



The Influence of Human Resource Management Practices on Employees' Economic Well Being in Selected Manufacturing Companies

¹Dr. Mohamed Riyazh Khan, ²Dr Abdul Azeez KM, ³Mr Karthikeyan Thangaraju

¹Faculty- College of Economic and Business Administration-Muscat Branch
University of Technology and Applied Sciences, The sultanate of Oman
Mohamed.riyazhkhan@utas.edu.com riyazhmba05@gmail.com

²Faculty- College of Economic and Business Administration-Muscat Branch
University of Technology and Applied Sciences, The sultanate of Oman

³Research Scholar, College of Management, SRMIST Kattankulathur, Chennai Kt74444@srmist.edu.in

ABSTRACT

The main objective of this study is to investigate the influence of Human Resources Management (HRM) practices (Compensation and benefits, employee development initiatives and rewards and recognitions) on employee well-being. HRM practices has emerged as one of the most important topics in the sphere of human resource management. The aim of this paper is to examine and gain better understanding of the drivers that influence employee Economic well-being such as compensation and benefits, employee development, rewards & recognition. Sample for the study consists of 160 employees from 5 Manufacturing companies. Data were collected with the help of a questionnaire and analysed using the Statistic Package for Social Science (SPSS) version 23 and AMOS 22.0. The statistical analysis reveals a significant association between the two independent factors and the dependent variable. Finally, it has been discovered that HRM practices have an impact on employee well-being This demonstrates the need of businesses developing adequate and well-structured HRM policies in order to achieve high levels of employees' economic well-being among employees. As a result, organizations should assure proper and relevant HR interventions in order to achieve the highest level of employee engagement and well-being as well.

Keywords: Employee Retention; Employee development; Rewards and recognition; Work engagement;

INTRODUCTION

HRM practices effectiveness is a topic that has gained increasing attention in recent years. The impact of digital HRM practices on organizations is not yet fully understood by practitioners and researchers. However, studies have shown that the effectiveness of digital HRM practices depends on the HRM capability maturity of the enterprise (Lijun et al,2022; Hongli et al,2022). The use of digital HRM practices can impact HRM effectiveness through the internal consistency of HR practices and external social networking of HR managers with line managers (Chong et al,2020). Previous studies have explored the impact of digital HRM on organizations, including cost reduction and organizational performance. However, there is a need to expand the focus on the outcomes of digital HRM to include employees' perceptions of HRM effectiveness, which can further influence employees' attitudes and organizational behaviors (Nwonu et al,2019). Additionally, the conduct of HRM practices in organizations can vary in terms of effectiveness and efficiency, with some practices being effective in maintaining employee productivity while others may lack in providing opportunities for promotion and employee involvement in decision making (Aseem et al,2018).

REVIEW OF LITERATURE

COMPENSATION AND ECONOMIC WELL BEING

Compensation and benefits have a significant impact on economic well-being. The integration of workers' compensation and health plan benefits is being considered in health reform discussions, and studies show that an increase in workers' compensation benefits leads to an increase in the frequency and duration of workers' compensation claims (John, D et al,1995). The social discount rate plays a crucial role in economic decisions related to the greenhouse effect, and the concept of compensation is important in determining the intertemporal weights of welfare (Clive et al,1994). A total reward strategy that includes financial incentives and personal benefits, such as work-life balance and health initiatives, promotes worker wellness, motivation, satisfaction, and productivity (A.Yu et al,2022). Equality of economic opportunity is a fundamental principle that benefits both individuals and the economy as a

whole (Ben et al ,2007). Compensation for ecological and economic benefits is seen as an effective way to address the imbalance between regional ecological environment and economic growth, with economically developed regions providing compensation to underdeveloped regions (Bin et al,2021)

HRM PRACTICES AND ECONOMIC WELL BEING

HRM practices have been found to have a positive impact on organizational performance and employee well-being. Organizational virtues, such as prioritizing HRM practices, can enhance well-being at work. Sustainable HRM practices, including task autonomy, teamwork, and involvement, positively influence immaterial satisfaction and performance in social and care services. HRM practices also have a significant positive effect on the organizational performance of small and medium enterprises (SMEs). Effective HRM practices, such as selection and recruitment, performance appraisal, training and development, and reward systems, are essential for attracting and retaining skilled and competent employees, leading to improved organizational performance and gaining a competitive advantage.

REWARDS & RECOGNITION ON ECONOMIC WELL BEING

The financial rewards of entrepreneurship are multifaceted and include different types and amounts of rewards at different stages of the business life cycle (Brian, D., Galle et al,2021). Rewards serve as a means of motivating desired behaviors and can impact employee motivation and job satisfaction (Brian, D et al,2020). In designing successful rewards programs, it is important to consider both intrinsic and extrinsic motivators of human behavior (Sara et al,2011). The impact of rewards on economic well-being can be seen in the context of preventing crime and reducing reliance on prisons. Preventive benefits, such as drug and mental health treatment, housing, and unconditional cash payments, have been proven effective in reducing crime and enriching crime-stricken communities (Rajeswari et al,2020). These benefits out-perform imprisonment by providing rewards ex ante and overcoming the need for individuals to be highly attentive to future consequences (Dheeraj et al,2014). Overall, rewards play a crucial role in motivating behavior, enhancing performance, and contributing to economic well-being in various contexts.

SCOPE OF THE STUDY

Studying the impact of compensation, HRM practices, and rewards on the economic well-being of employees in the IT industry is a multifaceted endeavor with far-reaching implications. In the dynamic and competitive landscape of the IT sector, understanding how these factors influence the economic welfare of employees holds immense significance. Compensation structures, encompassing salary levels, bonuses, and benefits, directly affect financial stability and job satisfaction, influencing an employee's economic well-being. Furthermore, the effectiveness of HRM practices in areas like recruitment, training, and career development plays a pivotal role in enhancing job security, skill development, and ultimately an employee's earning potential. Non-monetary rewards, including recognition, work-life balance, and opportunities for career progression, significantly impact job satisfaction, engagement, and overall well-being. This study's scope extends beyond individual employees and can have broader implications, including informing policy development for organizations to create HR practices that motivate and retain IT professionals, contributing to talent attraction and retention, fostering economic growth through increased consumer spending, and, most importantly, improving the overall well-being and quality of life for employees in the IT industry. In summary, comprehending the intricate interplay of compensation, HRM practices, and rewards in the IT sector can lead to improvements in employee well-being, organizational success, and the overall sustainability of the industry.

OBJECTIVES OF THE STUDY

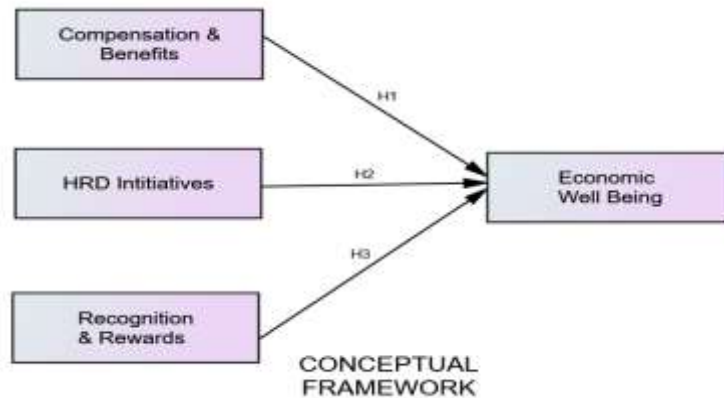
The objective of studying the impact of compensation, HRM practices, and rewards on the economic well-being of employees in the IT industry is to gain comprehensive insights into how these factors influence the financial, professional, and personal lives of IT professionals. By examining compensation structures, we aim to understand their role in attracting and retaining talent and enhancing employee satisfaction. The study of HRM practices seeks to determine how recruitment, training, and career development affect job security, skill development, and earning potential. Additionally, the research into non-monetary rewards, such as recognition and work-life balance, is intended to uncover their impact on job satisfaction, engagement, and overall well-being. Ultimately, this investigation serves the purpose of informing organizations about how they can design and implement HR policies and practices that contribute to the economic prosperity and job satisfaction of employees in the IT industry, thereby enhancing both individual lives and the industry's overall performance and sustainability.

HYPOTHESIS OF THE STUDY

H1: Compensation is positively related to economic well-being.

H2: HRD practices is positively related to economic well-being.

H3: Recognition & rewards is positively related to economic well-being.



Methodology

Research Design

A cross-sectional survey approach was modified to collect data for this investigation. In social science research, survey research questionnaires are a frequent instrument for gathering data from a large number of respondents. Preliminary analyses, such as the demographic profile of the respondents and multicollinearity, were carried out using the SPSS 26.0 edition of the program. In order to better understand the hypothesized associations, this study employed SPSS AMOS 23 to perform partial least squares structural equation modeling (CB-SEM).

Participants and Procedure

The samples of this study incorporate the employees of Manufacturing companies. Convenience sampling method has been adapted where 10 Manufacturing companies have been taken up for the study. The sample size is 157 that includes employees from all the 10 companies.

DATA ANALYSIS

Table 1 Demographic profile of the respondents

		Count	Column N %
Age	21-30	26	16.6%
	31-40	55	35.0%
	41-50	47	29.9%
	50 & above	29	18.5%
Gender	Male	103	65.6%
	Female	54	34.4%
Experience	below 5 years	45	28.7%
	6-10 years	42	26.8%
	10-20 years	38	24.2%
	above 20 years	32	20.4%

Table 1 displays the demographic information of the respondents. Men account for 65.6% of the study's sample, while women account for 34.4%. The majority of respondents (35%) are between the ages of 31 and 40. The majority of research participants (28.70%) have been with their current employers for 5 years or less, while (26.80%) have been with them for 6-10 years.

	Minimum	Maximum	Mean	Std. Deviation
CB	1.00	5.00	3.642	.903
HRD	1.00	5.00	3.727	.801
RR	1.00	5.00	3.953	.839
WEB	1.00	5.00	3.752	.827

The constructs are compensation and benefits, HRD Practices, Rewards and recognition employee on Economic well-being. Table 2 provides descriptive data for the research variables, including mean scores, standard deviations, and correlations. The mean of all the data from the observed variables fell

between the ranges of 3.6 and 3.9, compensation and benefits, HRD Practices, Rewards and recognition employee on Economic well-being

EXPLORATORY FACTOR ANALYSIS

Exploratory Factor Analysis (EFA) is a statistical technique used to identify the underlying factors or dimensions that explain the patterns of correlations among a set of observed variables. It is commonly used in social sciences, psychology, and market research to uncover the latent structure of a dataset.

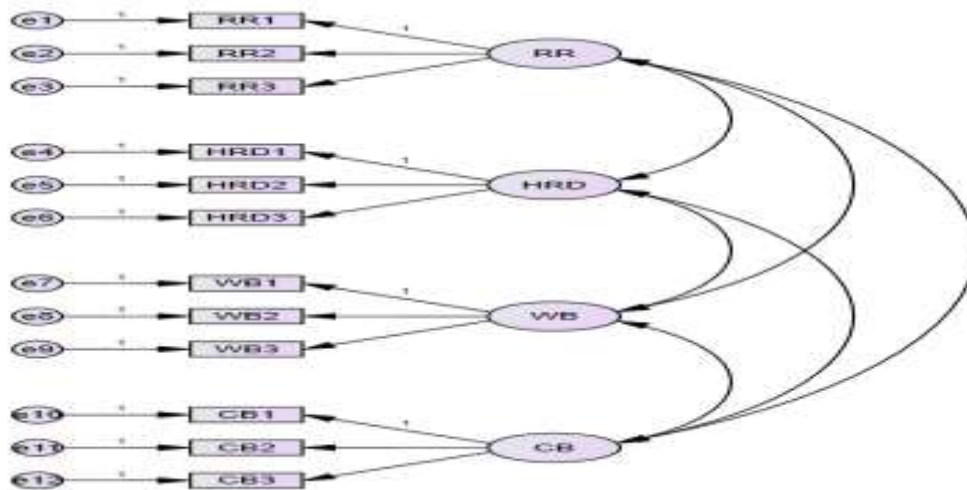
Table 3.1

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.788
Bartlett's Test of Sphericity	Approx. Chi-Square	1163.807
	Df	105
	Sig.	.000

Table 3.2

Rotated Component Matrixa				
	1	2	3	4
CB1				.798
CB2				.839
CB3				.780
ED1		.815		
ED2		.854		
ED3		.733		
RR1	.824			
RR2	.882			
RR3	.837			
WB1			.805	
WB2			.862	
WB3			.829	

MEASUREMENT MODEL



To evaluate the measurement model, AMOS was utilized to calculate a confirmatory factor analysis. The factor loadings of each item were tested using CFA, and they were all determined to be more than the advised value (>.50). The overall goodness of fit of the model was assessed using the model fit metrics (CMIN/df, GFI, CFI, TCI, SRMR, and RMSEA), and all values were within the appropriate common acceptable level. The five structures resulted in a satisfactory fit.

Model Validity Measures

	CR	AVE	MSV	MaxR(H)	EEN	WEV	COP	TRD	MOT
EEN	0.891	0.739	0.261	1.035	0.860				
WEV	0.832	0.623	0.261	0.837	0.511***	0.789			
COP	0.842	0.641	0.293	0.865	0.313**	0.300**	0.801		
TRD	0.763	0.528	0.298	0.873	0.069	0.079	0.238*	0.727	
MOT	0.752	0.507	0.298	0.793	0.175†	0.139	0.541***	0.546***	0.712

To assess construct dependability, Cronbach's alpha and composite reliability were used. Each construct in the study showed a Cronbach alpha greater than the required level of .70. Scale item convergence validity was evaluated using Average Variance Extracted. The average variance values retrieved were greater than the threshold criterion of 0.50. The discriminant validity of the study was tested using the HTMT ratio.

PATH ANALYSIS

			Estimate	S.E.	C.R.	P	Label
COB	<---	WB	.126	.090	1.432	.003	Supported
HRD	<---	WB	.107	.083	1.250	***	Supported
RR	<---	WB	.234	.070	6.334	***	Supported

FINDINGS

The study assessed the impact of compensation, HRD practices and Rewards on Employee economic well-being. The impact of all the independent construct were positive and significant. The study follows the findings of the previous studies that showed significant relationship. Compensation has a significant impact on employees' economic well-being (Sharfika et al,2022; Anna et al,2022; Hoel et al,2022) Studies have shown that monetary compensation is strongly related to employees' happiness and overall job satisfaction (Putu et al,2022). It is important for employers to ensure that employees receive appropriate compensation that reflects their efforts and sacrifices. Additionally, the structure of the economy can also influence employee compensation, with a shift towards modern branches leading to increased compensation. Furthermore, economic compensation, such as labor costs and welfare benefits, has been found to positively affect corporate performance in logistics companies. Overall, compensation plays a crucial role in employees' economic well-being and can have a significant impact on their job satisfaction and performance.

HRD practices has been significant that is in line with other previous studies, HRD practices have a significant positive effect on employee well-being (EWB) (Elaina et al,2022). The ability, motivation, and opportunity (AMO) practices of HR have been found to enhance EWB, while the integrationist and isolationist configurations of HRM systems have different effects on well-being (Meera et al,2023;). Additionally, HR practices and organizational climate have a positive impact on well-being, with women potentially benefiting more from a friendly and contributory work environment (Murk et al,2021). The study also found that HR practices such as recruitment and selection, performance appraisal system, compensation and benefits, mentoring and career support, and job design have a positive relationship with employee well-being (Luiz et al,2020). Overall, the research suggests that HR practices play a significant role in promoting employee well-being, and organizations should focus on creating a conducive work environment and providing opportunities and motivation for employees to enhance their well-being.

Recognition and rewards have shown significant impact on the employee economic well-being which falls in line with the previous studies, recognition has a significant and positive effect on employee well-being and performance (Mercy et al,2023). Receiving recognition for work is associated with higher quality of life and lower risks of hypertension and high blood cholesterol (Dorota et al,2021). Witnessing employee recognition can lead to higher organizational justice and increased work engagement, mediated by perceived organizational justice and workplace well-being (Tianfei et al,2023). Employee recognition is linked to positive psychological functioning, which in turn mediates the relationship between recognition and well-being (Nicole et al,2020)

MANAGERIAL IMPLICATIONS

The relationship between compensation, Human Resource Development (HRD) practices, and recognition is critical in improving employees' economic well-being, with several important managerial implications.

To begin, attracting and retaining top talent necessitates a competitive compensation structure. Organizations should benchmark their compensation packages against industry standards on a regular basis to ensure they remain appealing. Effective human resource development practices are critical for providing employees with the skills and knowledge they need to excel in their roles. Investing in training and development programs is both an ethical and a strategic necessity.

Recognition is also essential. Employees are more likely to feel motivated and engaged when they receive regular recognition and appreciation for their contributions. Managers should foster a culture of recognition through formal recognition programs, informal gestures, or simply expressing gratitude.

To summarize, organizations should align their compensation, HRD practices, and recognition strategies to ensure employees' financial well-being. This alignment can result in increased job satisfaction, lower turnover, and higher productivity. Managers must constantly assess and adapt these elements in order to maintain a positive relationship between these factors and their employees' economic well-being, ultimately contributing to the organization's overall success.

SCOPE FOR FURTHER RESEARCH

There is a considerable need for additional research into the complex interplay between salary, Human Resource Development (HRD) practices, and recognition and their substantial impact on the economic well-being of IT professionals. To begin, more in-depth industry-specific research is required to understand how the IT sector's distinguishing traits, such as rapid technical improvements and changing skill needs, influence the nature and strength of this relationship. Comparative research across industries could give light on differences in the effectiveness of remuneration, HRD, and recognition initiatives, indicating whether the IT industry requires unique measures.

Long-term assessments are required to track the long-term effects on employees' economic well-being, which includes career advancement, financial stability, and overall job satisfaction. In addition, research should consider cultural and geographic influences on these dynamics, as well as how emerging technologies such as artificial intelligence and automation are changing this relationship. Additional dimensions for investigation include employee segmentation within the IT industry and the development of specific well-being metrics to include income, benefits, work-life balance, and job security. Research in these areas has the potential to provide critical insights for IT industry leaders and HR professionals, allowing them to fine-tune strategies that improve employee economic well-being, thereby fostering industry growth and sustainability.

REFERENCES

- Allameh, S. M., Barzoki, A. S., Ghazinour, S., Khodaei, S. A., & Abolghasemian, M. (2014). Analyzing the effect of Employee Engagement on job performance in Isfahan Gas Company. *International Journal of Management Academy*, 2(4), 20-26
- Awanis, A, Sadia, M, Parvaiz, K & Ahmad, M. (2019). Impact of Human Resource Practices On Employees' Perceived Performance: Study of Private Schools Faculty of Pakistan. *International journal of business and management*, 8(2), 125-150.
- Barrick, M.R., Thurgood, G.R., Smith, T.A., & Courtright, S.H. (2015). Collective organizational engagement: Linking motivational antecedents, strategic implementation, and firm performance. *Academy of Management Journal*, 58(1), 111–135. <https://doi.org/10.5465/amj.2013.0227>
- Dekker, S. W., & Schaufeli, W. B. (1995). The effects of job insecurity on psychological health and withdrawal: A longitudinal study. *Australian psychologist*, 30(1), 57-63. <https://doi.org/10.1080/00050069508259607>
- D. L. Nelson and B. L. Simmons, —Health psychology and work stress: A more positive approach,| in *Handbook of Occupational Health Psychology*, J. C. Quick and L. E. Tetrack, Eds. Washington D.C.American Psychological Association, 2003, pp. 97-119.
- E. W. Morrison, —Organizational citizenship behavior as a critical link between HRM practices and service quality,| *Hum. Resource Management*, vol. 35, no. 4, pp. 493-512, 1996.
- H. J. Bernadin, *Human Resource Management: An Exponential Approach*, 4th ed. New York: McGraw-Hill Irwin, 2007.
- H. Lai, —The influence of compensation system design on employee satisfaction,| *African Journal of Business Management*, vol. 5, no. 26, pp. 10718-10723, 2011.
- Kahn, W.A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692–724. <https://doi.org/10.2307/256287>
- Parker, S. K., & Griffin, M. A. (2011). Understanding active psychological states: Embedding engagement in a wider nomological net and closer attention to performance. *European Journal of Work and Organizational Psychology*, 20(1), 60-67. <https://doi.org/10.1080/1359432X.2010.532869>
- P. Ali, —Job satisfaction characteristics of higher education faculty by race,| *Afr. J. Bus. Manage.*, vol. 4, no. 5, pp. 289-300, 2009.
- S. Bhattacharya and P. Mukherjee, —Rewards as a key to employee engagement: A comparative study on I.T. professionals,| *ASBM Journal of Management*, vol. 2, no. 1, 2009.
- W. A. Kahn, —An exercise of authority,| *Organizational Behavior Teaching Review*, vol. 14, no. 2, pp. 2842, 1990

- Lijun, Wang., Guoyang, Zheng. (2022). Linking Digital HRM Practices with HRM Effectiveness: The Moderate Role of HRM Capability Maturity. *Proceedings - Academy of Management*, 2022(1) doi: 10.5465/ambpp.2022.18262abstract
- Hongli, Li. (2022). Linking Digital HRM Practices with HRM Effectiveness: The Moderate Role of HRM Capability Maturity from the Adaptive Structuration Perspective. *Sustainability*, 14(2):1003-1003. doi: 10.3390/su14021003
- Aseem, Saxena., Rajeev, Choubey. (2018). Study of HRM Practices on Teachers Performance. 15(3):104-107. doi: 10.29070/15/57127
- John, D., Loeser., Stephen, E., Henderlite., Douglas, A., Conrad. (1995). Incentive effects of workers' compensation benefits: a literature synthesis.. *Medical Care Research and Review*, 52(1):34-59. doi: 10.1177/107755879505200104
- Ben, S., Bernanke. (2007). The level and distribution of economic well-being. *Research Papers in Economics*,
- A.Yu., Albeeva. (2022). Compensation and rewards for work performance in the "Era of Me" work world. 120-134. doi: 10.4337/9781839105562.00017
- Bin, Xi., Huimin, Jing. (2021). Research on horizontal compensation of ecological economic benefits under differential responsibility. *Environmental Science and Pollution Research*, 28(23):29875-29889. doi: 10.1007/S11356-021-12835-8
- Brian, D., Galle. (2021). The Economic Case for Rewards Over Imprisonment. *Indiana Law Journal*, 96(2):4-.
- Brian, D., Galle. (2020). The Economic Case for Rewards Over Imprisonment. *Social Science Research Network*,
- Sara, Carter. (2011). The Rewards of Entrepreneurship: Exploring the Incomes, Wealth, and Economic Well-Being of Entrepreneurial Households. *Entrepreneurship Theory and Practice*, 35(1):39-55. doi: 10.1111/J.1540-6520.2010.00422.X
- Rajeswari, .R., Dr., A.Balamurugan. (2022). An Empirical Analysis of Factors Influencing Reward and Recognition Systems Followed in Selected Garments Industries in Tirupur. *Management Journal for Advanced Research*, 2(4):9-15. doi: 10.54741/mjar.2.4.2
- Dheeraj, Sharma., Varsha, Verma. (2014). Psychological and economic considerations of rewards programs. *Journal of Retailing and Consumer Services*, 21(6):924-932. doi: 10.1016/J.JRETCOONSER.2014.08.010
- Sharfika, Binti, Raime., Mohd, Farid, Shamsudin., Raemah, Abdullah, Hashim., Norsafriaman, Abd., Rahman. (2022). Perceived Leaders' Empathy, Recognition, Monetary Compensation and Employees' Happiness Among Universities' Academicians. *International Journal of Advanced Research in Education and Society*, doi: 10.55057/ijares.2022.4.1.8
- Anna, Szczepanska-Przekota., Maciej, Hadlaw., Magdalena, Bochenek., Grzegorz, Przekota. (2022). Employee compensation as a function of the sectoral structure of the economy. *Nierówności Społeczne a Wzrost Gospodarczy*, 72(4):5-25. doi: 10.15584/nsawg.2022.4.1
- Hoel, Jeon., Young-Min, Kim., Eui, Hong. (2022). Relationships between Economic Compensation and Corporate Performance for Employees of Logistics Company. *Korean Academy Of International Commerce*, 37(3):97-115. doi: 10.18104/kaic.2022.37.3.97
- Putu, Ayu, Diah, Juliarti., Anak, Agung, Putu, Agung., I, Nengah, Sudja. (2018). Effect of Compensation and Work Environment on Employee Performance with Employee Job Satisfaction as an Intervening Variable. 9(03):20553-20562. doi: 10.15520/IJCRR/2018/9/03/460
- Elaina, Rose, Johar., Nadzirah, Rosli., Siti, Murni, Mat, Khairi., Shafiq, Shahrudin., Norzanah, Mat, Nor. (2022). COVID-19 outbreak: How do human resource management practices affect employee well-being?. *Frontiers in Psychology*, 13 doi: 10.3389/fpsyg.2022.923994
- Meera, Alagaraja. (2023). Reimagining Well-Being Research in HRD. *Human Resource Development Review*, 22(2):154-162. doi: 10.1177/15344843231170293
- Murk, Shaikh. (2021). Determining the Relationship between Human Resource Practices, Employee Well-Being and Organizational Performance. 1(1)
- Luiz, Felipe, de, Carvalho, Macena., Sérgio, Augusto, Pereira, Bastos. (2020). The Impact of Human Resource Practices on Organizational Climate and Employee Well-Being. 15:11-28. doi: 10.32038/MBRQ.2020.15.02
- Mercy, G., D., Okon., Nsikan, Efiok, John., Orok, A., Imagha. (2023). Employee Well-Being: Recognition and Non-Academic Staff Performance in Select Federal Universities, South-South Geo-Political Zone, Nigeria. *Global journal of human resource management*, 11(1):13-26. doi: 10.37745/gjhrm.2013/vol11n11326
- Dorota, Węziak-Białowolska., Piotr, Białowolski. (2021). Associations of recognition at work with subsequent health and quality of life among older working adults.. *International Archives of Occupational and Environmental Health*, 1-13. doi: 10.1007/S00420-021-01804-W