

# Review Paper on Strategic Human Resource Management Effectiveness and Organization Performance

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**Abstract:** *The aim of strategic human resource management is to ensure that culture, style and the quality commitment and motivation of its employees contribute fully to the achievement of business objective. It is blending of strategic human resource management strategies with organization strategies, the corporate strategies and Human resource strategies are developed simultaneously. Man is only creature that can take advantage of knowledge and resources created by the nature which has been preserved or accumulated through centuries. Human resource is such an asset which activates other assets and it actively participates in various activities and operations. Strategic human resource management is an approach to making human resource related decision in line with the strategic plans of the organization.*

**Keywords:** Human Resource Management.

## I. INTRODUCTION

The aim of strategic human resource management is to ensure that culture, style and the quality commitment and motivation of its employees contribute fully to the achievement of business objective. It is blending of strategic human resource management strategies with organization strategies, the corporate strategies and Human resource strategies are developed simultaneously. Man is only creature that can take advantage of knowledge and resources created by the nature which has been preserved or accumulated through centuries. Human resource is such an asset which activates other assets and it actively participates in various activities and operations. Strategic human resource management is an approach to making human resource related decision in line with the strategic plans of the organization. It includes policies and practices for recruitment, training, development, performance management, compensation and rewards system and employees relation etc. Maharashtra is the second largest State in India in terms of population and 3rd largest as per geographical area (3.08 lakh sq.km) of the country. The state has actual population of 112,373,972 (as per 2011 Census (Provisional) which is 9.29 percent share of total population of India. The State has 35 districts which are divided into six revenue division's viz. Konkan, Pune, Nashik, Aurangabad, Amravati and Nagpur for administrative purposes. Maharashtra has been in the forefront in sustaining industrial growth and in creating environment conducive to industrial development. Investment – friendly industrial policies, excellent infrastructure and a strong and productive human resource base have made it a favoured destination for manufacturing, export and financial service sectors. However, the year 2008 – 09 witnessed a heavy turmoil in the global economy, which had an impact on the Indian as well as State economy. Human resource management is considered as the backbone of any economic enterprise in recent years. The economist has added 'Human resource' beside Land Capital and technology as the key factor for building and developing the organization. The optional utilization of natural resources and the factor inputs of capital technology depend on the extent of use of human resource. The organization whether they are meant to carry out any business activity i.e. Social, Cultural, Political etc. is made of people and function through people. Despite the fact that an organizational working is facilitated only when all factors of production i.e. Money, Material, Machinery and Man power are proportionately assimilated and optimized, the role and importance of manpower or human resource in the organization is undoubtedly crucial and unique. People are the most important and valuable resource of every organization or institution has in form of its employees can contributed to the effectiveness of the organization or institution to achieve its goal. Therefore organization should continuously ensure that the dynamism, competency,

motivation and effectiveness of employees remain at high levels. Employees require variety of competencies i.e. Knowledge, Attitude, Skill in technical areas, Management areas, behavioral human relations and conceptual area to perform different tasks or functions required by their jobs. The concept of strategic human resource management is not a new one tater its root lie in the time of 1950's when writers like Drucker and McGregor goal directed leadership and management of integration. Strategic human resource management is an approach to making human resources related decisions in line with the strategic plans of the organization. It includes policies and practices for recruitment, training and development, performance management, compensation and rewards system and employee relations.

### 1.1 Objective:

1. To determine the strategic recruitment policies.
2. To study the strategic human resource management.
3. To understand the role of strategic human resource management in recruitment.
4. To find out the recruitment strategy.
5. To know the principles of recruitment and selection policy.

### 1.2 Scope of Study

Human Resource Management System is a system based module under Human Resource Department. It is a system basically perform the automate evaluation process and management of all Employees Daily performance. It used to monitor the performance of a certain Employee if he/she was doing his/her job in order and in a proper way. This also serves as a basis of information for the department to conclude if that certain Employee was eligible enough to grant *Bonuses* or to be *promoted*.

The Scope of this system was listed below:

1. Employees Performance Appraisal
2. Caters the Salary bonuses of Employee
3. Hold the Promotion of a certain Employee
4. List of Seminar conducted by the Department

## II. LITERATURE REVIEW

This chapter deals with the literature review pertaining to various SHRM practices and issues that lead to job performance of employees. Every organization or industry is not only made by brick, cement or wood but also built by five Ms, i.e. Money, Materials, Methods, Machines and Men. Success or failure of an organization depends on the effective coordination of these five resources (five Ms). Among these, the role and operation of men are considered to be the most important resource of any organization because they think, speak and act, so that utilization of this resource is made very critical to the organization. Every success of organization depends on efficient and effective use of man power. Human resource involvement starts when a person enters the organization till he/she leaves the organization. All the activities of an organization are initiated and completed by persons who make up the organization. Therefore, considering people as most significant resource of organization, every organization should provide best human resource practices to enhance the performance and productivity of organization.

1. Selvam (2013) examined the impact of human resource management practices i.e., employee's participation, training, job description, and career planning system, selection system and performance appraisal system on the performance of employees with 1000 employees working in State Bank of India, Chennai. The study concluded that all human resource practices were positively related to performance and satisfaction of employees.
2. Devender Singh Muchhal (2014) studied the nature and pattern of relationship between HR practices (Compensation, Performance Evaluation process and promotion) and job performance of 512 employees working in steel and power industries of Chhattisgarh. The study concluded that employees working in steel and power sector of Chhattisgarh perceive HR practices (compensation, performance evaluation process, and promotion) are positively correlated with measures of job performance. The dependability, a measure of job performance, is found to be non significantwith all three HR practices (compensation, performance evaluation

process and promotion). The job performance measurability to get along with others is not significant with compensation. The job performance measurability to work without supervision and the ability to handle different jobs are not significant with promotion.

3. Stephen (1999) examined the impact of human resource management and performance of employees by studying the conceptual differences underlying the studies and, secondly, the results vary between them, and the effects of High Involvement Management (HIM) vary between performance measures even in particular studies. Though a fair number of the studies claim to support universalism, their claims are not always unequivocally supported by their research evidence, and it is premature to conclude in its favour. If anything, there is more support for the „lean productions“ argument that stresses the interaction effect between High Involvement Management (HIM) and total quality management on performance of employees. He stressed that a competent, committed and highly involved work force is the one which is required for the best implementation of business strategy.
4. Christopher et al. (2001) examined the relationship among key HR practices (i.e., effective acquisition, employee-development, commitment-building, and networking practices), three dimensions of knowledge-creation capability (human capital, employee motivation, and information combination and exchange), and firms“ performance with 78 high technology firms in the Mid-Atlantic region. The results of the study revealed that the three dimensions of knowledge creation interacts to positively affect sales growth. Further, the HR practices were found to affect sales growth through their effects on the dimensions of knowledge-creation capability.
5. Rondeau and Wagar (2001) examined the impact of human resource management practices, programmes, and policies, on human resource aspects of workplace climate, as well as a variety of indicators that include employee, customer/resident and facility measures of organizational performance with 283 nursing homes in Canada. The 24 high-performance human resource practices including communication programmes, team-based programmes, work scheduling, incentive compensation, employee counselling, employee recognition, grievance resolution, employee selection tests, internal promotion policy, formal performance appraisal, and minority recruitment and those practices labelled in academic literature as technical as well as strategic practices were considered for the study. The study concluded that simply introducing HRM practices or programmes, in the absence of an appropriately supportive workplace climate, will be insufficient to attain optimal organizational performance
6. Williams (2003) assessed the impact of bundles of human resource practices on workplace trust, job satisfaction, commitment, effort and perceived superior performance with 191 public sector employees in UK. The bundles of human resource practices include employment security, selective hiring, team working, performance related pay, training and development, egalitarianism and information sharing. The results of this study support the hypothesis that human resource practices are powerful predictors of trust and organizational performance.
7. Paauwe and Boselie (2005) proceeded with the theoretical and methodological issues related to what constitutes HRM, what is meant by the concept of performance and what is the nature of the link between these two. The study also made a plea for research designs starting from the multidimensional concept of performance, including the perceptions of employees, and building on the premise of HRM systems as an enabling device for a whole range of strategic options. The study implied a reversal of the strategy-HRM linkage and concluded that the best practice versus best fit is an artificial one and is highly dependent on our own perspective at the surface (context specific) or at the underpinning (generic) level. In measuring performance there should be a clear focus on more proximal outcomes and research design should allow for the analysis of HR practices and outcomes in the right temporal order.
8. Christopher et al. (2006) developed and tested a theory of how human resource practices like selection, training and development and incentive practices affect the organizational social climatic conditions (trust, cooperation and shared codes and language) that facilitate knowledge exchange and combination and resultant firm performance (sales growth and revenue from new product and services) in 136 high technology firms which emphasize invention and innovation in their business strategy, deploy a significant percentage of their

financial resources to Research and Development employ a relatively high percentage of scientists and engineers in their workforce, and compete in worldwide, short-life-cycle product markets in USA. The results revealed that commitment-based human resource practices were positively related to the organizational social climates of trust, cooperation, and shared codes and language. Their study also suggested that the leaders of high-technology firms should carefully choose the HR practices, which are used to manage their knowledge workers, because these practices may shape the firms' social contexts, which, in turn, affect the firms' ability to create new knowledge necessary for high performance and growth.

### III. METHODOLOGY

The entire study is depends on the secondary data. The secondary data collected from the sources such as government publication, Books and Journals relevant to the study.

#### 3.1 Recruitment

Organization use HRP to determine number and type of employees a firm needs. To hire right candidates to fill the jobs, two activities are major concern i) Recruitment and ii) Selection.

Recruitment is related to HRP and selection. The recruitment process starts with an effort to find right candidate desired by the organization and to match them with the task to be done, recruitment shows the first employees. Business cycles go up and down the demand for workers change timely. Therefore firms have to seek new workers according to their demand.

#### 3.2 Strategic Approach to Recruiting

Strategic human resource planning provides employee to gain a competitive advantage against competitors. It joins organizational and individual goals together. Therefore, recruiting should be a part of human resource planning, strategic approach focuses on maintaining contract with external and internal sources even during the periods of reducing hiring. Strategic recruiting stages are as follows-

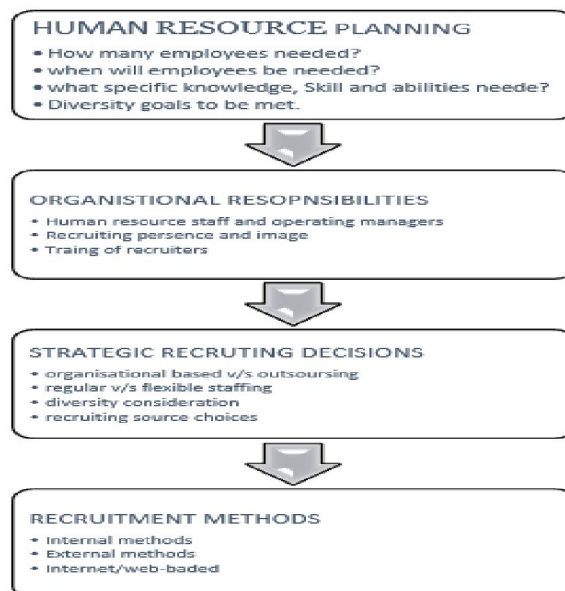
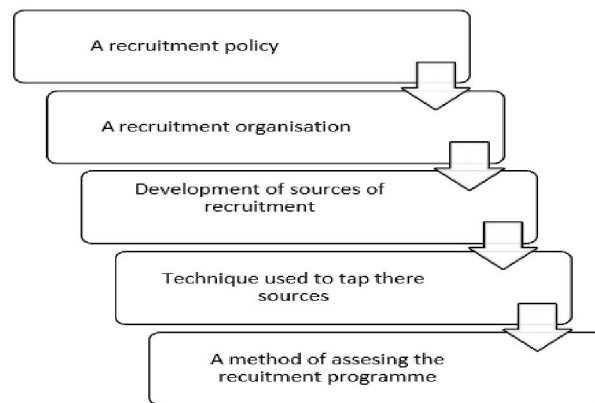


Figure 1: Strategic recruiting Stages

#### 3.3 Recruitment Process

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. In short the recruitment is a process of discovering manpower sources and influencing them to respond the jobs.



**Figure 2:** Recruitment process

### 3.4 Recruiting Strategies

The recruiting strategies are used as follows-

1. Employees branding: employees branding means for a brand to be useful in attracting high quality candidates, it must first match reality of working in the organization and what is unique about it. Building an employer's brand begins with the indentifying unique elements of the organization culture i.e. important values, treatment to employees. Companies' leading edge in its industry involvement, in decision making process, fair performance of management and feedback.
2. Recruitment strategy:
  - Identifying candidates who have not only the best key strength areas (knowledge, skill, ability) for the job but whose personal goals, ambitions and qualities complement the need of the organization for strategic direction.
  - Providing opportunities to all qualified candidates with diverse background opens up the talent pool available to the organizations through a variety of recruiting methods.
  - While candidate provides resume, it is better to ask candidate to fill application form which may cover both job related information and a valid predictor of success in the position.
  - Communicating with the applicants to acknowledgement their resume of important and may companies use 'auto respond' e-mail to acknowledge applicants that they will be contacted, it selected for interview.
  - Designing a screening process which is fair and **quit able** process to find the best match for the organization.
  - Screening interviews are conducted after reviewing the application forms. The purpose is to both discover facts about the candidates and provide information about the position interest of the candidate in the position.
  - The use of pre-employment test.

### 3.5 Sources of Recruitment

The various sources of recruitment can be broadly classified into two categories :

1. Internal Recruitment &
2. External Recruitment.

Most organizations depend upon both the sources. The relative emphases may differ from enterprise to enterprise depending upon the following factors:

1. Training programme of the enterprise whether it prefers trained persons or wants fresh candidates to be trained by itself.
2. The level of specialization and training required for employees.
3. Management policy towards recruitment whether it prefers internal or external sources.
4. The need for originality and initiative required from employees.
5. Trade union's attitude towards management's recruitment policy.

**Internal Sources:** Internal sources of recruitment consist of personnel already working in the enterprise. Many organizations fill job vacancies through promotions and transfer of existing staff.

**External Sources:** The main sources of external recruitment are as follows;

1. **Advertising:** Advertising in newspapers and journals is the most popular source of recruitment from outside. It is a very convenient and economical method for different types of personnel. Detailed information can be given in the advertisement to facilitate self-screening by the candidates. If necessary, the enterprise can keep its identity secret by giving a post box number.
2. **Educational Institutions :** Universities, colleges and institutes of higher education have become a popular source of recruitment of recruitment for engineers, scientists,. Management trainees, technicians, etc. Business concerns may hold campus interviews and select students for final interview at their offices. Universities and institutes generally run placement bureaus to assist in recruiting students. But educational institutions provide only young and inexperienced candidates.
3. **Personnel Consultants :** A consulting firm is a specialized agency which helps client companies in recruiting personnel. .It serves as an intermediary between the enterprise and the job-seekers. On a requisition form a client company, it advertises the vacancy and receives applications. It may pass on the applications to the client company or may conduct tests and interview of the candidates, It charges fee from the client company. This source is generally used for recruiting executives.
4. **Jobbers and Contractors :** These are a source of recruitment for unskilled and manual labour. They have close links with towns and villages for this purpose.
5. **Employment Exchanges :** Public employment exchanges are an important sources of recruitment of personnel. Job seekers register their names with these exchanges. Employers notify job vacancies to these exchanges who pass on the names of suitable candidates to the employers.
6. **Leasing :** This method is often used by public sectors organizations. Under it personnel from civil services, defense services and private sector are employed for specific periods due to shortage of managerial personnel.
7. **Unsolicited Applicants :** Due to unemployment problem in India business concerns receive a large number of unsolicited candidates at the main gate or through mail. Such jobseekers may be considered for casual vacancies or for preparing a waiting list for future use.

### 3.6 Principles of Recruitment and Selection

The success of an Industrial Enterprise depends upon the fact whether the selection has been made properly and according to the principles selection or not. In proper selection of best workers and employees has been made, the enterprise may be successful in achieving its objectives. If proper selection has not been made, the enterprise may not be successful in achieving it objects. Therefore, the selections in a big industrial enterprise must be based on certain principles as follows:

1. **Clear Policy of Recruitment:** The policy of recruitment must be definite and clear so that it may be easy to implement the same.
2. **Observation of Government Rules and Regulations:** Before formulating the policy of recruitment and selection for the enterprise, Government rules, and regulations of selection must be carefully understood and followed, specially with reference to the rules of reservation, so that no legal complication may arise at later stage.
3. **Policy of Recruitment in Accordance with the Objects Enterprise:** The recruitment policy of the enterprise must be in accordance with the pre-determined objectives of the enterprise so that it may help in the achievement of objectives If the enterprise.
4. **Flexibility:** The recruitment policy must be flexible so that necessary changes may be made in it accordance to the need of the enterprise.
5. **Impartiality:** The recruitment policy must be such that the fair selection may be assured. Only the best and capable candidate must be selected on the basis of merit.
6. **Recruitment by a committee:** the right to recruit the workers and employees must be assigned to a committee of capable, efficient, experienced, senior and responsible officers of the company. Entire work of the process of recruitment must be performed by a committee and not by any individual officer so that fair selection may be assured.

7. **Opportunity of development to the Employee** : the selection policy If the enterprise must be prepared in the manner that it may provide challenging opportunities to the employees of the enterprise based on their ability and performance. It will always pursue them to do more and better work.
8. **Job Security** : Security of job must be assured to every worker and employee of the enterprise at the enterprise at the time of his appointment so that he may contribute his efforts to the achievement of organizational objectives.

Strategic human resource management is a popular concept in the recent days. The present paper has conclude that the human resource is the most important and valuable asset of the organisation. Employees can contribute to the effectiveness of the organization to achieve its goal. It is very easy to copy a technology, Infrastructure, advertisement, distribution channel but the human resource are the only precious and invaluable asset that can't be copied. It is the employees of the organization who apply their energy, brain and time to achieve the organizational goal. Various strategies has been used in recruitment policy for recruiting the right candidate for the right job and the right candidate help to achieve the organizational goal and objective. Using the Strategic human resource management in recruitment is apply to every organisation but need to be customized according to their industry and size, it is the key responsibility of the top management that they choose the best recruitment team which can use the right strategy to recruit the right candidate for the organisation which are helpfully to make the asset of organisation.

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