

# HRM ROLE IN ORGANISATIONAL PERFORMANCE

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## Abstract

*HRM has become tremendously popular over the past years. HRM is important for all types of organisations. HRM will overly influence the performance of organisation and its results. The pre assumptions is that HR practices affect employee attitude which inturn affects organisational performance such as productivity, quality and innovation. Most evidence support a good relation between HRM and organisational performance. The main aim of every organisations is to achieve the goals and objective with high performance. High performance is possible only with a strong HRM. Organisational performance is measured by various methods. It helps the organisation to be competitive in the market. HRM are the medium for keeping organisation going in right track. In this paper, study has been made on HRM and practices. How important is the management of human resources to achieving organizational performance? What are the skills, behaviors and attitudes would be expected by human resources to achieve the needed performance in the organization. How HRM have positive impact on organisation performance? What are the negative impacts that affect employee?*

## INTRODUCTION:

Human resources are considered as one of the important part of current organisations. Human resources management is the major source because managers use these assets in organization, create competitiveness and understand goals. Thus initially, organizations must realize the needs of their workforce in turn to attain the required performance. The understanding of the expectations of workers will allow the required outcome in the organization. Some of the required results of the organization in controlling their labourforce are: capability, teamwork of employees with managers, assistance of employees between them, showing the competence of employees; motivation, commitment and agreement, employee behaviors.

On the whole, aim of performance management is to produce culture as high performance in which employees and groups take accountability for the uninterrupted enhancement of production processes and their talents and contribute in attaining the targets set by managers. In exacting, organization performance can be articulated as the estimation of personal goals of employees with organizational goals given that employees maintain the organization culture.

Organizations are looking for creating much competition, taking more market percentage, more consumers, more sales. Rapid transformations from globalization, progression of information systems and other factors have created competition. Mostly organizations are focused on the market to put their goals in their performance. The comprehension of the objectives will be attained through the human resources management in organizations. Workforce is the entry to success, will facilitate the accomplishment of organizational performance.

## **HUMAN RESOURCE MANAGEMENT:**

**Human Resource Management** is the process of recruitment and selection, orientation, training and development, assessment of employee (performance of appraisal), calculating compensation and benefits, motivating, maintaining relations with workforce and with trade unions, maintaining safety, welfare and healthy measures in agreement with labour laws. Human resources management functions include benefits management, documentation and employee and payroll dispensation. The degree to which HR department handle these transactional functions relates to their knowledge, the workforce size and the departmental resources. In many cases, the department's resources can maintain outsourcing these functions, thus leaving time for HR staff to devote its attention to HR strategic management instead of concentrating on personnel administration jobs.

### **Recruitment and Selection**

HR recruitment and selection practices are dependent on the organization's goals and the workplace culture. For example, employers who identify the importance of workplace diversity hold recruitment practices planned to draw a diverse applicant pool. Recruitment training underlie recruiting actions and functions such as sponsoring career fairs at colleges and universities with diverse student populations, advertising job vacancies across to reach a broad viewers.

### **Work-Life Balance**

Implementing flexible work schedules, providing employees with telecommuting options and training managers to mark signs of workplace stress recommend the organizational culture to support employees attain work-life balance. Managing development logistics, altering technology for remote access and training sessions are essentially transactional functions. However, these functions eventually form a target-oriented work atmosphere because they facilitate greater competence and, thus, amplify the time employees have to contribute to family obligations and personal works.

### **Training and Development**

Training and development are HR management functions that include new-employee orientation, job skills training, leadership training and professional development. These improvement activities enhance employees job skills in their current positions and prepare them with skills and capability for cross-functional work that can enhance their importance to the organization. Professional development wires an organization's planning strategy by preparing future leaders for higher-level jobs and more responsibility. HR management training and development functions reflect promotion-from-within practices and support employees' work goals.

### **Compensation**

Compensation and benefits is considered as, expressing a broad view of how employers repay their employees. However, a view at compensation gives an idea of HR practices as employee wages comprise up to 70 percent of an employer's cost to improve their business, according to a 2011 white paper produced by DBSquared for World at Work, an Arkansas-based compensation consulting and software development firm. Employee compensation is "an internally equitable and externally competitive philosophy and practice," it notes.

## **PERFORMANCE EXPECTATION:**

To perform well, employees must know management's expectation from them. The starting point is an *present job description* that describes the necessary roles, jobs, and responsibilities of the job. It also elaborates the general areas of information and expertises required for the employee and employee to be successful in the job.

Performance expectations go ahead of the job description. When thinking about high standard on-the-job performance, you are really thinking about a series of normal job results, such as

- What goods and services produced by the job?

- What effect should the job have on the organization?
- How do you expect the employee to handle the clients, colleagues, and supervisors?
- What are the organizational values the employee must reveal?
- What are the procedures, techniques, or means the employee is supposed to use?

In performance outcome an employee should be known about existence of the job, its place in the organization, and the link between the job's responsibilities and organization and department objectives. The scope of performance expectations can be wide but can be broken into two categories:

- **Results** (measured by *goals* or *standards*)
- **Actions & Behaviors** (The procedures used to create a product and the actions and values shown during the process)

Performance expectations give out a base for communicating about performance all through the year. They serve as the source for reviewing employee performance. When we set understandable expectations about the results that must be achieved and the methods or approaches needed to achieve them, you establish a path for success.

### **POSITIVE EFFECTS OF HRM ON PERORMANCE:**

Human Resource Management is contributing in the current scenario:-

#### **1. Hiring and Training**

Human resource planning is of the most important role of the HR department. HR managers plan hiring policy for hiring the best people in their organization. They prepare the Job Descriptions according to the requirement of role in the company. After hiring process planning is done for the employee's induction with training and development plans for them.

#### **2. Performance Management System**

Human resource is responsible for people feel motivated in their work. They begin with defining an individual's role. They provide an effective feedback mechanism which helps the employees to upgrade their abilities. This helps to align the organizational objectives with their own personal goals. A Performance management system helps in appreciation and rewarding people's performance.

#### **3. Building culture and values in the organization**

An individual's performance is dependent on the atmosphere or culture that exists in a company. Constructing a good favourable working atmosphere is expected from the organisation. A clean and safe work culture assists in encouraging the skills of an employee and promotes job satisfaction.

#### **4. Conflict Management within the organisation**

The disagreement between the employer and employee always prevails because of their contradictory views. Conflict avoidance is not possible but can be managed and reduced. Human resource department act as mediator and effective communicator to identify issues and solve them effectively. Timely action is the main part of conflict management.

#### **5. Good relations within organisation**

Maintaining a good relations vests in the hands of HR to a great extent. They are liable for conducting seminars, meetings on behalf of the organisation. Outlining business and promoting plans

for the company are added work done by the HR department as an helping hand. So the company should give greater importance in setting a strong and effective Human Resource Department.

### **NEGATIVE EFFECT ON PERFORMANCE:**

Some of the negative effect of HRM are:

#### **1. Origin is recent:**

Human Resource Management is of recently originated department. People try to define the term differently according to their knowledge. Some people regard it as a new topic to personnel management. Some enterprises don't have clear idea about HRM so they have confusion in differentiating HRM and personnel department. Such actions may not bring desired results. The actual requirement of the company is a fundamental change in attitudes, methods and management ideas. Without making a change at the top management level, renaming of personnel department may not help to get result. As time pass by we get an satisfactory approach for developement.

#### **2. Lack of Top Management support:**

HRM can be effectively carried out only with the support of top level management. The attitude enhancement at the top can help to gain good results while implementing HRM. Because of passive attitude at the management level, this work is taken over by personnel management employees. Nothing remarkable will happen unless there is a change in methods and attitude of top management.

#### **3. Improper Actualisation:**

HRM can be implemented only by calculating the training and development needs of employees. The interests, wants and needs of employees should be taken into account while making human resource strategies. The training programmes are organised in company measured as the implementation of HRM. Management's productivity and effectiveness approach left uninterrupted in many organisations.

#### **4. Inadequate Development Programmes:**

HRM requires implementation of programmes such as career planning, on the job training, development programmes, Management by objective, counselling etc. A learning environment has to be created in the organisation for employee personnel development. In actuality HRM programmes are restrained to class room lectures and likely results are not getting out of this approach.

#### **5. Inadequate Information:**

Some company lag necessary information about their employees. Due to lack of adequate information and database this system face difficulty in implementation. So there is a need to create a database of employees for quick retrieval of information for human resource management. It helps the management at time of emergency.

### **LITERATURE REVIEW:**

1. The concept of Human Resource (HR) was introduced by Prof. L. Nadler (1969) in American Society for Training and Development Conference. In India, Larson and Tubro Ltd., a private sector company introduced this concept in 1975 in their organization with an objective of facilitating growth of employees, especially people at the lower levels. Among the public sector government companies it was BHEL which introduced this concept in 1980.

2. Kochan and Dyer (1993); Walker (1993); and Cusworth and Franks (1993) suggested that a firm should aim at developing various HR practices as complementary to one another.

3. A number of studies have tested the linkage between Human Resource Management practices and performance of organization with generally helpful results. In fact, existing researches in this area has

220 changed its focus from testing the linkage between several Human Resource Management practices and the performance of organizations to find out the means from which Human Resource Management practices affects the performance of the organization. Boselie et al., (2005) is also of the same view. Collins and Smith, (2006) also tested the above relationship. Similarly Hailey et al., (2005) studies also revealed the same results. However, current researches on the association between HRM practices and performance of the organization are confused about the methods of these studies (Wall & Wood, 2005). These studies recommend that it is early to assume a clear positive relationship between Human Resource Management practices and performance of the organization and argue that further research could be done though using more thorough research designs. If social exchange perspective is viewed, employees respond to the organization's actions by their continuous participation in the organization. There is empirical research which shows that HR practices enhance employee retention.

4. Tiwari and Saxena discuss a framework that indicates how external and internal factors affect HRM practices which in turn generate certain benefits for the organization and ultimately lead to overall corporate performance [22]. The authors list some "innovative" HR practices being followed by seven selected companies, namely J K Lakshmi Cement, Grasim Industries Ltd, Tata AIG General Insurance Co Ltd, Maruti Udyog Limited (MUL), HCL Technologies Ltd., LG India and Pantaloon (India) Ltd. Noting that these companies are performing "well" in their sectors, they attribute their success to these so-called "innovative" HR practices and conjecture that the latter must have helped in building image of the company in the minds of the employees and hence contributed to their respective "good" business performance. Anil K Singh took a sample of 95 respondents from two private sector organizations in India and reported positive correlations between HRM practices and variables of organizational culture [23].

5. According to the Compact Oxford English Dictionary (p.839, 2002) performance is defined as the action or process of performing'. Another definition of the word represents the 'capabilities of a machine or product'. Lebas (1995), on the other hand, defines performance as the prospective likelihood to carry out particular actions in order to successfully achieve set goals within the given time frame and of the actor and the situation. The author continues to emphasize that a specific term for performance is one that many find it somewhat difficult to agree upon. Different parties have differing ideas about what performance actually represents (Venkatraman and Ramanujam, 1986; Armstrong, 2000).

## CONCLUSIONS:

Organizations are working as much as to create a competitive market, to direct their human resources in achieving required organizational goals. Some of the goals are cost minimization achieving high sales targets, increasing the number of customers, increasing the percentage in market, increasing quality of product, novel products, enhance productivity. Human resources are engaging an important role in attaining these performance indicators. Before everything, organizations should understand the potential required from employees and so the employees express their skills, stay motivated and behave certainly according to the performance requirement of the organisation. HRM is a comprehensive process for human resource management which is integrated with the organization's overall policy. It facilitates the employees in organization with the right skills and arranging them in places according to their abilities and skills. Organizational performance has been defined by many authors differently. In general, organizational performance is concerned about the achievement of the goals of the organization. The organizational performance achievement is a outcome of the hardwork done by the employees in the organization. Policies and strategies of organizations encourage the employees and they provide effect on organizational performance. Some of the works carried out are human resource planning, selection, training and development, recruitment compensation, performance management and employee relations. By achieving the wants and needs of employees, the performance target of the organization will be reached. Organizations need to think about human resource as a way to grow competitive advantage necessary to generate appropriate strategies and practices. Also, authority and liability must engage in the entire



organization working together. Performance management strategy should centre on the development of a constant and flexible process.

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