

Impact of HR with Business Approach for Organizational Growth

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Abstract – Organizational performance is getting more and more important, especially in a market with greater competition and dynamic. Organizational performance is measured through different indicators. It guarantees the continuity of the organization to be competitive in a global marketplace. Normally, the implementation of performance indicators achieved through human resources. Human resources are the key for keeping the organization in the market so competitive. These human resources need to be managed effectively to achieve the required performance of the organization. It is necessary to manage strategically the human resources and to adapt at its strategy with organizational strategy. The aim of this study is focused on the impact of the strategic management of human resource in achieving organizational performance. Organizations are seeking to create much competition between them, taking more market, more customers, more sales, etc. Rapid changes stemming from globalization, advancement of information systems and other factors have caused higher competition. Many organizations are driven by the market to set their goals in their performance. Some of the goals are: cost reduction, achieving sales levels, increasing the number of customers, increasing the market percentage, improving productivity and quality, innovative products. The realization of these goals will be achieved through the human resources management in organizations. Workforce, as the key to success, will enable the achievement of organizational performance.

Keywords: HR, Business, Approach, Organizational, Growth, Performance, Workforce, Management, Market, etc.

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INTRODUCTION

Generally, all managers in organizations are regarded as HR managers. College Dean, Matron, Sales managers, and Supervisors are all assumed to engage in HR management, but their effectiveness and efficiency depend on how HR system is being organized and managed in organizations (Nixon 2011). Essentially, it is inappropriate to engage a Matron (Head nurse) or an Engineering manager in designing and administering HR activities such as pay system and reward; human resource planning; recruitment and selection; employment regulations etc. Therefore, medium and large organizations create HR department and equip it with HR specialists that can conveniently handle these activities (Shafique 2012). However, smaller organizations do engage in some of these activities, where the owner usually handles them. And in some other small businesses, clerical assistant is employed to handle the payroll systems, record keeping and other clerical work. Supervisors and Managers (irrespective of their departments) are involved in recruiting, selecting and training prospective employees, as a result these activities

tend to shift their attention away from their primary assignments and reduce the time they spend on their core and other business areas.

“Strategic human resource management (SHRM) involves melding strategic planning with human resource planning. It is the process by which human resources planning and activities are integrated into the organization's strategic plan so that human resource management (HRM) is clearly linked, or aligned, with the achievement of the organization's goals.”

HR planning may not be effective in helping achieve the goals of the company. For example, if the goal is cost cutting and savings and HR is spending buckets on hiring overpriced employees, then there is a misalignment of HR practices and organizational approach.

“Strategic human resource planning is about linking human resources planning to the company's strategic planning to ensure that human resource activities are supporting and advancing the

organization's approach. Two key areas where human resources planning and organizational approach need to be linked is at the time the organizational approach is formulated and at the time it is implemented" (Frangos, C 2002).

"Human resources planning (HRP) is the process for anticipating the needs of the organization regarding the deployment of human resources in the most optimal manner possible? In other words, it's making sure that the organization has the right people with the right skills in the right places at the right time. Three key areas of focus include forecasting, or predicting, the organization's labor demand, analyzing the organization's current supply of labor and trying to balance the projected future demand against current supply."

"Human resources should play an important part in approach formulation because human resources can help the company determine whether a approach is feasible given current levels of human capital at the company, often referred to as 'inputs'. It is determined that whether the company currently has a sufficient number of employees with the requisite knowledge and skills to realistically pursue an approach. For example, if the company wants to start its own e-store, Human resource planning is also important for approach implementation. Remember, everything a company does take resources, whether it is money, machines or people." (Freedman, A 2003)

Growth businesses have a strategic vision human resource management (HRM) can align its organizational functions with the overall approach of its organization.

REVIEW OF LITERATURE:

Much have been debated and written in the literature regarding the field of Human Resource Management (HRM); its contents, practices and applications, and; its extents and limitations. Similarly, in recent past, there have been many controversies concerning the responsibilities and duties of Human Resource Management departments in organizations. The foremost and earliest role of Personnel Managers in the 1970s was not to manage employees and the issue of welfare was not of great importance to the Management but rather they play the role of fierce and tough negotiators always prepare to be hard on unions. This, however, had created a barrier between management and their employees. The employees are compelled to look in the direction of the unions for their welfare in terms of financial and occupational concerns (Chen, H. & Hung, and S. 2010). Evidently, employees were left with no other choice than to follow the leadership of their union and go contrary to the management, which results to low productivity and thereby makes the organizational goals unachievable. Guest (2011) proposed four major policy goals that distinguish the new concept of Human Resource

Management from the 'personnel' management; these are:

- Encourage the commitment of employees to increase their performance and also be loyal to the organization as a whole;
- Emphasis on the quality of employees engaged in organizations goes a long way in producing quality goods and services, which is of great benefit both to the customers and the organization;
- Ensuring flexibility plays an important part in the way employees are organized, this makes them to be adaptive and receptive to all forms of changes in all aspects of their jobs such as work hours; working methods and;
- Integrating organizational goals into strategic planning in order to make these policies cut across ranks and files of organization and ensuring that they are gladly accepted and implemented on daily routine by line managers.

1- Human Capital Management: Human capital is one of the four types of assets managed in organizations; others includes (i) physical assets such as land, buildings, equipment etc; (ii) financial asset such as stocks, securities etc; (iii) human assets are competent individuals with capacity to render services to the organizations; and (iv) Intangible assets like patents, designs etc. These assets are essential and vital at varying degrees in the operations of any organization; however, human assets operate at the pivot of the operations. Human assets in organizations control, guides, and manage the use of other assets in order to achieve organizational goals (Boxall, 2007). It is important to emphasise that human capital is not basically individuals in organizations; rather it is what they have to contribute in achieving organizational goals. Janssens, M., & Steyaert (2009) define Human Capital as "the collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce." It is also referred to as "intellectual capital to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute".

2- HR in Organizations: Generally, all managers in organizations are regarded as HR managers. College Dean, Matron, Sales managers, and Supervisors are all assumed to engage in HR management, but their effectiveness and efficiency depend on how

HR system is being organized and managed in organizations. Essentially, it is inappropriate to engage a Matron (Head nurse) or an Engineering manager in designing and administering HR activities such as pay system and reward; human resource planning; recruitment and selection; employment regulations etc. Therefore, medium and large organizations create HR department and equip it with HR specialists that can conveniently handle these activities (Noe 2007). However, smaller organizations do engage in some of these activities, where the owner usually handles them. And in some other small businesses, clerical assistant is employed to handle the payroll systems, record keeping and other clerical work. Supervisors and Managers (irrespective of their departments) are involved in recruiting, selecting and training prospective employees, as a result these activities tend to shift their attention away from their primary assignments and reduce the time they spend on their core and other business areas.

- 3- **HR and Operating Managers:** Conflict is inevitable; however, there is need to facilitate good and healthy relationship between HR staff and operating managers, especially those in sales and manufacturing, in order to achieve the goals of HR department (Bondarouk, 2009). HR department designs systems that the operating managers assist in implementation; though, it varies from one organization to another. For example, division of "training" responsibility between HR and Operating managers in organizations is depicted in figure 1.

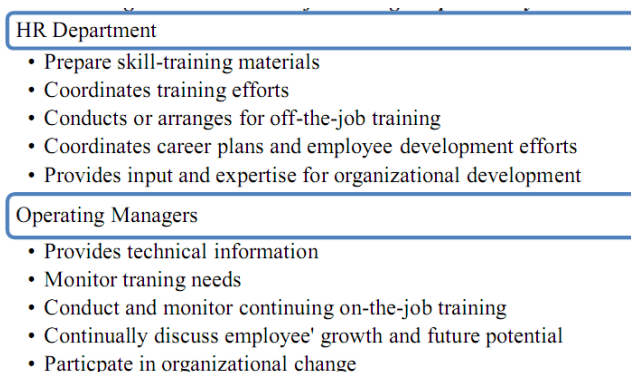


Figure 1: Division of Training Responsibility

- 4- **Role and Purpose of Human Resource (HR) in Organization:** Much has been discussed on what role HR departments play in organizations. However, HR units can perform several roles, which depend on the nature and terms of reference provided by the decision makers on one hand; and competencies

earlier demonstrated in the line of their duties. Srivastava (2010) identified four roles of HR practitioners as illustrated in figure 2.

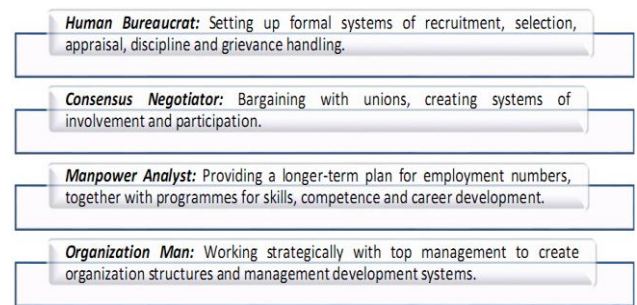


Figure 2: Roles of HR Practitioners

- 5- **Operational & Employee Advocate role of HR:** Large private and commercial organizations usually have HR Director or Manager, who sees to the smooth running of every aspect of employees in the organization from recruitment to dismissal or retirement. In such organizations HR department is at the pivot of decision making reporting directly to the CEO/Managing Director and also involve in policy making. However, the potential, business nature, culture and resource of organization will determine if HR Manager/administrator would be involved in performing such role. Some organizations would only require regulatory HR task, which is referred to as operational HR management, where HR sees that employees are well resourced and functional. In performing operational role, HR specialists are expected to identify and implement required policies in collaboration with operating managers. HR practitioners are seen as 'welfare officers & advocate', who see to the betterment of the employees in organizations, who do not care about business realities and neither contribute to the attainment of the organizational goals. It is important noting that HR practitioners spend quality time in managing 'organization crisis' regarding employees both work and non-work related challenges, without which could have resulted to lawsuits and complaints. Welfare/advocate role is important to make organizations better place to work and employees receive fair and equitable treatment irrespective of their circumstances.
- 6- **Strategic role of HR:** For HR practitioners to perform their strategic role in organizations; they must be ready to contribute their quota to the development and growth of their organizations. In other

words, they should be ready to add tangible value to organization' effectiveness and efficiency. There is a clarion call advocating for HR Managers to become strategic contributors to the organization' success, by managing human resources in a business-like approach. As depicted in table 1, the transformational operational roles to strategic roles of HR. HR practitioners would require being proactive in dealing with organizational policies and being futuristic regarding human resource planning, compensation strategies, and add value to the management of their organizations.

Table 1 Operational to Strategic Transformation of HR

Operational (Employee focus)	↔	Strategic (Organizational focus)
• Reactive	↔	• Proactive
• Collecting HR data	↔	• Measuring HR with metrics
• Responding to goals and objectives set by executives	↔	• Setting strategic HR goals and objectives
• Complying with laws, policies, and procedures	↔	• Developing and revising policies and procedure
• Administering employee benefits programs	↔	• Evaluating benefits strategies
• Designing training programs	↔	• Identifying organizational training needs
• Staffing job by recruiting and selecting employees	↔	• HR planning and linking with external staffing resources
• Administering base compensation plans	↔	• Developing compensation plans focusing on employee performance and retention.

CONCLUSION:

Organizations are trying to create as much competitive in the market, reaching to manage their human resources in achieving organizational performance required. Some of the goals are cost reduction, achieving sales levels, increasing the number of customers, increasing the market percentage, increasing product quality, innovative products, improve productivity. Human resources are playing an important role in achieving these performance indicators. But before that, organizations should realize the expectations required from employees and so the employees show their skills, be motivated and behave in the manner required by the organization to achieve performance. Strategic HRM is a detailed process for human resource management throughout the organization that it's integrated with the organization's overall strategy. It enables the organization having employees with the right skills and putting them in positions according to the level of their qualification and skills. Different authors have tried to give different definitions for organizational performance. In general, organizational performance is related to the achievement of the objectives required by the organization. The achieving organizational performance is a result of the behavior of employees in the organization. Policies and practices of organizations motivate employees and they give

impact on organizational performance. Some of these are: human resource planning, recruitment, selection, training and development, compensation, performance management and employee relations. A link between Strategic HRM and organizational performance has been developed by author Michael Armstrong. According to him, the performance is a function of the Ability + Motivation + Opportunity (AMO). By achieving the expectations of employees, it will be reached the performance required by the organization. Organizations need to consider human resource as a tool to gain competitive advantage needed to create appropriate policies and practices. Also, authority and responsibility must involve in the entire organization working as a single team and not focus only managers. Performance management strategy should focus on the development of a continuous and flexible process. The structure of the research is as follows: a. Organizations know the concepts of organizational performance and strategic management of human resources. This theoretical knowledge translates in practical implementation in these organizations. These organizations do not have a human resources strategy.

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