98$ and also $p < 0.001$. So H₀ which declares that " There is no significant impact of HRD Practice Organizational environment on Organizational Development" is rejected and research hypothesis which declares that " There is significant impact of HRD Practice Organizational environment on Organizational Development" is accepted.

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 100 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. Correlation results show a positive relationship between dependent and independent variables. Implying a change in HRD practices would lead to a positive change in organizational development. Regression and ANOVA results prove that there is significant impact of HRD practices on organizational development. Since the non-profit sector works towards the development of society its performance influences the development of nation. Therefore the organizational development of NPOs plays a vital role in community development. The present study proves that HRD practices have a strong relationship with organizational development. Implying, managers of Non-profit organizations expecting organizational development should focus on HRD practices.

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