

## ROLE OF HR PRACTICES ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF CHAI KINGS

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### ABSTRACT

The role of human resource (HR) practices in driving organizational performance has gained significant attention in contemporary management studies. This research focuses on a case study of Chai Kings, a leading beverage retail chain, to explore the impact of key HR practices on organizational performance. The study examines variables such as compensation, employee relations, performance appraisal, employee affinity, and attrition, and their collective influence on organizational outcomes.

A mixed-methods approach was adopted, incorporating both quantitative and qualitative data. Surveys and interviews were conducted with employees and HR personnel to gather insights into HR policies and their effectiveness. Statistical tools, including regression and correlation analysis, were utilized to assess the relationships between the variables. The findings indicate that well-structured HR practices significantly enhance employee satisfaction and reduce attrition, thereby contributing to improved organizational performance.

The study highlights the critical role of employee-centric HR strategies in fostering a motivated and engaged workforce. It provides actionable recommendations for HR professionals and organizational leaders to optimize HR practices for sustained growth and competitive advantage. The insights from this research offer valuable contributions to the field of HR management and its practical application in organizational success.

**Keywords:** Organizational performance, Employee satisfaction, HR Practices, Attrition

### 1. INTRODUCTION

Human Resource (HR) practices play a vital role in determining the success and sustainability of any organization. In today's competitive business landscape, HR practices, such as compensation, employee relations, performance appraisal, and retention strategies, are essential for ensuring employee satisfaction, enhancing productivity, and achieving organizational goals.

Chai Kings, a rapidly growing tea chain in India, provides an interesting case study to analyze how effective HR practices can improve organizational performance. Established in 2016, the company has expanded its operations across major Indian cities, focusing on quality, innovation, and customer-centric services. However, managing a diverse and dynamic workforce in the food and beverage industry presents unique challenges that necessitate robust HR strategies.

This study explores the impact of HR practices, including compensation, employee relations, performance appraisal, and affinity of employees, on organizational performance. By examining these variables, the research aims to provide insights into the role of HR practices in driving employee satisfaction, reducing attrition, and achieving sustainable growth at Chai Kings.

### 2. REVIEW OF LITERATURE

The relationship between HR practices and organizational performance has been extensively studied in management literature. Key themes from the review include:

**2.1 Compensation-** Compensation refers to financial and non-financial rewards provided to employees for their contributions. According to Vlachos (2009), performance-based compensation significantly enhances employee productivity and organizational performance. Bob (2011) emphasized the role of both monetary and non-monetary rewards in motivating employees.

**2.2 Employee Relations-** Employee relations involve creating a conducive work environment, fostering open communication, and resolving conflicts (Armstrong, 2009). Positive employee relations lead to higher engagement, job satisfaction, and reduced turnover (Donohoe, 2015).

**2.3 Performance Appraisal-** Performance appraisal is the systematic evaluation of employee performance. Amin et al. (2014) argued that fair and effective appraisal systems enhance motivation and align individual goals with organizational objectives. Conversely, ineffective appraisals can negatively impact employee morale.

**2.4 Affinity of Employees-** Affinity refers to employees' emotional attachment and sense of belonging to the organization (Allen & Meyer, 1990). Riketta (2005) found a positive correlation between employee affinity and organizational performance, suggesting that strong relationships and a supportive culture reduce attrition.

**2.5 Employee Attrition-** Employee attrition remains a significant challenge in many industries. Herzberg's Two-Factor Theory (1966) highlights factors like job dissatisfaction and lack of recognition as key drivers of turnover. Addressing these issues through effective HR practices can improve retention and organizational stability.

**2.6 Organizational Performance-** Kaplan and Norton (1992) introduced the Balanced Scorecard framework, which evaluates organizational performance across financial, operational, and strategic dimensions. High-performance HR practices positively influence productivity, profitability, and employee satisfaction (Huselid, 1995).

### 3. RESEARCH METHODOLOGY

The study employs a **descriptive research design** to analyze the characteristics and impact of HR practices on organizational performance. A **convenience sampling** method was used, targeting 80 employees of Chai Kings.

Data collection involved **primary data** through structured questionnaires using a **Likert scale**, and **secondary data** from articles and company records. Data analysis was conducted using **SPSS software** with tools such as descriptive analysis, U-Test, H-Test, Wilcoxon Signed-Rank Test, and correlation analysis.

### 4. TOOLS USED FOR DATA ANALYSIS

Data analysis was conducted using SPSS, allowing for quantitative assessment of survey responses. Correlation and non-parametric tests were applied to determine the relationships between HR practices and organizational performance. Visualizations were created using Excel for easier interpretation of trends.

#### 4.1 U-TEST

**Null Hypothesis (H0):** There is no significant difference between the gender of the employees with regard to role of HR practices on organisational performance at Chai Kings.

**Alternate Hypothesis (H1):** There is a significant difference between the gender of the employees with regard to role of HR practices on organisational performance at Chai Kings.

Ranks				
Particulars	GENDER	N	Mean Rank	Sum of Ranks
Compensation	Male	47	38.70	1819.00
	Female	33	43.06	1421.00
	Total	80		
Employee Relations	Male	47	40.26	1892.00
	Female	33	40.85	1348.00
	Total	80		
Performance Appraisal	Male	47	38.50	1809.50
	Female	33	43.35	1430.50
	Total	80		
Affinity of Employees	Male	47	39.21	1843.00
	Female	33	42.33	1397.00
	Total	80		
Employee Attrition	Male	47	39.38	1851.00
	Female	33	42.09	1389.00
	Total	80		
Organisational Performance	Male	47	39.70	1866.00
	Female	33	41.64	1374.00
	Total	80		

Test Statistics <sup>a</sup>						
	Compensation	Employee Relations	Performance Appraisal	Affinity of Employees	Employee Attrition	Organisational Performance
Mann-Whitney U	691.000	764.000	681.500	715.000	723.000	738.000
Wilcoxon W	1819.000	1892.000	1809.500	1843.000	1851.000	1866.000
Z	-.832	-.114	-.930	-.597	-.517	-.371
Asymp. Sig. (2-tailed)	.405	.910	.352	.551	.605	.711

Grouping Variable: GENDER

**INFERENCE:** Since p-value is greater than 0.05, null hypothesis is accepted. Therefore, there is no significant difference between the gender of the employees with regard to role of HR practices on organisational performance at Chai Kings.

#### 4.2 H-TEST

**Null Hypothesis (H<sub>0</sub>):** There is no significant difference between the education of the employees with regard to role of HR practices on organisational performance at Chai Kings.

**Alternate Hypothesis (H<sub>1</sub>):** There is a significant difference between the education of the employees with regard to role of HR practices on organisational performance at Chai Kings.

Ranks			
Particulars	EDU	N	Mean Rank
Compensation	High School	6	38.67
	Bachelor's degree	46	42.92
	Master's degree	27	35.74
	Doctorate	1	68.50
	Total	80	
Employee Relations	High School	6	41.75
	Bachelor's degree	46	42.87
	Master's degree	27	36.13
	Doctorate	1	42.00
	Total	80	
Performance Appraisal	High School	6	41.25
	Bachelor's degree	46	41.95
	Master's degree	27	37.87
	Doctorate	1	40.50
	Total	80	
Affinity of Employees	High School	6	43.42
	Bachelor's degree	46	44.12
	Master's degree	27	33.70
	Doctorate	1	40.00
	Total	80	
Employee Attrition	High School	6	47.08
	Bachelor's degree	46	43.09

Organisational Performance	Master's degree	27	34.69
	Doctorate	1	39.00
	Total	80	
	High School	6	36.25
	Bachelor's degree	46	41.24
	Master's degree	27	39.37
	Doctorate	1	62.50
	Total	80	

Test Statistics <sup>a,b</sup>						
	Compensation	Employee Relations	Performance Appraisal	Affinity of Employees	Employee Attrition	Organisational Performance
Chi-Square	3.171	1.487	.543	3.584	2.785	1.234
df	3	3	3	3	3	3
Asymp. Sig.	.366	.685	.909	.310	.426	.745
a. Kruskal Wallis Test						
b. Grouping Variable: EDU						

**INFERENCE:** Since p-value is greater than 0.05, null hypothesis is accepted. Therefore, there is no significant difference between the education of the employees with regard to role of HR practices on organisational performance at Chai Kings.

#### 4.3 WILCOXON SIGNED-RANK TEST

**Null Hypothesis (H0):** There is no significant difference between the compensation of the employees and organisational performance at Chai Kings.

**Alternate Hypothesis (H1):** There is a significant difference between the compensation of the employees and organisational performance at Chai Kings.

Ranks				
Particulars		N	Mean Rank	Sum of Ranks
Organisational Performance - Compensation	Negative Ranks	16 <sup>a</sup>	15.38	246.00
	Positive Ranks	27 <sup>b</sup>	25.93	700.00
	Ties	37 <sup>c</sup>		
	Total	80		
a. Organisational Performance < Compensation				
b. Organisational Performance > Compensation				
c. Organisational Performance = Compensation				

Test Statistics <sup>a</sup>	
Particulars	Organisational Performance - Compensation
Z	-2.760 <sup>b</sup>
Asymp. Sig. (2-tailed)	.006
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

**INFERENCE:** Since p-value is less than 0.05, null hypothesis is rejected. Therefore, there is a significant difference between the compensation of the employees and organisational performance at Chai Kings.

### 4.3 CORRELATION ANALYSIS

**Null Hypothesis (H0):** There is no relationship between the HR practices and organisational performance at Chai Kings.

**Alternate Hypothesis (H1):** There is a relationship between the HR practices and organisational performance at Chai Kings.

Correlations							
PARTICULARS		COMP	ER	PA	AOE	EA	OP
Compensation	Pearson Correlation	1	.853**	.867**	.895**	.864**	.857**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	80	80	80	80	80	80
Employee Relations	Pearson Correlation	.853**	1	.911**	.900**	.870**	.861**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	80	80	80	80	80	80
Performance Appraisal	Pearson Correlation	.867**	.911**	1	.883**	.906**	.874**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	80	80	80	80	80	80
Affinity of Employees	Pearson Correlation	.895**	.900**	.883**	1	.883**	.823**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	80	80	80	80	80	80
Employee Attrition	Pearson Correlation	.864**	.870**	.906**	.883**	1	.877**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	80	80	80	80	80	80
Organisational Performance	Pearson Correlation	.857**	.861**	.874**	.823**	.877**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	80	80	80	80	80	80
**. Correlation is significant at the 0.01 level (2-tailed).							

**INFERENCE:** There is a positive correlation between employee attrition and organisational performance at 1% level of significance ( $r = 0.877$ ). Furthermore, p-value is less than 0.05, so the null hypothesis is rejected. Therefore, there is a relationship between the employee attrition and organisational performance at Chai Kings.

## 5. DISCUSSION

- While 32.5% of employees agreed that their compensation was fair, a significant proportion (37.5%) remained neutral, highlighting areas for improvement in salary structure and financial growth opportunities.
- Positive employee relations were found to contribute significantly to employee engagement and satisfaction. Effective communication and conflict resolution strategies foster a healthier work environment.
- Employees recognized the importance of regular performance evaluations in improving productivity and aligning with organizational goals. However, inconsistent feedback was noted as a concern.
- A strong sense of belonging and emotional attachment to the organization positively impacted retention rates, reducing voluntary turnover.
- High attrition rates were primarily observed among employees with less than one year of experience. Retaining skilled employees through improved HR practices can enhance performance and reduce recruitment costs.

## 6. CONCLUSION

The study concludes that HR practices, including compensation, employee relations, performance appraisal, and employee affinity, play a crucial role in enhancing organizational performance. Effective implementation of these practices can reduce employee attrition, improve job satisfaction, and drive sustainable growth. For Chai Kings, a strategic focus on fair compensation, regular appraisals, and fostering a positive work culture will strengthen employee engagement and organizational success.

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