

The Human Resource Contribution for Organizations Growth

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Abstract – The challenge of growth faces most companies in today’s highly interdependent, competitive global economy. HR is staring at an incredible opportunity to increase its impact on organizational performance and become a true strategic partner by contributing to the organization and work design challenges that enable growth. This is an important focus for HR, because talent management is inextricably linked to organization and work systems design, in a way that each constrains the other. By expanding its focus to include organization and work design, HR multiplies its influence on both people and business performance. Growth agendas present a compelling need for this expanded HR contribution. Whether seeking organic growth in new markets, expanding through developing innovative products, services, and business models, or growing through acquisitions and partnerships, companies face the need to find and integrate new resources, realign existing ones, and reconfigure core design features to handle the increased size and complexity that accompanies rapid growth. Various growth scenarios present different challenges. Thus, gaining organization design expertise and leadership is no easy task, but it can make an appreciable difference in organization effectiveness.

Keywords: Human Resource Contribution, Organizations Growth, organization effectiveness, etc.

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INTRODUCTION

Human resource functions naturally have honed in on the formidable talent issues inherent in growth, including hiring and assimilating large numbers of people, reaching new talent pools, developing existing employees to provide required new knowledge and skills and addressing the needs for a rapid expansion of leadership capability. Particularly in the era of current and predicted talent shortages, the talent strategies associated with growth must be robust. To truly carry out a role as a strategic business partner and to proactively manage talent, HR must push beyond its comfort zone and traditional functional domains to help fashion the changing contexts in which talent carries out its work (Aguinis & Kurt, 2009). Providing leadership in designing the organization for growth is an appropriate role for HR because the organization’s design provides the context in which the human resources of the firm functions. A poorly designed organization is like a colander: you can pour top level talent and hours of effort into it, but much of this capacity will leak through the holes and/or be used up trying to plug the holes. A well-designed organization uses its talent effectively. It limits the waste that occurs when valuable talent hours are used poorly and the frustration, cynicism and unnecessary withdrawal of the talent that HR works so hard to build. Assuming a leadership role in organization and work design is not a natural extension of the current roles of

many HR departments (ALDamoe, et. al., 2012). In fact, most HR functions have been bystanders over the past decades, as this critical component of organizational functioning and talent utilization has unfolded and new designs have been put in place to address the challenges of the quality revolution, information technology evolution, and unfolding of the global economy. The vast majority of HR professionals have not learned the essential knowledge to be players on this field of organization design. Yet, rapid change has made organizational agility essential, and demanding shareholders have made growth imperative (Olaniyan & Ojo, 2008). Growth has become more difficult to achieve and manage, and people are often the passive recipients of what is left after the “experts” have come in to help with the restructuring, or the new design has been drawn on a napkin by line executives. HR then scurries to pick up the pieces and address the talent needs. Much of the time, this just doesn’t work. HR must learn how to view the organization through the lens of organization design for growth, and contribute to and proactively influence it.

REVIEW OF LITERATURE:

Jay Galbraith’s “star model” (see Figure 1) is one of the most influential organizational design frameworks available. It delineates the elements of design that should be configured to fit with each other in support

of the strategy of the firm. Since it was originally presented in 1973, Galbraith and others have tailored it and used it to guide redesign activities at hundreds of firms that have faced different challenges, such as achieving lateral flexibility (1994), global functioning (2000), and customer centricity/ solutions generation capability (2005). Several underlying messages of this approach are apparent:

- 1) An organization’s design consists of far more than its structure. The boxes and lines, although the focus of a great deal of attention from executive management, are merely the skeleton upon which the critical activities of the firm must occur. Growth and agility require flexibility in using all the elements of the star to support the new capabilities (Akhtar, et. al., 2011). In fact, two of the points on the star, the rewards design and the design of people systems, are squarely in the arena of human resource responsibility, and they cannot be designed out of context of other design elements.
- 2) There is no single design recipe for success. Designs can’t be copied from other firms that appear successful. Each firm must design and implement features that support its strategy, including chosen paths to growth, and it must change those features as the strategy changes.
- 3) Organization design capabilities—knowing how to flexibly use design features to achieve desired outcomes—constitute a significant competitive advantage in today’s dynamic global business environment. Growth strategies, can fail if resources are not realigned to deliver new value in a changing market, and to handle increased complexity from size, variety, and change. Growth often requires the building of new organizational capabilities. Organizational capabilities are the product of an intricate combination of knowledge, routines, and behavior that are enabled by well-designed work processes, structures and lateral processes, management practices and systems, and rewards and people practices. Procter and Gamble, for example, is known for its ability to simultaneously manage innovation and achieve growth through both global product organizations and integrated front-end regional market organizations that deliver an array of value propositions for different kinds of customers.

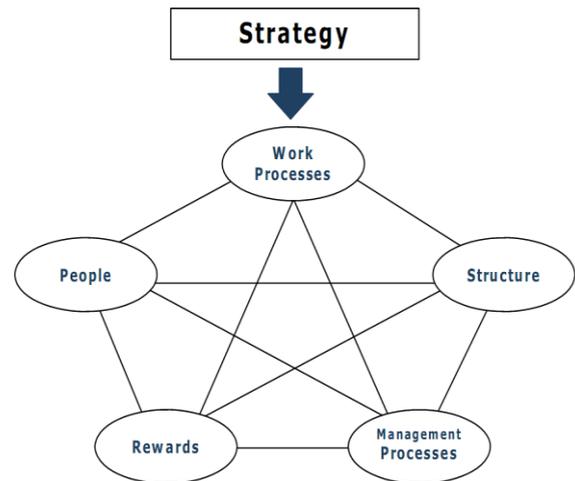


Figure 1 Star Model

Over time, it has carefully and purposefully designed itself to enable these capabilities. The organization affords P&G flexible growth and stellar execution. Its design is not static; rather, continual reconfiguration is required to take advantage of growth opportunities that come from inside or outside the organization (Muzaffar, et. al., 2012). The talent of the firm is deployed and utilized within an organization designed for growth. A company that would like to develop the same kind of capacities that Procter and Gamble has developed to grow through global products and customer-centric functioning cannot simply copy its design. Rather, it would have to go through a multi-faceted transformation to gradually put the design features in place to underpin such performance, including but not limited to:

- Globally integrated product divisions and brand organizations
- Market organizations that can reconfigure their resources to address the opportunities presented by a shifting set of customers and customer needs
- Measurement systems that fit the multiple dimensions of performance innovation, product and brand, geography, customer and function and that are flexible enough to fit organizational units that are in different stages of maturity
- planning processes that provide a framework for the integration and prioritization of approaches to meeting the needs of product, customer and geography, while simultaneously ensuring the evolution of core functional processes and skills.

- Flexible and dynamic overlay project teams to address product, customer, organizational, and other opportunities and improvements.
- Development approaches to build strong functional, cross-functional and business skills and grow deep and broad talent through experience.
- HR systems that attract, retain, and develop talent, rotate people between different kinds of units, encourage learning and exchange across the organization, and reward employees for their contribution.

Work System Design: The design of effective work systems is a related and equally important focus, often overlooked by HR professionals. The organization's design provides the architecture to house effective work systems, but these work systems also have to be carefully architected. Whereas organization design tends to take a top down, strategy driven perspective that focuses on alignment for business performance and control, work system design configures the work activities of the organization to deliver value to the customer (Farooq & Khan, 2011) For example, in Procter and Gamble and other organizations that develop and sell products, the new product development process is carried out in an intentionally designed work system with individual and team roles and responsibilities, communication and information-sharing processes, and other lateral linkages across the units that play a role in the process (Kennedy, 2009).

Growth Strategies, Design Challenges: Today, most organizations find that competitive conditions, technological capabilities, fashion and customer preferences change so dramatically and quickly that growth strategies involve a combination of organic and externally fueled growth. Growth strategies often are conceived in an uncertain environment, one that requires organizational flexibility and agility. Organizations must be "built to change". To get a sense for the substantive and process expertise entailed in helping design an organization for growth, we will look at a number of ways in which organizations grow and their associated design challenges We will start with the foundational processes involved in business life-cycle growth and then address: growth that builds on the core business model and capabilities of the firm; growth by developing new capabilities; growth through innovation; and growth through mergers and acquisitions (Hameed & Waheed, 2011). Clearly these are not mutually exclusive; a company may use all of these approaches to grow. But, each offers its own design challenges and requires that the process of growth is built into the routines of the organization.

Furthermore, the challenges and problems of talent acquisition, development, and management differ.

Life Cycle Growth: Life-cycle growth is especially salient during the early years of a successful company's existence, and fast growing start-ups such as Google or Starbucks have gone through the phases of growth particularly rapidly. In 1972, Larry Greiner provided what is now a classic and still highly enlightening model of life-cycle growth. He posited that as a company grows, it encounters various "crises" triggered by the inadequacies of its management and organizational approaches to fit the increasingly complex set of activities that must be managed. Crises of leadership occur when existing management cannot handle this increased complexity and the changing requirements of increasing scope and scale. Crises of autonomy and coordination occur as the organization discovers that it has to build the capacity and autonomy for different business units to manage themselves and perform effectively, and yet achieve the necessary coordination to achieve leverage and corporate wide performance (Mohrman & Lawler, 2005). As the organization grows and becomes more complex, creativity and growth may become constrained by a "red tape" crisis. The organization has to find a way to keep its management processes from overwhelming the ability of its various parts to operate flexibly and innovate. Greiner has since (1998) described a new crisis, in which the organization must learn to operate beyond its own borders to secure adequate resources to approach new opportunities.

Growing into New Markets, Products and Customers: Extending existing capabilities to new products, markets and customers raises predictable design challenges. Foremost is sustaining focus on the new, when most of the knowledge of the firm and the current revenue stream comes from established markets and customer sets. Sufficient structural differentiation is required to protect and nurture new units, and management processes must be designed to ensure that resources are dedicated and protected. The traditional 3M approach to starting new business units by establishing them first as self-contained projects and gradually growing them into divisions achieves such focus through the start-up phases of growth. 3M uses both structural and process approaches, including governance structures, direction-setting, and measurement systems that fit the requirements for support and patience for fledgling businesses, as well as clearly delineated management roles and accountabilities. For decades, 3M, HP, and others routinely broke large divisions into smaller ones to achieve focus and ownership for growth. Growing new divisions was built into the routines of these companies, and embodied in explicit design features. Such an approach works when the major success criterion is bringing products to market,

but is not suitable if the market demands integrated products and solutions. If customers want cost competitive systems and solutions, companies need to design effective leverage mechanisms across units to support growth (Zellars & Fiorito, 2007). If HR chooses to accept this role, it can ask the right questions, advocate for a systematic implementation of the growth strategy, and make available to line managers models and frameworks that can underpin the design and implementation. To grow quickly, the organization needs an organizational platform that enables new focuses, and robust, integrated “routines” for initiating and developing new products and markets. Figure 2 shows some of the key design issues that have to be addressed to build the organizational platform for growth.

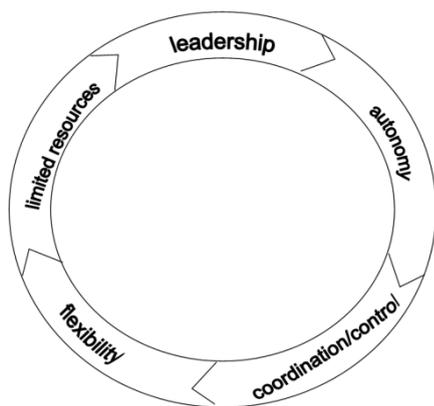


Figure 2 Challenges of Growth

Developing New Capabilities and Business Models: Designing is more complicated when the growth strategy entails the development of new capabilities and the introduction of new business models. For example, when Dell entered the computer market with a direct sales model and rapidly made-to-order computers, other computer companies had to develop new capabilities and become proficient at a new business model. They had to revamp their channels, their supply chain, their IT systems, and their customer support systems, as well as designing global work systems to deliver with greater speed, lower cost, and higher quality. In so doing they introduced new roles, units, metrics and lateral interfaces. IBM’s growth strategy of becoming the premier supplier of systems and solutions has similarly demanded the design of new front-end units that contain the diverse experts to integrate IBM products and services and those from other companies to provide systems that contribute to the business models and operating requirements of their industry customers. Solutions integration does not happen easily in a product organization, so companies trying to become solutions providers have to generate a design logic and framework to foster and enable integration across formerly separate business units. New structures are not sufficient. Lateral work and

management structures and processes, and new approaches to rewards and staffing are key design features. At the people point of the star model, this transition calls for new substantive and management competencies, and the ability to work in a complex set of matrix relationships across multiple functional lines. Hiring people with new knowledge and skills, and training employees to think and act systemically are necessary, but not sufficient, if employees are asked to perform in an organization that isn’t structured to use their talent effectively. As shown in figure 3, design must occur at all levels of the system, as change in the business model reverberates through the organization.

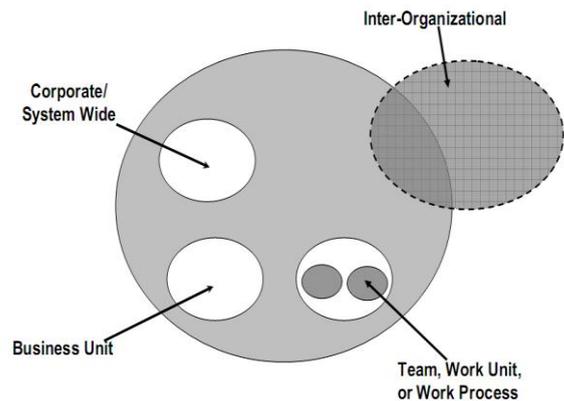


Figure 4.3 Designs at All Systems Levels

CONCLUSION:

Human resources with developed talents and creativity who are able to reach and utilize information constitute the main power of competition in the world market. Those companies and institutions that make investments on human resources and attempt to create working conditions that are compatible with their requirements and wishes are the ones who reach success. The employees are the biggest support that institutions need during renovation periods. Institutions that were able to please their employees in the past and were able to implement loyalty and trust, can endure difficulties more easily. The merit given to humans not only increases personal productivity but it also uplifts the quality of the company and the team. The main purpose of human resources management is the employment of human resources in the most efficient and productive way. Nowadays; the success of institutions is evaluated by their communication. Communication is the power of competition in production and service. Sharing information with the all the employees and managers, production of information, its distribution and reflection to daily life and service constitute the main structure of communication inside the institution. Human resource management is one of the necessary needs of today’s business. Human resource management

department has a very important role for supply of the human being to main resources of companies. Human resource management department has fundamental role for personnel recruiting, orientation and performance appraisal and so on. The performance evaluation within this process, it's not only for evaluate of employees performance therewithal it's important to get strengthening of the bond between employee and employer. Performance evaluation is one of the important matters for companies getting successful. If the companies can use to performance evaluation correctly, it's bring to successful performance management and then bring success of the company. The aim of this study to give some information about human resource management and underline important of human resource department is then make prelude to performance evaluation and give some information about performance appraisal process.

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