

STRATEGIC HRM TOWARDS ORGANISATIONAL PERFORMANCE

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Abstract:

Organizational Performance is the outcome of various efforts on profitability, market share, technology, culture and vision based leadership. There are some general HR practices in organizations which lead to performance. The present thinking of the organization experts is pointing to make HRM as an integral part of strategic planning of organization. The practices like selection, development, performance appraisal, reward and maintenance are linked to business objectives and activities.

KEYWORDS:

Strategic , Organisational , Profitability , Technology.

INTRODUCTION

The factors that influence organizational performances are grouped, based on the principles of High Performance Work System (HPWS) developed by Edward Lawler. In high performance work system the principles used are shared information, knowledge development, performance reward linkage and egalitarianism. Organizations face competitive challenges like adapting to global business, embracing technology, managing change developing intellectual capital, managing diversity, etc to overcome these challenges and handle the critical situation they need to have a strategic vision ion their Policies, Practices and developing their People. Hence these 3 Ps are very important for the organizations to move towards effectiveness. Every organization has its own strategies in improving its, performance, but there are some general practices which support the organizations for the effectiveness. In this article the authors discussed about the factors influencing Organizational Performance viz. shared information, knowledge development, performance-rewards linkage and egalitarianism and the factors are supported by various HR practices which differ from one organization to other.

The practices discussed here are selection, development, performance appraisal, reward and maintenance. By introducing and practicing some strategies, productivity or optimum performance cab be attained through people.

Organizational Performance is the outcome of various efforts on profitability, market share technology, culture, contributing team effort, sufficient skilled work force, required package benefits, necessary development programs, vision based leadership, internal communication, peaceful industrial relations, grievance handling and constructive worker's participation in management. Organizations face a number of important competitive challenges like adapting to global business, embracing technology, managing change, responding to customers, developing intellectual capital, managing diversity, working with line managers and containing costs. We know that the best organizations go beyond simply balancing these competitive demands; they create work environment that get most from employees, contribute to their needs and meet the short term and long term goals of the organization.

Today the human resource plays a major role in achieving organizational performance. The major

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activities of human resource management are tuned towards strategic excellence of the organization. Especially, the long term strategic perspective of the HR contributes towards the organizational performance. The strategic HR incorporates its core principles from the inception of its policies till its implementation. When all the HR practices are routed to achieve high performance work system, the organization shall excel in its performance. Because HR practices are the base for forming a strong culture, facing the human side of the organization and becomes the heart of it.

This article focuses to study various HR practices that contribute to high performance work system in the organization. The study uses the principles of the High Performance Work System (HPWS) developed by Edward Lawler.

HR Practices

The present thinking of the organization experts is pointing to make HRM as an integral part of strategic planning of the organization. The practices like selection, development, performance appraisal, reward and maintenance are linked to business objectives and activities.

Selection

Selection is the process of choosing individuals who have relevant qualifications to fill existing or projected job openings. Selection based on experience targets expertise in the job. Team based decision making in selecting team mates by the team members gives more control over decision about who their coworkers will be and forges relationship more quickly than if new members were assigned to a team. Promotion from within policies has contributed to the overall growth and success.

Development

The development of employees starts with orienting the new employees about the organization, the jobs and their work units and continues with training and career growth. Cross training helps the employees to develop a broad understanding of work process performed by others around them rather than rely on just knowing their own jobs.

Team training covers the importance of skills in team leadership, mission/goals setting, conduct of meeting, team decision making, conflict resolution, effective communication and diversity awareness. Training on broad skills helps to develop employees in their area of work. Now a day's problem solving skills become crucial to face day to day challenges. Career management provides managers and supervisors with assistance in managing their employees.

Performance Appraisal

Performance appraisal is the process of managing and evaluating performance of employees. The information about employee performance must be evaluated in the content of organizational needs and communicated to employees so that it will result in high levels of performance. Companies have begun to use multiple rater approach or 360 degree appraisal to evaluate employee performance by getting input from supervisors, peers, subordinates, customers and the like in addition to manager appraisal and team appraisal.

Reward

Employees desire compensation systems that they perceive as being fair and commensurate with their skills and expectations. Organization will grant an increase in pay after each skills or knowledge has been mastered and can be demonstrated according to a predetermined standard. According to one compensation specialist, the performance threshold is the minimum level, an employee must reach in order to qualify for variable pay. The incentive plans are categorized into individual incentive plan and group incentive plan and enterprise incentive plan.

Maintenance

The maintenance of employees deals with sustaining and improving the organizational atmosphere through engaging them, providing benefits and right climate. Today the employers turn to their employees and grant them power to initiate change, thereby encouraging them to take charge of what they

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do. Employee involvement groups (EIs) are used principally as a means of involving employees in the larger goals of the organization through their suggestion for improving product or service quality. Self directed teams perform a set of interdependent job tasks within a natural work unit. Employee benefit programmes are intended to improve the quality of the work lives and the personal lives of employees. One of the major responsibilities of supervisors is to communicate to an employee the need to work safely. Beginning with new employee orientation, safety should be emphasized continually. The use of information technology in keeping track of employee data ensures better control and decision making.

KNOWLEDGE DEVELOPMENT

Knowledge development is the twin sister of information sharing. As Richards Teerlink, former CEO of Harley-Davidson noted, "the only thing you can get when you empower dummies is bad decisions faster". Employees today need a broad range of technical problem solving and interpersonal skills to work either individually or in teams on cutting edge projects. Because of the speed of change, knowledge and skill requirements must also change rapidly. There is shift from touch labour to knowledge workers who meet to learn real time on the job using innovative approaches to solve novel problems.

PERFORMANCE-REWARD LINKAGE

A time tested adage of management is that the interests of employees and organizations naturally diverge. Employees will naturally pursue outcomes that are mutually beneficial to themselves and organization. Connecting rewards to organizational performance also ensures fairness and tend to focus employees on the organization. Equally important, performance based rewards ensure that employees share in the gains that result from performance improvement.

Egalitarianism

Egalitarianism work environment eliminate status and power differences and in the process will increase collaboration and team work. Moving power downwards in organization is empowering employees that frequently requires structural changes. Managers often use employee surveys, suggestion systems, quality circles, employee involvement groups or union management committees that work parallel with existing organizational structures. With decreasing power distances, employees can become more involved in their work; the quality of work life is simultaneously increased and organizational performance is improved.

CONCLUSION

Policies, Practices and People are the 3 Ps primarily facilitate the organizations for their performance. All the other activities are secondary and they can only support the above said Ps. If the policies are framed appropriately according to the requirements and if they are communicated to the work force, in practicing them there will not be any hindrances. Both these can be accomplished with the help of trained and motivated human resources.

Unclear policies on hiring people, compensation and benefits, training and development, industrial relations definitely lead to organizational Ineffectiveness (OI). Strategic leadership smooth the progress of the organization and effectiveness will be there in practices and no doubt people (HR) are the heart of an organization who are really involving themselves in execution. Strategies vision on these 3 Ps will lead to organization performance.

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