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**AN ANALYSIS UPON THE CONTRIBUTION AND
IMPACT OF HRM ON CONTEMPORARY
BUSINESS ENVIRONMENTAL PERFORMANCE**

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An Analysis upon the Contribution and Impact of HRM on Contemporary Business Environmental Performance

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Abstract – Human resource Department is core of all the functions in an organization without involvement of which an organization cannot perform its financial as well as operational functions properly.

So, in this paper, we have discussed about the Role of Human Resource in the Contemporary Business Environment. This field study investigated the relationship between strategic human resource management, internal environmental concern, organizational citizenship behavior for the environment, and environmental performance. The originality of the present research was to link human resource management and environmental management in the Chinese context. Data consisted of 151 matched questionnaires from top management team members, chief executive officers, and frontline workers. The main results indicate that organizational citizenship behavior for the environment fully mediates the relationship between strategic human resource management and environmental performance, and that internal environmental concern moderates the effect of strategic human resource management on organizational citizenship behavior for the environment.

INTRODUCTION

In order to succeed in changing business environment organizations are forced to continual changes, a few organizations can compete effectively using the tried-and-true approach or copying others (Jackson et al., 2011) even more, organization no longer can afford being passive and any decision made might be fatal. Thus ability to respond to changes and challenges become vital for them. Human resource management (HRM) in organizations also faces various challenges responding to its environment. Increasing global competition and technology advances encourages organizations to use outsourcing to gain a competitive advantage. Changes in organisations' environment, including internal, micro-, and macro-environment, sometimes might result in redundancy; on the contrary organizations have to fight for employees with exceptional skills and abilities. Human resources have become organizations' driving force. Therefore organisations have to ensure that HRM as a function evolves and, if needed, transforms reflecting changes in organization's environment. That's why the issues of this topic has been highly discussed for the past decades in scientific and professional literature (e.g. Noe et al., 2013; Kumar, 2011). Countless challenges have been named and instruments to respond to them have been suggested, and yet it is important to

ascertain which of them are significant for organisations in the context of a particular country.

As the business environment became an important base for any type of organization, also human resource function has its own internal and external environment, which make related issues very complex. There are many studies about the relation between environmental factors and business activities since 1950's. Equally, there are also many researches and articles on human resource management (HRM) and environmental factors link. In these studies (Tiwari & Saxena, 2012), the following environmental elements were generally linked with HRM activities, in terms of the source of pressure or any type of influence from inside and outside. The internal environment of HRM function might include organizational mission/purpose, organizational strategy/objectives, actions of corporate headquarters, size of an organization, structure of an organization, history/traditions/past practice, priorities of top management, priorities of line managers, issues of power and politics, impact of HRM theory, research and writings, impact of education and training in HRM, impact of overall HRM strategy, and cultural and political characteristics of employees. Equally, the external environment of HRM function might include changes in international economy, changes in technology,

changes in national economy, national culture and traditions, industry/sector characteristics, legislation/regulation, actions of unions, actions of competitors, and impact of professional organizations, HRM staff's experiences in other organizations, and general education policies and implementations.

Human resource professionals have a key role to play to help a company achieve its Corporate Social Responsibility (CSR) objectives. Employee involvement is a critical success factor for CSR performance. Human resource managers have the tools and the opportunity to leverage employee commitment to, and engagement in, the firm's CSR strategy. The role of HRM will be more significant in future due to the emerging scenario. Fig.1 shows Employee Engagement Pyramid.

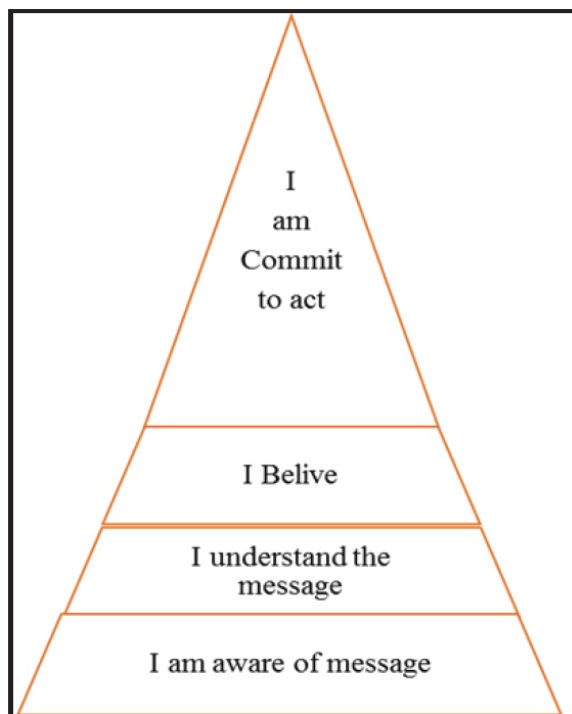


Fig. 1: Employee Engagement Pyramid.

Human Resource Management (HRM) is a relatively new approach to managing people in any organisation. People are considered the key resource in this approach. It is concerned with the people dimension in management of an organisation. Since an organisation is a body of people, their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities. These activities fall in the domain of HRM.

Human Resource Management is a process, which consists of four main activities, namely, acquisition, development, motivation, as well as maintenance of human resources.

Scott, Clothier and Spriegel have defined Human Resource Management as that branch of management which is responsible on a staff basis for concentrating

on those aspects of operations which are primarily concerned with the relationship of management to employees and employees to employees and with the development of the individual and the group.

Human Resource Management is responsible for maintaining good human relations in the organisation. It is also concerned with development of individuals and achieving integration of goals of the organisation and those of the individuals.

Northcott considers human resource management as an extension of general management, that of prompting and stimulating every employee to make his fullest contribution to the purpose of a business. Human resource management is not something that could be separated from the basic managerial function. It is a major component of the broader managerial function. French Wendell, defines —Human resource management as the recruitment, selection, development, utilisation, compensation and motivation of human resources by the organisation.

BUSINESS STRATEGY AND HUMAN RESOURCE MANAGEMENT

Increased integration between human resource management and business strategy is one of the most important demands that are placed upon modern strategic human resource management. In both the management and the academic literature, it is generally acknowledged that the strategic deployment and management of personnel can contribute to the success and continuity of the firm. Some go even further by stating that a firm's human resources form the basis of the firm's competitive advantage.

In this view, the human resources are the most important assets of an organisation. At the same time, in addition to the importance of the human resources as such, it is believed to be important that the management of the human resources should be in perfect fit with the management of the organisation as a whole and its strategic plans.

However, despite these optimistic accounts, it is clear that the implementation of strategic human resource management is difficult and to date, has diffused only to a limited extent. The literature often refers to a relatively small number of success stories. In other instances, the literature provides rather normative models of strategic human resource management, models which are still in need of being the subject of practical experiences and empirical testing. Also, in general, most literature is mainly concerned with 'what' strategic human resource management is and much less with 'how' to implement it.

The first is concerned with the relational aspects between business strategy and human resource

management: what is the position of personnel and human resource management in relation to other internal factors such as economic, technological and financial? This configurational issue focuses on the relative importance of the various factors and actors.

The second issue reflects the content of both strategy and human resource management and is concerned with the connection between a certain business strategy on the one hand and a certain human resource management on the other. The following issue of contingency is at stake here: given a certain X, which approach to Y is best suited? One may be inclined to read business strategy for X and human resource management for Y. However, for the moment we will refrain from doing so, because this relationship might or perhaps should be viewed the other way round, or may be even more complex.

Third and finally, the process aspects refer to the ways in which the integration between business strategy and human resource management is realized and continued. As mentioned before, this aspect has received little attention so far, but for a number of reasons it is of great importance. It will provide insight into the ways in which the integration between business strategy and human resource management is actually realized. Also, it not only provides knowledge concerning the process of strategy formulation but also, and perhaps more important, concerning the process of strategy implementation. Finally, giving attention to the process aspects will provide clues for the optimisation of such processes.

Theories regarding both the content aspects and the relational aspects between business strategy and human resource management very often suggest rational and linear processes of integration. The assumed links between business strategy and human resource management are pitchforked into a normative model and subsequently it is assumed that these links can be created rationally. By doing so, it is ignored that such processes often have a logical incremental character (Quinn, 1980) and that strategy is not so much a tangible phenomenon but much more a pattern in the stream of decisions. In other words, the creative, sense-making and political character of the process is lost. It seems that a more constructivist approach is needed: what rules control the game and how are these rules applied by the various actors?

Before we address the process aspect of the integration between business strategy and human resource management, it is helpful to discuss some issues pertaining to strategic management in general and particularly the process of strategy-making. After all, in order to provide human resource management with a strategic role, we need to be familiar with this process of strategy-making.

HRM SKILLS

The set of necessary skills for HR Managers is similar to the one for other managers, but of course it emphasizes people skills more than some other management positions would.

Skills required are as follows:

- Technical Skills
- Human Relations Skills
- Conceptual and Design Skills
- Business Skills

All managers require a mix of technical, human relations, conceptual and design, and business skills in order to successfully carry out their jobs.

IMPORTANCE OF HRM

- HRM is very important due to its numerous features:
- It helps management in the preparation, adoption and continuing evolution of personnel programmes and policies
- It supplies skilled workers through scientific selection process.
- It ensures maximum benefit out of the expenditure on training and development and appreciates the human assets.
- It prepares workers according to the changing needs of industry and environment.
- It motivates workers and upgrades them so as to enable them to accomplish the organisation goals.
- Through innovation and experimentation in the fields of personnel, it helps in reducing costs and helps in increasing productivity.
- It contributes a lot in restoring the industrial harmony and healthy employer-employee relations.
- It establishes mechanism for the administration of personnel services that are delegated to the personnel department.

HRM AND CORPORATE PERFORMANCE

A growing body of research shows that progressive HRM practices can have a significant effect on

corporate performance. Studies now document the relationship between specific HR practices and critical outcome measures such as corporate financial performance, productivity, product and service quality, and cost control. Many of the methods characterizing these so-called high-performance work systems (HPWS) have been researched and developed by the HRM academic community.

HPWS is a term used to describe a collection of HR practices or characteristics designed to enhance employees' competencies and productivity so that employees can be a reliable source of competitive advantage. Research shows that "firm competitiveness can be enhanced by high-performance work systems." A summary of this research found that a one standard deviation of improved assessment on a HPWS measurement tool increased sales per employee in excess of \$15,000 per employee, an 8 percent gain in labor productivity.

Better training and development programs and team based work configurations improve performance and job satisfaction and decrease employee turnover. Particular incentive and compensation systems also translate into higher productivity and performance. The fair treatment of employees results in higher job satisfaction, which in turn facilitates higher performance, lower employee turnover, reduced costs, and a lower likelihood of successful union organizing.

Greater demands are now being made on HRM practitioners to respond to contemporary trends in the business environment. Today, the most effective HRM functions are conceptualized in a business capacity, constantly focusing on the strategy of the organization and the core competencies of the organization. HRM specialists must show how they can make a difference for the company's bottom line.

Costs and efficiencies are a necessary criterion for evaluating recommendations from research in HRM. Many corporate strategy specialists maintain that the key to sustained competitive advantage is building and sustaining core competencies within the organization and maintaining flexibility in order to react quickly to the changing global marketplace and the advances in technology. One primary role of HRM practitioners should be to facilitate this process.

CONCLUSION

This paper has investigated the environmental factors affecting HRM policies and practices of Indian firms; and, has shown that companies take these internal and external elements into consideration in a high or at least moderate level in general. It was also shown that the internal and external environmental factors are mostly positively and significantly associated. The results of this research supported the hypotheses, which propose no positive and significant relationship between industries, city of headquarter, ownership type, country of origin and internal and external

environmental factors. At the same time, it was also seen that, the sizes of organizations are associated with environmental elements, which are taken into account during HRM processes. In general, therefore, it seems that further researches are needed to test the impacts of the more environmental factors on HRM strategies, policies, and implementations. This study may enhance the understanding of the environmental factors and extend the concept while relating it with the HRM practice. Although the results have not supported some of the provisions, the attempt to control and consider all of the environmental elements should be continued.

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