

RESEARCH Proposal Assignment

The impact of human resources strategies on the organizational performance

Overview

The relationship between the HR strategies and the firm's performance is an issue that has caused significant differentiations in the literature mostly because of the existence of many parameters that can influence the results produced through the examination of this problem in practice. Moreover, because within a firm, the participants and the interests are many it is difficult to identify the role and the significance of each particular organizational element particularly when there is no specific corporate plan for such an investigation.

Research Problem

The human resources strategies followed by modern organizations present significant differentiations in accordance with the firm's position in the market, its performance and its financial strength in general. In the long term, the application of specific human resources strategies has been found to be related with the performance of the organization. Moreover, where appropriate HR plans have been applied, the organizational performance has been found to be increased.

Aims and Objectives of the Research

Current research as already mentioned above will focus on the examination of the relationship between HR strategies applied within a particular organization and its performance. In order for the above task to lead to valid results, a series of other issues are going to be examined at a secondary level. These issues are indicatively:

a) which is the significance of the HR for the organizational operation, b) how the HR strategies can be more effective? c) is there any chance for innovation in firms with specific HR plan or any relevant initiative has to be adapted to the existed framework? d) which are the main aspects of organizational growth and e) are there any other factors that can influence the firm's performance and which would be their interaction with the HR strategies already implemented in the particular firm?

Research Methodology

The research methodology will be based on the qualitative analysis, i.e. on the presentation and the analysis of a series of findings retrieved by researchers in the literature (textbooks, journals). The presentation of appropriate primary sources (statistical indexes, graphs, tables of primary data) will be also used in order to support the views of the literature and the personal assumptions on the particular subject. In other words, the research will be mainly secondary mostly because of the 'objectivity' of data involved. More specifically, the use of primary research would not be particularly helpful mostly because the existence of possible problems in the HR sector or the financial performance would not be likely to be revealed by firms, no matter the industry in which they would operate. For this reason, a research that would be 'free' from personal influences or interests has been chosen.

Literature Review

Human resources should be considered as a significant organizational asset. In this context, the application of the appropriate strategies for its development, can lead to the improvement of the corporate performance both in the short and the long term. However, there are also companies where human resources are not considered as having particular importance for the firms' growth. In this context, Haines (1997, 95) supported that there are firms that "view their human resources as an expense rather than an asset -- an element that is expendable and perhaps discarded when the skills possessed becomes obsolete; however when human resources are viewed as an asset, companies enhance individual value through training and human development and ensure continued contribution to the organization". The importance of human resources for the corporate performance has in any case proved both in the literature and the empirical research conducted in all industrial sectors.

In accordance with the above, in order for a firm to achieve a stable and continuous growth, it is necessary that its employees are satisfied – as this term has been explained in the literature. More specifically, in accordance with Kim (2005, 669) "job satisfaction is an affective or emotional response toward various facets of one's job. Job satisfaction has been a topic of great interest for researchers and practitioners in a wide range of fields, including organizational psychology, public administration, and management". On the other hand, the existence of job satisfaction has been extensively related with the level of payment of employees in the particular sectors of a specific organization. Indeed, the study of Rudman (2003,

173) showed that “paying for performance is a big issue in contemporary human resources management; organisations have long believed that production and productivity improve when pay is linked to performance, and have developed *payment-by-results* (PBR) systems and incentive schemes to support this belief”. In the same context, it is noticed by Blinder (1990, 117) that “employees usually feel that profit sharing and gain sharing are good for personal effort, company growth and productivity, and workplace atmosphere”. However, in order for the firms to achieve the maximum level of growth, it is necessary to design and apply the appropriate HR policies as indicated by each particular firm’s needs. The use of ‘fit’ as a criterion of evaluation of the appropriate corporate strategy has been extensively used in practice. Towards this direction Wright (1998, 56) mentioned that “the basic theory behind "fit" is that the effectiveness of any HR practice or set of practices for impacting firm performance depends upon the firm's strategy (or conversely, the effectiveness of any strategy depends upon having the right HR practices)”. In other words, the issues that need to be considered by a firm before applying any relevant HR strategy are many. Indicatively, Katzell (1975, 5, 11-12) tried to identify the relationship between the employee satisfaction (as a result of a specific HR strategy) and the corporate performance and found that “policy-makers must face up to a serious dilemma and find some way to resolve it; the dilemma is this: policy-makers would like to achieve two objectives for work organizations, on the one hand to enhance productivity and performance, and on the other to improve the quality of working life and job satisfaction for employers because under certain conditions, improving productivity will enhance worker satisfaction and improvements in job satisfaction will contribute to productivity; what it does mean is that there is no

automatic and invariant relationship between the two”. Under these terms, corporate performance has been found to be related with the employees’ performance within a particular organization.

From a different point of view, Lawler et al. (2003, 15) supported that ‘HR's greatest opportunity to add value may well be to play a role in the development and implementation of corporate strategy; HR can make a logical case for being an important part of strategy development, because of the importance of human capital in the ability of the firm to carry out its strategy’. In other words, HR strategy can influence the firm’s growth in accordance with the measures provided for the personal and professional development of the firm’s employees even in the long term. The implementation of appropriate diversity strategy has to be considered in this case as absolutely necessary because in case of inequality in the workplace, no cooperation would be regarded as existed – even if such cooperation exists, it will be problematic. In this context, Mathews (1998, 175) noticed that “before diversity strategies are implemented, the organization's cultural environment, management and evaluation systems should be examined to ascertain if existing personnel/human resources processes will support or hinder diversity in the organization; then, appropriate strategies can be designed to develop and manage diversity based on these findings”. From the same point of view, Ramlall (2003, 60) supported that “given that several large-scale studies have proven that HRM is a critical driver in an organization's financial performance, it is imperative for HR and other leaders to understand the critical nature and utmost importance of understanding the effectiveness of all HR activities in creating value for the organization”. To a more

thorough examination of the problem, Christensen managed to identify the five elements that are considered as most crucial in the improvement of the employees' productivity (as this improvement is expected to lead to the increase of the corporate growth). More specifically, Christensen supported that there are five elements which are extremely important for the effectiveness of employees within a particular organizational environment. These are (1958, 34): "a) The technical organization of the group; b) The social structure of the group; c) The individual task motivation, i.e., the willingness to work hard that each member brings to and maintains toward his job; d) The rewards he receives from doing the job, and e) The satisfactions he obtains from being an accepted member of the group". The above elements can exist in any organization and can influence the productivity of its employees either in the short or in the long term.

Limitations of the Research

Current research is limited by the fact that it is rather unlikely for companies to provide data related with their employees' problems related with the workplace. On the other hand, any programs or support tools existed are very likely to be provided by all firms that would be 'engaged' in the research of current project. For this reason, although the job satisfaction and the personal development of employees would be rather easily monitored, the existence of problems in the workplace would be difficult to be proved. For this reason current research – as already described above – focuses on the examination of the human resources strategies followed by organizations in general – as these practices can be observed in most firms of modern commercial market. The existence of specific differentiations in accordance

with the specific issue will have to be proved either by statistics released in general or by cases examined particularly in the legal area.

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