

Emergence of HRM as a Business Driver: Mechanism towards Corporate Growth

Tamanna Bose

Abstract: *The area of Human Resource is rampantly changing. It is no more related to recruiting, retaining of manpower, rather it is all pervasive to nurture them properly thus leading to enormous growth in corporate world, contributing towards economic development of a nation. The increasing financial benefit is always on upscale front from good people management. HRM is no longer a non-strategic business, it is adding value to strategic goals of an Organization. Most business are fundamentally 'people business'. Increasingly, it is the quality of a company's people management that determines its real success or failure.*

Keywords: *Human Resource Framework, Employment Stabilization.*

I. Introduction

Human Resource Management is gaining predominance for strategic Orientation of an Organization. Human Resource Management is a process, which consists of four main activities, namely acquisition, development, motivation, as well as maintenance of human resources. These four activities are no more restricted field of Human Resource Management, this specified wing is enlarging as a prominent business driver focusing on overall growth. French Wendell states "Human resource management as the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization". According to Edwin B. Flippo, "Human resource management is the planning, organizing, directing, and controlling of the procurement, development, resources to the end that individual and societal objectives are accomplished. Lawrence Apply remarked, "Management is personnel administration". Ulrich and Lake (1990) presented a framework where corporate strategies are aligned with HR practices to build Organizational Capabilities. HR practices should be designed and delivered to build Organizational capabilities such as a competitive mindset, innovation, quality and speed. Walker (1992) said that once HR issues are defined, effective HR strategies could be developed to align employee expectation with corporate strategy. Management and HR staff implement these strategies through an outgoing process of activities.

Identifying HR deliverables within the strategy map:

The HR deliverables consist of two variable such as performance drivers and HR enablers. Those HR deliverables are of prime importance that support the firm level performance drivers on the strategy map. The focus should be on the kind of strategic behaviors that depend on competencies, rewards and work organization. HR is also taken as a value added approach so that HR initiative can contribute significantly to organizational success. The overall purpose of HRM is to ensure that the organization is able to achieve success through people. HR systems are embedded in wider. 'Sets' of interdependent social and political relations beyond the organization that influence the structures, strategy and HR policies and practices in global companies (Lane, 2000, Paauwe and Boselie, 2003). Human Resource Management (HRM) is a strategic approach to managing employment relations which emphasizes on leveraging people's capabilities critical to achieve competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices. Among other resources only people or employees have the capacity to generate value. HR strategy should form in line with business strategy for value creation. Mayo (2004) has put forth certain propositions in terms of Key performance indicators.

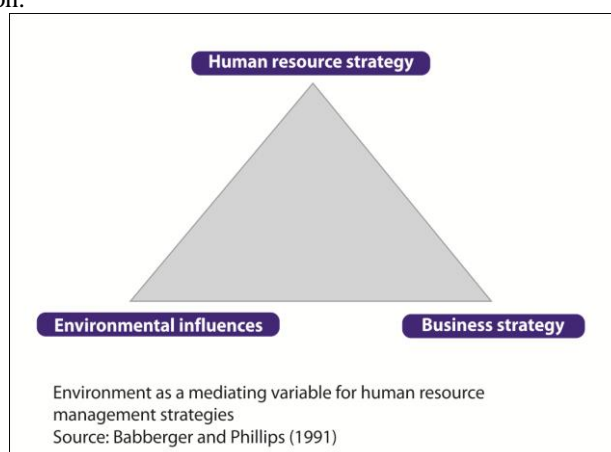
- The medium to long term goals of the business, covering mission, vision and values, principles and beliefs about people and their development, maintaining core competencies.
- Current goals and objectives relating to the strategies of various business units, manpower plans and change programmes.
- Problems and issues that require an HRD response, such as waste, ineffectiveness, compliance with regulations and the needs of individuals and teams.
- Enact compensation and performance management policies that attract, retain and motivate high – performance employees, The clear understanding of the value-creation process of an organization should design an implementation model that specifies needed skills and competencies and employee behaviors throughout the firm. A high performance HR system will also tend to be unique. This is because it depends on the particular organization, its goals, people and strategy. Hence, it proves to be a strategic asset.

Human Resources as a Strategic Partner- The present and the future:

The role of HR is changing with the globalization of business that began in the late 1980s. The increasing recognition of HR as a legitimate business unit has made it highly strategic in nature and more critical to achieving corporate objectives. To succeed, HR executives must “understand the complex Organizational design and be able to determine the capabilities of the company’s workforce, both today and in the future. HR involvement in strategy is necessary to ensure that human resources support the firm’s mission. The HR architecture describes the relationship of the HR function, the system and the employee behavior. The foundation of a value creating HR strategy is a management infrastructure that understands and can implement the firm’s strategy. It involves delivering the services in a way that directly supports the implementation of the firm’s strategy.

In an effective high performance HR system, each element is designed to maximize the overall quality of human capital throughout the organization. To build and maintain a set of talented human capital, the HR system should

- Link its selection and promotion decisions to Validated competency models
- Develop strategies that provide timely and effective support for the skills demanded by the firm’s overall strategy implementation.

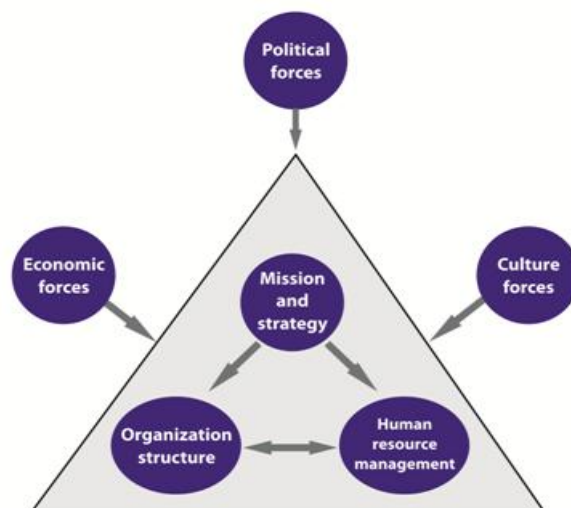


HR Restructuring Trends

The function of HRM is changing dramatically. It hinges towards strategic orientations of an organization. One study conducted by Mercer Management consulting, suggested that the role of HR departments was much more result oriented leading towards efficiency. Responses from the 17 firms included in the study indicated a shift in the roles of their HR departments in achieving the companies’ corporate strategies. One fact that is apparent is that all functions within today’s organizations are being scrutinized for cost cutting, and HR is no exceptions. However, according to Eric Greenberg, direction of research at the American Management Association (AMA), even more important than cost cutting in HR is the timely delivery of HR services. Basically, for HR time is money.

The Mercer study also revealed three common threads that form a new organizational model for HR. First, strategic recentralization emphasizes that company wide direction for HR strategy should be set at corporate headquarters. Companies such as the software developer Oracle is a new providing a more centralized, formalized HR function. Second, there is more focus on cost reductions, and therefore, routine administrative tasks are being consolidated. Third, delivery of many HR function has shifted to line managers. For instance, General Electric has reduced the size of its HR area and now holds line managers accountable for leading and developing their people.

Strategic HRD provide for more reciprocal and proactive influence on organizational strategy. Boxall and Purcell (2003, P.245) suggest that recruitment and development: ‘it is important to learn how to balance HR practices that reinforce the execution of a given strategy with practices that help the firm to conceive of a completely different one’. An important role is played by HRD specialists in developing new ideas, as well as in facilitating change management skills (Mc Cracken and Wallace, 2000). Which they are able to do because managers themselves appreciate the emergence features of strategy-making and provide support for learning activities. HRD is a principal component in the formation of a strategic plan. This is accompanied by managers acting as key advocates of HRD, recognizing that people are more likely to be productive when they feel that their work is personally meaningful and not simply a means to another end (Bond and Garrich, 1999). It is often found that management is reciprocating with new ideas within the organization, an atmosphere of learning started to usher, in which the production of new knowledge is a vital differentiator (Garvey and Williamson, 2002; Newell et.al;2002).



Devanna et al.'s strategic human resource management 'matching' model
Source: Devanna et al. (1984)

Establishing human resource development:

A principal and underlying assumption within HRD is that, through the provision learning activities in whatever form, employees are worth investing in, and there will be benefits for the individuals involved, the organization, the economy and society as whole. A survey by the KIPD(2005d) suggests that many organizations will value employees, believing that the future will be more demanding in terms of higher level skills or different kinds of skills. Based on different scenarios, there are implications for how HRD is provided, delivered and measured.

In the UK, decisions about HRD are taken principally by those in organizations in what is referred to as voluntarist approach. The role of government in this approach is to encourage organizations to take responsibility for their own training and development and its finance. This can be contrasted with a more interventionist approach in which the government or its agents to seek influence in decision making in organizations and make decisions in the interests of the economy as a whole. There is in France, for instance, a system of training approach supported by a range of other interventions that form a 'social partnership' between the government and organizations (Noble, 1997, P.9). The human resource department helps foster a positive and ethical company culture by training and developing employees on matters that can impact the company's reputation and bottom line. Employee recognition programs and incentives designed by the HR department not only help retain top caliber employees but also builds loyalty within the workforce that results in higher performance standards.

II. Conclusion

In conclusion, it can be said that HRM is no more being used in restricted form of people management, managerial philosophy or style, simultaneously it has contributed to business improvement and economic performance, keeping in line proper nurturing of employees in congruence with attaining strategic goals of an organization. HRM is playing an instrumental role in not only achievement of organization goals, it is also helping an organization to become a socially and environmentally responsible firm.

It is evident that the human resources of an organization or a country can lead to the path of success. Thus the value of Human Resource is immense in promoting progress and prosperity of a nation. A nation rich in its human resources will not develop, if its human resources are inadequate. A nation enriches through the quality of its human resources, this is a cyclic process. In this present era of technology and globalization, quality Human Resource is an important contributor to the well being and development of a nation.

References

- [1]. Armstrong's Essential Human Resource Management Practice – A guide to people management by Michael Armstrong.
- [2]. Boxall, PF and Purcell, J(2003) strategy and Human Resource Management, Palgrave Macmillan, Basingstoke.
- [3]. Gratton, LA(2000) Real Step change, People Management, 16 March, PP27-30.
- [4]. Human Resources Management Theory and practice by Bratton and Gold
- [5]. Arther K. Yeung; Measuring human resource effectiveness and impact, Human Resource Management, Fall 1997, vol.36, no.3, Pp.299-301.
- [6]. Penrose, E.T (1959). The theory of the growth of the firm, Oxford; Blackwell.
- [7]. Walker, JW (1992) Human Resource Strategy, Mc Graw-Hill, New york.