

Executives Perception on the Association between Human Capital Indicator and Organizational Performance: A Special Reference to Pharmaceutical Sector in Hyderabad



Mohammed Irfan, Jaladi Ravi, Pulidindi Venugopal

Abstract: Every organization can develop their human competencies and capabilities based on collective effort of their human capital management from which high amount performance can be achieved. Human capital management put their practices to impart certain competencies based on organizational requirement. It is a collective and incorporated approach that employees are the assets of the organization and whose present value can be measure and whose future value can be build through investment in human capital. The research study has taken to examine the association between human capital indicator i.e. Knowledge accessibility and organizational performance from the perspective of executives employed in Pharmaceutical sector in Hyderabad. The result indicated that most of the executives find knowledge accessibility is a major significant factor in organization Human Capital. Also the study found an optimistic connection between two variables i.e. knowledge accessibility and organizational performance from the aspect of executives employed in Pharmaceutical companies in Hyderabad. The study provided limitations and direction for future research.

Keywords: Human Capital Management, Knowledge accessibility, organizational performance.

I. INTRODUCTION

In spite of Industry, the global market and companies are ruling by the corporate competitors. Due to the heavy competition in the market, companies have to mark their presences to attain a competitive advantage. The company's

unique feature to built competitive edge is human capital. According to the Armstrong (2006) define that it is a collective human abilities which can be inherent or develop attributes, whose value can be improved through proper investment. The organizations are struggling to have excellence in their employees' performances which expand the important factors that are help to accomplish their top notch in the competitive market.

There is a significant human capital role in building the organizational performance. Human capital is a source to convalescing employees' productivity and performance to create competitive edge. Certainly, competencies skills, attitudes, and employees' efficiency are the essential tools to accomplish organizational objectives and goals. It plays vital task in enhancing the strategic development and productivity. A well-knowledge workforce and continuous development of skills are crucial for long-term economic performance and social cohesion.

Now organizations have to take moment to enhance their workforce by imparting training and development program to upgrade skills, talents and knowledge to make their human capital effective. It also examines on the mindset of the employees and gives high attainment in their workforce planning. An employee is most valued resource to a company and provides tangible base needed to build long-term profitability and continuous success. Therefore, businesses must regularly look for new and innovative ways to engage and absorb a top-notch workforce, and motivate them to perform to their fullest potential. Organizations use their assets (money, energy, time, information, etc.) for permanent training and advancement of their employees. In the present era, organizations are frequently generating new knowledge, expending it through the entire organization and arranging it rapidly inside the new technologies, developing superior products and outstanding services. Hence this study aims to determine the relation between Human Capital Management indicator (i.e. Knowledge Accessibility) on organizational performance or outcome in Pharmaceutical Sector in Hyderabad from the perspective of executives.

Manuscript published on 30 September 2019

* Correspondence Author

Mohammed Irfan*, Research Scholar, Andhra University-SANA Engineering College, Department of MBA, Kodad, Suryapet Dist. Telangana, India Email: irfanmd2004@gmail.

Dr. Jaladi Ravi, Professor, Department of Commerce and Management Studies, Andhra University, Visakhapatnam, Andhra Pradesh, India. Email: dr.ravijaladi@gmail.com.

***Dr. Pulidindi Venugopal**, Department of Technology Management, Vellore Institute of Technology, Vellore, India. Email: pulidindivenu@gmail.com.

© The Authors. Published by Blue Eyes Intelligence Engineering and Sciences Publication (BEIESP). This is an [open access](https://creativecommons.org/licenses/by-nc-nd/4.0/) article under the CC-BY-NC-ND license <http://creativecommons.org/licenses/by-nc-nd/4.0/>

II. LITERATURE REVIEW

The CIPD and Task Force consulted the 250 companies of FTSE about the evaluation of human capital and report. Human capital is the most valuable and crucial capabilities to have long term sustainable performance. These FTSE companies providing better information to both stake holder (internal and external) about intangible value (human capital) of their organizational shareholders and customers. Success of knowledge industries are based on the development of potential human resource and retain their knowledge to embedded in quality products. Knowledge is a part of human beings which cannot be theft or separated from them. In particularly the human capital can be reinforce the knowledge information to manage their organization successfully.

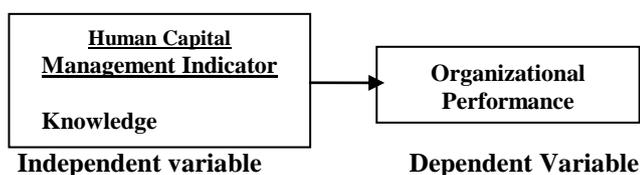
From the individual perspective of Litscka et al. (2006) define “human capital as a person competencies which contains of knowledge, skills and abilities which includes human and mental aspects”. In organizational outlook “human capital is a utilization of potential resource obtain by the individual” but not owned by the organization.

According to the Seleim et al. (2007) analyzed the association between two variables (human capital and organizational performance) of software companies. The study found that human capital has signifying relation on organizational outcomes. These drivers effect on organizational performance i.e. training leads to team work and practices of superstar performers leads in increase productivity in the organization.

Almasarweh (2016) conducted a research study with an aim to know the human capital influence on competitive performance of pharmaceutical companies in Jordan. The sample consists of 15 medicines manufacturing companies in Jordan were selected and respondents are from administrative levels at different department. The study used descriptive analytical methods to achieve its objectives and data was analyze and test hypotheses through a questionnaire. The result has statistically prude that human capital variable i.e. knowledge, skills and learning have significant relation with Jordanian competitive performance. Researcher recommended that organizations can improve their investment in human capital to maximize its strengths and expand their market share.

Channar et al. (2015) started his work with an intention that human capital variables (knowledge acquisition, skills and expertise) have impact on employees’ satisfaction and organizational effectiveness. Sample data was collected through questionnaires using simple random probability method. Finding reveals that there is no gender difference in human capital variable and have strong relation with employees and customer satisfaction which leads to organizational performance.

Based on the literatures support, the conceptual model is framed below:



III. METHODOLOGY

This study is designed at adapting and modifying a reliable and valid scale for measuring relationship between HCM practices, HCM indicators i.e. Knowledge accessibility and overall organizational performance in perspective of Executives. The scale development procedures proposed by Bassi & McMurrer (2007)) used to meet the objective. The knowledge accessibility indicator consists of eight items and organizational performance consists of ten items. The respondents of the study being knowledge workers easily comprehended the survey. Without any disturbance in the data collection all question are rated on Likert five point scale to assess all the variables. The data sample size distribution is done base on the executives ration. Out of 150 respondents, 112 executives filled the questionnaire and remaining 38 questionnaires were removed due to response bias. The data is collected from the respondents of the pharmaceutical companies and respondents are from executives cadre. The proportionate stratified sampling procedure is used in the research to estimate a population’s parameters.

IV. DATA ANALYSIS AND RESULTS

A. Level of Agreement on Knowledge Accessibility

The respondents stated that Table 4.1 (Agree: 54.5 percent and Strongly Agree: 45.5 percent) they have the required information to do their jobs. The median and mode value of four stated the result that all the respondents agree to the report. 53 percent respondents opted that the availability of manuals and job tools are provided to perform their job activities in the organization. Thirty percent participant respond strongly agreed with the account and the median and mode value four recap the decision. Median and mode value four show that majority of the participant agreed (Agreed: 48.2 percent and Strongly Agreed: 33.9 percent) that the access of training are available to the employees when every they required in the job activities but approximately 10.7 per cent of the employees are neither agree nor disagree with the statement. As exposed by median and mode value four the respondents agreed (Agree: 42 percent and Strongly Agree: 29.5 percent) that the organizations focus on encourage and enable teamwork in the job activities but nearly 20 per cent of the respondent are neither agree nor disagree with the statement. Most of the respondents (Agree: 43.8 percent and Strongly Agree: 23.21 percent) exposed that the organization provide place to meet informally to collaborate their employees for team building. Similarly twenty four percent respondents disagreed and strongly disagree with statement. The median value 3.5 and mode value three repeat the result that most of the participant agreed that the employees and executive are providing the place to meet informally to develop collaboration and teamwork for fulfillment of the organizational objective. The result of median value four and mode value four, the majority respondent 65.2 percent and 23.2 percent are agree and strongly agreed to the statement that the organizations take time for their peoples to share and give input to learn from one another.



Forty percent respondents are strongly agree and nearly thirty eight percent respondents are agree with that statement and opinion that information sharing has best practices and tips to improve their skills and talent and circulate the information to all the department. Only 16.8 percent of the respondent may not have the information about the statement and 11.2 percent respondent are disagree the statement and median value four and mode value three reiterated the finding. They yield value of median four and mode value five, the respondents stated that (Strongly Agree: 47.3 percent and Agree: 37.5 percent) they have effective systems in their

organization to collect and store information when their required for their future need.

B. Level of Agreement on Organizational Performance

Organization is a collection of people put into a structured form with a specific objective. Performance can be defined as a course of action or procedure to perform a job or purposes in terms of achievement or success. Organizational performances consist of measuring the actual output with proposed goals and objectives. Therefore the perceptions of executives' are consider on different factors of organizational performance.

Table 4.1: Level of agreement on Knowledge Accessibility

	Items under the construct of Knowledge accessibility	Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
Availability	People have the information they need to do their jobs. (Median =4, Mode = 4)	51 (45.5)	61 (54.5)	0 (0)	0 (0)	0 (0)
	The necessary manuals and job tools are available. (Median =4, Mode = 4)	34 (30.4)	59 (52.7)	19 (17.0)	0 (0)	0 (0)
	Procedures in place that enable employees to access training when they need it. (Median =4, Mode = 4)	38 (33.9)	54 (48.2)	8 (8.96)	12 (10.7)	0 (0)
Collaboration & Team Work	We encourage and enable teamwork. (Median =4, Mode = 4)	33 (29.5)	47 (42.0)	10 (8.9)	22 (19.64)	0 (0)
	Provide places for people to meet informally. (Median =3.5, Mode =3)	26 (23.21)	49 (43.8)	7 (6.3)	18 (16.7)	12 (10.7)
	Set aside time for people to share with and learn from one another (Median =4, Mode = 4)	26 (23.2)	73 (65.2)	6 (5.35)	7 (6.3)	0 (0)
Information sharing & System	We share best practices and tips, work to improve them, and circulate them across departments (Median =4, Mode = 3).	45 (40.2)	42 (37.5)	15 (16.8)	10 (8.9)	0 (0)
	We have effective systems in place that collect and store information and make it available to all employees who might need it. (Median =4, Mode =5)	53 (47.3)	42 (37.5)	17 (15.2)	0 (0)	0 (0)

Note: Figures in parenthesis represents percentage.

Table 4.2: Level of agreement on Organizational Performance

	Items under the construct of Organizational Performance	Poor (1)	Fair (2)	Good (3)	Very Good (4)	Excellent (5)
Organizational Performance	Industry Leadership (Median =4, Mode =3)	0 (0)	0 (0)	44 (39.3)	38 (33.9)	30 (26.8)
	Future Outlook (Median =4, Mode =4)	0 (0)	0 (0)	50 (44.6)	59 (52.7)	3 (2.7)
	Profit (Median =5, Mode =5)	0 (0)	0 (0)	8 (7.1)	38 (33.9)	66 (58.9)
	Profit Growth (Median =4, Mode =4)	0 (0)	0 (0)	8 (7.1)	73 (65.2)	31 (27.7)
	Sales Growth (Median =4, Mode =3)	0 (0)	0 (0)	42 (37.5)	37 (33.0)	33 (29.5)
	After-tax return on assets (Median =3, Mode =3)	0 (0)	0 (0)	73 (65.2)	29 (25.9)	10 (8.9)
	After-tax return on sales (Median =4, Mode =4)	0 (0)	0 (0)	49 (43.8)	55 (49.1)	8 (7.1)
	Overall response to Competition (Median =4, Mode =4)	0 (0)	0 (0)	37 (33.0)	47 (42.0)	28 (25.0)
	Success rate in new product launches (Median =3, Mode =3)	0 (0)	0 (0)	78 (69.6)	31 (27.7)	3 (2.7)
	Overall business performance and success (Median =4, Mode =4)	0 (0)	0 (0)	22 (19.6)	76 (67.9)	14 (12.5)

Note: Figures in parenthesis represents percentage.

From the Table 4.2 shows Thirty nine per cent of executives opined that they have good industry leadership to lead the company in developed manner and competing with other organizations, nearly forty percent respondent found very good and twenty seven percent mention as excellent. The value of median four and mode three are restated with the finding. The median and mode value four stated that the growth, development and change can be exists in the business based on the future view and prospects of the company. Nearly 53 percent of the respondents felt very good and 44.6 percent opted good followed by 2.7 percent excellent. Fifty nine percent revealed that there was an excellent profit which may be having impact on the company performance and nearly thirty four percent felt very good and seven opted as good. But median and mode value five found as Excellent. Coming to the profit growth of the company sixty five per cent opined it as very good, nearly twenty eight give as excellent and seven per cent felt as excellent. The median and mode value are four which implies as very good. Sales growth is a crucial element of the business which influences the financial aspect of the business. Sixty five per cent of the respondent felt as very good and nearly twenty eight percent felt as excellent and seven percent felt good. Hence the median value four and mode value three shows as very good. The second important thing in the finance to measuring return on assets which tell about the financial performance of the company 65.2 percent of the respondents mention that after-tax returns are good and followed by 25.9 percent as very good. Only 8.9 percent of the respondent felt as excellent but median and mode value three replicates the finding. Majority of the

respondent revealed on after-tax return on sales that 49.1 percent the respondent felt as very good followed by 43.8 percent felt good and 7.1 percent showed as excellent. The median and mode value four displays and accept the finding. As per the table mention on the overall response to the competition that forty two percent and thirty three percent respondent felt as very good and good. Twenty five percent of the respondent give as excellent and median and mode value of four implies very good. The median and mode value three discloses that success rate in launching the new product in the market is good and nearly 70 percent of the respondents gave as good, 27.7 percent gave as very good and only 2.7 percent gave excellent on launching in new product in the market. Last but not least in the table shows that the overall business performance and success with the other companies was rated by the executives that nearly sixty eight percent of the respondent felt very good, twenty per cent mention good and 12.5 percent opted excellent. However the median and mode value four finds it as very good.

C. Relationship between Knowledge Accessibility and Organizational Performance (Executives)

H_{1a}: There is a significant positive association between knowledge accessibility and organizational performance among executives working in Pharmaceutical companies in Hyderabad.



4.3: Correlation of Knowledge Accessibility and OP (for Executives)

Correlations			
		Knowledge accessibility	Organizational performance
Knowledge accessibility	Pearson Correlation	1	.510**
	Sig. (2-tailed)		.000
	N	112	112
Organizational performance	Pearson Correlation	.510**	1
	Sig. (2-tailed)	.000	
	N	112	112

** . Correlation is significant at the 0.01 level (2-tailed).

From the above Table 4.3 reveals that a significant positive correlation observed among knowledge accessibility and organizational performance ($r = 0.510$). Hence the hypothesis H_{1a} is accepted at 1% level of significant. It is found that knowledge accessibility results have moderate relation on organizational performance.

V. DISCUSSION

The result of the present study stated that Knowledge accessibility has a considerable positive correlation on organizational performance. It was found that organization knowledge accessibility have moderate association on the organizational performance ($r = 0.51, p < .01$) for executive data set. In the earlier research knowledge accessibility has not taken as separate dimension. The prior studies on High Performance Work Practices (HPWP) were considering knowledge accessibility as sharing the information which included employee skills and knowledge. Organization structures show a significant correlation with firm performance e.g. (Huselid, 1995, Delaney & Huselid, 1996). Jantunen (2005) concluded that knowledge processing capabilities of the organization have a significant impact on organization innovation process having value of $R^2 = 0.146, p < .001$. Lin (2007) proved the correlation between firm innovation capabilities by using structural modeling techniques. The value of path coefficient for knowledge donating and knowledge collecting was 0.29, 0.41 $p < .01$. The result supports the finding of the study. Iqbal et. al. (2011) suggested that human capital practice is positively correlated with employees' knowledge sharing and organizational capability. This research view supports the present study.

VI. CONCLUSION

In a competitive environment the intellect play a key position in value of business (Bontis, 1999). The most excellent mode is to create healthy environment at workplace and motivate the workforce on their capability to address the challenges of global economy with Human capital. It can revaluing and built team collaboration. In future the organizations have to focus on new human resource policies (Kanter, 1997). In present situation employee of the organization create wealth, sustainable profitability, mostly in high cost developed nations, requires a strong relation on

human capital. The results gave empirical support that there is a statistically significant relationship between human capital management i.e. knowledge accessibility and organizational performance of Indian pharmaceutical companies in Hyderabad.

VII. LIMITATIONS AND FUTURE RESEARCH

In every empirical study, it has its own limitations that require to be addressed in prospect research. The limitations of the study are as follow:

1. Its dependence on self report questionnaire, which is susceptible to probable distortions and response biases is very first limitation of the study.
2. The study is confined to pharmaceutical companies in Hyderabad alone. Hence the results may not be generalised for the other parts of the country. Future research can be carried out in other parts of the countries and also in other sectors.
3. In private sector organizations, the respondents look to impress the management to give positive feedback because they emphasis remains always on efficiency/productivity and job insecurity. So the respondent may exaggerate the mean values of variables which will strength the relationship between independent and dependent variable.
4. This study has concentrated only on knowledge accessibility indicator. Future research can determine the relationship between other indicators of Human Capital Management and organizational performance.

REFERENCES

1. Seleim, A., Ashour, A., & Bontis, N. (2007). Human capital and organizational performance: a study of Egyptian software companies. *Management Decision*, 45(4), 789-801.
2. Almasarweh, M. S. Y. (2016). The impact of human capital on competitive performance: An empirical study on Jordanian pharmaceutical companies. *European Scientific Journal*, 12(4).
3. Channar, Z. A., Talreja, S., & Bai, M. (2015). Impact of human capital variables on the effectiveness of the organizations. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 9(1), 228-240.
4. Bontis, N. (1999). Managing an organizational learning system by aligning stocks and flows of knowledge: An empirical examination of intellectual capital, knowledge management, and business performance.
5. Kanter, R. M. (1997). Rosabeth Moss Kanter on the frontiers of management.
6. Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of management journal*, 38(3), 635-672.
7. Delaney, J. T., & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management journal*, 39(4), 949-969.
8. Jantunen, A. (2005). Knowledge-processing capabilities and innovative performance: an empirical study. *European Journal of Innovation Management*, 8(3), 336-349.
9. Iqbal, M. J., Rasli, A., Heng, L. H., Ali, M. B. B., Hassani, I., & Jolae, A. (2011). Academic staff knowledge sharing intentions and university innovation capability. *African Journal of Business Management*, 5(27), 11051-11059.



AUTHORS PROFILE



Mohammed Irfan, Research Scholar, Andhra University and working as a Assistant Professor in MBA Dept, SANA Engineering College, Kodad. Suryapet District. Telangana State. He is a part time research scholar in Department of commerce and Management Studies, Andhra University. He pursued his M.Com in 2000 and M.Phil in 2005 from Andhra University, MBA from JNTUH in 2012. He published research paper on Human Resource Management and Finance..



Dr. Jaladi Ravi is a Professor in Department of Commerce and Management Studies, Andhra University and have 25 + year of experience in teaching and research. He has published more than 59 research paper in National and International Journals. He guided and awarded more than 29 Ph.D and M.Phil. He is a life member for Indian Commerce Association, Indian Accounting Association and HRD Network.



Dr. Pulidindi Venugopal is an enthusiastic marketing professor and a researcher. He started his teaching profession at VIT in 2009. He published 63 research articles in top rated journals, Case studies in top rated case centers and 'holds more than 15 Book chapters till 2019. He also produced 7 doctorates till date and holds two funded research projects given by Indian Council of Social Science and Research (ICSSR).