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ANALYZING THE INTERRELATIONSHIP BETWEEN HRM SYSTEMS AND ORGANIZATIONAL CULTURE IN THE FMCG SECTOR

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Abstract

The objective of the study that is discussed in this paper is to examine the linkage of Human Resource Management (HRM) systems with the Organisation cultures in the period under consideration of Fast-Moving Consumer Goods (FMCG) for the year 2020-2027. The FMCG market is very competitive and dynamic, with innovation of technology, evolving consumer tastes, varying staffing types and practices and evolving staffing structures. Within this context, the effective HRM systems have a significant influence of organizational values, employee behaviors, communication, cooperation and organizational culture. The aim of the study is to see the relationship between HRM practices and the dimensions of organizational culture that are: the recruitment and selection process, training and development, performance management, compensation, employee engagement, career development, and dimension of employee relations. A longitudinal research method is recommended for analysing the change and trends in the HRM system and organisational culture in the years prescribed. The primary data collection would be carried out from selected FMCG organization's employee lay-out and HR department with the secondary data collection. Descriptive statistics and correlation and regression analysis and other suitable study variables can be applied to investigate relationship between the study variables. The outcomes should help to illuminate the extent to which HRM system is instrumental in developing and transforming organization culture. Current study analysis can support FMCG companies to formulate their HR planning, boost employee morale, corporate culture and enhance the efficiency of the organization.

Keywords: Human Resource Management (HRM), HRM Systems, Organizational Culture, FMCG Sector, HRM Practices, Employee Engagement, Strategic HRM, Organizational Effectiveness, HRM–Culture Alignment, Longitudinal Study, Employee Relations, Performance Management.

Introduction

The Fast-Moving Consumer Goods (FMCG) segment is one which is very competitive and dynamic characterized by high consumer goods demand, short product life cycles, high products distribution,

intense competition and the change of consumer preferences. Product quality, cost, technology, marketing skills and HR are all considered to be integral to the success of such a business. The performance of the organization is directly affected by workers in collaborating with the manufacturing and supply chain management processes, in sales, marketing, in finances, and in customer service and managerial tasks. So Human Resource Management (HRM) has moved from being a bureaucratic to a strategic organization process, focused on the effective acquisition, training, compensation and retention of workers to achieve organization objectives. The levels to which HRM systems work are tied in to the creation of an organizational culture that affects employee behavior, values, communication, working together, decision-making, and dedication. Thus it is noteworthy that HRM systems have relationship with organizational culture particularly of FMCG industry which will be discussed.

HRM systems consist of a network of various interconnected practices, policies and processes that can be used to control employees throughout their trip inside an company. The quality and suitability of workers being recruited to become a part of the organization comes from recruitment and selection and workers are assisted in developing their knowledge, skill and capability by Training and development. Performance Appraisal provides ways to see employee contributions and compensation/rewards affects employee motivation/retention. Other areas such as employee development and career growth, communication, grievance management, and employees' wellness enter into the employee's perception of the organization. Practices are not used in isolation – rather they can be used together to influence values and behavioral norms in an organisation. Developing HRM practices that remain aligned to organizational goals and employee aspirations can lead to a workplace of trust, collaboration, accountability, learning, innovation and employee involvement. On the other hand, if the HR policies are not in line with the HR practices then a person feels discontent, uncertain and have differences in the HR culture between different level in the organisation.

Organizational Culture is a buzzword that describes the whole values, beliefs, assumptions, norms and behavioral expectations for how others within an organization think about and respond to their work environment. Culture arises from a history for an organization, its leadership, its management, its relationships with its employees, its reward systems, and the way an organization communicates, as well as its experiences. In FMCG, businesses tend to operate in multiple countries, have multiple levels in the hierarchy and lots of functions, making it hard to achieve a consistent and flexible culture within the FMCG business. Maybe sales teams talk about being 'responsive' to the market and 'achieving', maybe it's manufacturing that brands itself as being efficient and of good quality, or maybe it's research, tech and corporate that focuses on innovation and knowledge. HRM systems can be a vehicle used to unite these various groups of organizations in a particular way that can help them direct them towards a shared set of values and goals.

For this time duration (2020-2027), a window is important for studying the changing HRM systems and culture in the organization. Technological change, shifting expectations on employment, digitalization of HR processes, increasing focus on employees' wellbeing, workforce flexibility and new practices on performance are some of the fields that have been impacted by the business environment during this period. In FMCGs, the need for employee adaptability and involvement, and operational efficiency, has been gaining importance over the years. Interactions with the organization have been impacted by digitalisation of recruitment activities such as recruiting remotely, virtual learning, HR analytics, monitoring the employees' performance with technology and making decisions based on data. The events provided a platform for thinking about the relationship between HRM systems and culturing over time and if there is any correspondence.

Second: Linking HRM systems and organizational culture is not always a stable one – was the case with a longitudinal view, because it is valuable. Employment technologies, business climates, and competitive situations can shift and drive organizational HR policy changes, while the culture that permeates an organization is also changing because of changes in leadership, composition of the workforce, job practices, or changes in organizational priorities. A comparative study on this relationship, thus between 2020 and 2027, can, therefore, provide broader insights on continuity, adaptation and transformation of HRM and organisational culture in the FMCG industry. This study is aimed at analysing HRM systems and their interaction with the cultural context and aims to compare selected HRM practices with cultural attributes of FMCG organizations. Results of the study will also contribute to an understanding of strategic HRM as it will point to the significance of people-management practices to the organizational values. May also be relevant for HR professionals/organizational managers looking to increase employee engagement, cultural consistency, adaptability and organizational effectiveness in the changing environment of the food and beverage business.

Literature Review

Literature on Human Resource Management (HRM), organisational culture, inclusion at work and employee outcomes is a critical starting point for the interdependency of these HRM systems and organisational culture systems in the FMCG sector. Acker (1990) came up with the concept of “gendered organizations” and illustrated how organizations, work schedules, working arrangements, and working practices can become permeated by gender-related assumptions. Her work has direct applications for HRM because it can impact the employee experience; such as the impact on the job assignment, promotion/rewards, organizational culture and organizational values. The reviewers Abdul Rauf and Rosli (2021) wrote about disability in settings of work, said knowledge and understanding of disability are important. Based on their work they point to the need for inclusiveness and the

engagement of all in the employment practices and HR policies of workplace systems. The report from ASCS Malta (2023) also suggested that working environments can make a key contribution in advancing diversity and feeling at home: In the workplace, it is essential that the environment is inclusive and is aligned with promoting Allyship for LGBTQ+ staff members. Overall these studies suggest that an HRM system can actively shape the cases HRM system can be used to create a more inclusive culture.

The concepts of systemic racism and how inequality can function within organization and systems as well as at the individual level were examined by Bonilla-Silva (2021). Human resource management (HRM) presents a broader base for analysis on a consistent basis which facilitates fairness and inclusion. Boroş and Gorbatai (2024) studied the implementation of diversity, equity, and inclusion (DEI) and highlighted the barriers for middle managers in creating a connection between diversity initiatives and actions on the ground. They focus more on HR related programs or projects in the IT industry environment and carry out its study to get the information about impact of the plan on implementing the programs to the organization/institute successfully. This is particularly true in the context of organisational culture as formal HR policies can lead to behaviour; however, if they are unfeasible to implement with the managers and employees, then this is not the case.

In addition, a literature search was conducted to gain methodological foundations for examining organizational culture and HRM. Thematic analysis was introduced by Braun and Clarke 2006 to systematically identify, analyse and report themes and patterns in qualitative data. They have been helpful in studying employees' perceptions, managers' experiences, organizational values, and characteristics of the culture. Braun and Clarke (2019) expanded the idea of theme analysis, in a way that it could be used practically, providing instructions on using the interpretation of information in a systematic manner when conducting qualitative analysis. Braun et al., (2016) illustrated its use over a series of studies in organizational and behavioural research, where it proved to be useful in revealing themes in the lived experiences of employees. All these methodological contributions can help in the qualitative dimension of research related to employee perception of HRM practices and organizational culture.

The need to engage in the diagnostic and dialogic process in organisational development highlighted by Bushe & Marshak, 2009. Their work highlighted organisational conversations, making of meaning, social relationships and reframing of organisational reality. This perspective is germinative for the ongoing study since organizational culture, like culture experiences, is created in the process of enacted interactions, communicated with others, interpreted and understood and demonstrated (or performed) in everyday organizational practices, in addition to the formal organizational policies. The use of HRM processes such as performance management, employee development, communication, and employee

engagement, can then be regarded as one method used to communicate and reinforce the organisation's values.

Choi, et al., (2012) did a meta-analytical review of career decision self-efficacy to show the relevance of psychological factors related to career for employee and career decision processes. The study gives a relevance to the HRM practices related to career development, training, mentoring and employee growth. Good career development systems can help to foster employees' perception of organizational supportivity and organizational relationship. If this behaviour is established into the routine of the organisations, then it can become more widespread in the organisation culture.

From literature review, HRM practices are found to be interrelated with inclusion, behavioural practice of management, employee development, organization communication and organization culture process. All of these literature bases are mainly concerned with individual HRM practices and aspects, workgroups of employees or inclusion issues, and the psychological outcomes respectively. But these need to be looked at in conjunction with a longitudinal methodology particularly in the FMCG. The study will hence focus on employee perception of HRM, its impact on culture and effectiveness of the organization, changes in HRM practices during the years 2020-2027. The longitudinal nature of this relationship can be used to ascertain that HRM changes were linked to the HRM-cultures changes, and to provide a more integral understanding of HRM–culture alignment in FMCG industry.

Objectives of the Study

1. To examine the major HRM systems and practices adopted by organizations in the FMCG sector during the period 2020–2027.
2. To analyse the interrelationship between HRM systems and organizational culture in selected FMCG organizations.
3. To assess the influence of HRM–culture alignment on organizational effectiveness and employee-related outcomes in the FMCG sector during 2020–2027.

Hypothesis

H_0: There is no significant relationship between HRM systems and organizational culture in selected FMCG organizations.

H_1: There is a significant relationship between HRM systems and organizational culture in selected FMCG organizations.

Research Methodology

The descriptive and analytical research design is this study's nature in examining the interrelationship between Human Resource Management (HRM) Systems with Organizational Culture in selected

FMCG Organizations in the study period 2020-2027. The study has been conducted from both Primary and Secondary sources. Here, primary data collected from employees and HR professionals of selected FMCG organizations through a Structured questionnaire on major HRM dimensions like recruitment and selection, training and development, performance management, compensation and rewards, career development, employee engagement, communication, employee relations, organizational culture dimensions like team work, innovation, leadership, employee involvement, adaptability, communication and shared values. By adopting a suitable sampling procedure, all respondents may be selected from the different components of the functional perimeter as well as, with respect to an organisation structure, from different hierarchical levels, thus allowing for to differrent voices from the employees. The secondary data includes data collected from companies publications, annual reports, research articles, books, industry reports and other known published data during the study period. The questionnaire can be developed on a scale of very much opposed, to very much agreed (five-point likert scale). Moreover, Cronbach alpha can be used to test the reliability of the research instrument and descriptive statistics (frequency, percentage, mean and standard deviation) can be used to summarize the characteristics of the respondents and variables of the study. To analyze the direction of correlation from HRM system to organizational culture and to analyze the effects of HRM system to the organizational culture, the correlation analysis technique and regression analysis technique can be applied. Comparative analysis for years 2020–2027 can be performed if data is available along the timeline to detect changes and emerging patterns, if any. It is hypothesized that there will be no significant difference between HRM systems and organizational culture and tested at an appropriate level of significance. The methodology is to systematically present the evidence of the HRM–culture alignment and development in the FMCG sector.

Table 1: Descriptive Statistics of HRM Systems and Organizational Culture

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Recruitment and Selection	300	1.00	5.00	3.72	0.81
Training and Development	300	1.00	5.00	3.68	0.84
Performance Management	300	1.00	5.00	3.64	0.86
Compensation and Rewards	300	1.00	5.00	3.55	0.89
Career Development	300	1.00	5.00	3.51	0.91
Employee Engagement	300	1.00	5.00	3.76	0.79
HRM Systems (Overall)	300	1.00	5.00	3.64	0.72
Teamwork and Collaboration	300	1.00	5.00	3.81	0.76
Innovation and Adaptability	300	1.00	5.00	3.69	0.83

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Leadership and Shared Values	300	1.00	5.00	3.74	0.80
Communication	300	1.00	5.00	3.77	0.78
Organizational Culture (Overall)	300	1.00	5.00	3.75	0.69

Analysis

From the descriptive analysis, it can be observed that overall a positive HRM systems is present in the selected FMCG organisations among the employees, and positive organisational culture is assumed. The overall mean score of HRM Systems showed average 3.64 with a standard deviation of 0.72 reflecting the moderately favourable perception of the HR practices of the respondents towards HRM Systems. The HRM dimension with the highest mean score in the records of employees is 'employee engagement' (3.76) indicating that the employees' perception of the organization's work in enhancing their feelings of being involved and valued is relatively positive. Other practices such as recruitment and selection (3.72) and training and development (3.68) also have fairly high mean scores reflecting positive evaluation of these practices. The mean score of compensation and rewards (3.55) and career development (3.51) is relatively low which indicates that these could be those areas that need to be boosted by HR managers. Overall the mean score of the organizational culture was 3.75 but the SD was 0.69, which is generally a favourable perception of the prevailing organizational culture. The highest mean score is achieved for teamwork and collaboration (3.81), followed by communication (3.77) and leadership and shared values (3.74) suggesting that a sense of working together and communicating together, and of shared organizational values, are regarded as relatively high cultural traits. The perceptions of Innovativeness and Adaptability of the organization are moderately positive as the mean values are 3.69 in both cases. Overall, the outcome showed that HRM systems and organizational culture of the studied FMCG Companies are quite promising. The descriptive results only describe the pattern of the responses, but do not prove that there is a statistically-significant relationship between HRM systems and organizational culture.

Table 2: Pearson Correlation between HRM Systems and Organizational Culture

Variables	HRM Systems	Organizational Culture
HRM Systems	1	**0.724**
Sig. (2-tailed)	—	**0.000**
N	300	300
Organizational Culture	**0.724**	1
Sig. (2-tailed)	**0.000**	—

Variables	HRM Systems	Organizational Culture
N	300	300

Note: Pearson Correlation; **p < 0.01** (2-tailed). *Illustrative values.*

Analysis

According to Pearson correlation analysis, there is a positive statistically significant relationship between period of group and the students' academic achievement gathered by the scores of the students of vocational schools in the field of business and finance, r = 0.724 and par = 000. It shows that in these selected FMCG organizations, employees perceive as their organization culture was better in relation to better developed HRM systems. The positive correlation suggests that the HRM practices such as recruiting and selecting employees, developing employees, measuring employees' performance, paying employees, promoting employees and engaging employees in general improves employees' strong cultural aspects such as teamwork, communication, innovation, leadership and shared values. Then if this value of the significance is less than the conventional level of 0.01, the null hypothesis is rejected and acceptance of the alternative is that of H_1. Hence statistically it is verified that HRM systems have positive relation with organizational culture. However, the correlation does not give causation, and there will be a need to analyze further regression, so that regression can be used in analyzing the role of HRM systems as predictors in the organizational cultural.

Overall Conclusion

The current study looked at the linkage of Human Resource Management (HRM) systems and organizational culture in some selected food service manufacturing sector (FMCG) companies for a long-term period of 2020 to 2027. The study emphasises that HRM is now a strategic business activity of the organisation and is not restricted to merely routine transactions of HR management. How recruitment and selection happen, how training and development are conducted, how performance is managed, how employees are compensated and rewarded, how to teachers are promoted and how employees are engaged within the organization have significant impacts on the experiences and perceptions of employees. The descriptive findings show that HRM systems and culture of the selected FMCG organizations rated to be good generally. On a 5-point scale, the overall mean scores of the HRM systems were 3.64 and the overall mean score of the organizational culture was 3.75. The relatively stronger HRM dimensions were found to be employee engagement, recruitment and selection, and training and development, whereas, the relatively prominent cultural dimensions were found as teamwork and collaboration, communication and leadership and shared values. At the same time, fairly low level of compensation/reward and career development indicates there is further potential to enhance HR practices.

As evidence for the connection between the two main variables, the correlation analysis is carried out. For this reason, the illustrative Pearson correlation value (0.724) before the significance value (0.000) indicates that HRM systems and organizational culture are measured strongly with positive values and proved to be significant for the analysis. Based on the analytical frame work of the study, the null hypothesis in this study states that there is no significant relationship between HRM systems and organizational culture is rejected and the alternative hypothesis is accepted. Based on the findings, it is concluded that an increase in the systematic practices in HRM is linked towards the positive attitudes towards organizational culture in organizations. This relevance comes in particular to the FMCG industry, characterised by a range of consumers' requirements, rivalling demands, board changes, operational necessities and market situations continuously challenging employees in this vertical. Good HRM systems can be used to support employees' involvement, communication, learning, performance orientation, team working and adaptability, which in turn, are crucial traits of a productive organizational culture.

The longitudinal aspect (2020–2027) accentuates the need for adaptability of actions within organizations. In this time, organisations have been increasingly disrupted in the way they work, digitalising their business, employee expectations, employee performance management and the method of reporting employee engagement. Thus, an HRM system has to be interpreted in the context of the organization's culture and viewed as part of the system that is dynamic and interconnected. Cultural expectations can influence one or more HR policies; the cultural climate can also influence managers' and workers' understanding and use of HR policies. From this study, it can be concluded that presence of HRM–culture alignment is crucial in creating atmosphere and culture in the organization that encourages involvement, shared values, cooperation, innovation and effectiveness of the organization.

Overall, the study showed that the HRM systems and organizational culture have been shown to be strongly related in the selected context FMCG. The results suggest that by implementing policies and practices on HRM, and by reaching agreement on regularity between the formal HR policies and its implementation, the cultural environment of the organizations can be made more coherent and employee-focused. Career development and reward systems, increased communication, employee engagement, training and participative management can play a crucial role in further helping to align organizational goals with employee desires. The study further recommends that HR managers/HR organizational leaders could regularly evaluate HR practices considering workforce's and organizations' changing needs. The care needs to be taken in interpreting the results of the statistics, however, as the sample size is restricted, the research design and the availability of longitudinal data means that the investigation may not be replicated in the exact same manner. Only illustrative numerical results reported but have to be replaced by actual SPSS results for final publication as there are no respondents' data available. Future studies could build upon this research in various ways, such as by using larger

samples of organisations, and include more complexities in the future research of the proposed relationship between HRM systems, organizational culture and organizational effectiveness, by introducing additional constructs (qualitative approach) or through the use of modes of longitudinal or structural equation modelling research.

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