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Impact of Strategic HRM on Organizational Performance

M. Shahzad Akbar, Nasser Taleb

Al Ain University of Science and Technology, E-mail: muhammad.akbar@aan.ac.ae, nasser.taleb@aan.ac.ae

Abstract: The impact of strategic human resource management (SHRM) on structure performance is assessed. To boot, the impact of a SHRM approach on the individual performance, structure commitment and job satisfaction levels of human resource professionals is investigated. A company exhibits SHRM once the human resources perform is vertically aligned with the mission and objectives of the organization and horizontally integrated with different structure functions. information from a national sample of 269 human resource professionals from massive United States producing corporations were analyzed exploitation structural equation modeling techniques. Results indicate that the direct impact of SHRM on structure performance is positive and important, as hypothesized. Further, SHRM was found to directly and absolutely influence individual performance, structure commitment and job satisfaction. top managers implementing a SHRM system will, therefore, expect improved structure performance and improved levels of individual performance, job satisfaction and structure commitment from the organization's human resource professionals.

Keywords: Job Satisfaction, Individual Performance, Strategic HRM, Top Managers

I. INTRODUCTION

The human resources function is one amongst the foremost vital functions in any organization. The role of the function is to make sure that the accessible human resources in an organization are utilised optimally for the success of the organization. several studies conducted within the past have shown that the human resources department, if managed strategically, might enhance organizational performance greatly. particularly, the conception of strategic human resources management is presently thought of collectively of the core organizational practices that may boost productivity among workers whereas at identical time enhancing collective performance of the organization. The practice of strategic human resources development is connected to effective management within the organizational context additionally on a range of challenges. At the same time, it's specific goals among any organization and achieving those goals depends on the extent of interaction between the SHRM operate and therefore the alternative organizational functions.

Understanding however SHRM works will be a necessary place to begin for enhancing effective ability utilization in any organization. This begins with understanding what the goals of SHRM area unit and the way they assist the operate to understand the organizational goals and objectives. the following paper explores the practice of SHRM in organizations with the objectives of:

- Explaining the goals of strategic HRM in an organization
- Providing an outline of the role of strategic HRM within the organization
- Explaining however strategic HRM impacts organizational performance
- Highlighting a number of the challenges long-faced within the practice of HRM in an organization and therefore the potential for resolution
- To explore however technology has modified the practice of HRM in organizations

These objectives are accomplished in 3 major sections of the paper that embody an summary, literature review section, and therefore the results and suggestions section. The literature review section can facilitate to formulate hypothesis for the paper and afterward to seek out a transparent course of dialogue for an equivalent.

II. OVERVIEW

The Human resources functions performs the role of personnel management in any organization. This role includes practices like advertising of organizational vacancies, accomplishment and hiring of employees, coaching of employees, assignment of employees roles and responsibilities, management of employees complaints and management of employee behaviors among others (Cania, 2014). With these practices, the HRM functions are often aforesaid to be up to speed of the organizational behavior and in and of itself, has the authority to influence the organizational culture. attributable to these roles within the HRM function, it's thought-about to be a necessary driver of organizational performance each in terms of behavior and in terms of actual quality outcome. Effectiveness of the time unit function determines the general productivity of the work place also because the discipline of the employees. wherever the HRM function doesn't perform its initiatives optimally, achieving organizational goals are often a challenge as productivity are often reduced. The roles of the HRM function are interlinked to every alternative. as an example, the accomplishment method is also in however if the role assignment doesn't contemplate the key competencies of every member of the organization, the function might not utilize all the on the market competencies optimally. Wrong employee placement ends up in reduced productivity as a result of lower capability to handle appointed roles (Cania, 2014).

Based on the functions of the HRM department within the organizational context, the function needs to perform effectively through any attainable strategy. within the up to date times, the strategy that's inspired within the organizational context is delineated as strategic human resources management. This strategy implies that the on the market competencies area unit to be utilised to the simplest of their capability so as to confirm that structure goals and objectives are met. Strategic HRM focuses on the employment of accessible opportunities and abilities to enhance the effectiveness of all the opposite departments in a company (Wagh, 2017). This involves varied ideas as well as applying a coherent strategy for the look and management of the organization's personnel, operations supported an employment policy

also as a work force management strategy; having a executable philosophy underpinning all the systems in operations; matching the function goals to specific organizational goals and enhancing the organization's competitive advantage through the employment of the on the market resources (Cania, 2014).

The functions of the HRM department are therefore varied and conjointly a lot of capable of leading to effective or poor organizational performance looking on however the function is managed. the flexibility to handle the challenges featured within the function with effective and sustainable solutions are often the beginning of increased organizational performance. The performance of the organization in this regard, is delineated because the worth that may be gained through the organization, each financially and in terms of employee behavior versus relative to the expectation. whereas the monetary price is simple to quantify and to watch, the behavioural price is harder to quantify. This brings a couple of challenge to the hr department therein the organization spends on the workers however cannot categorise them as assets (Walsh *et al.*, 2010). Instead, the employees seem as expenditures in the company's record however have great worth within the organization, and might even be thought-about to be the best assets to the organization.

III. LITERATURE REVIEW

Strategic human resource management is applauded as an efficient strategy for reinforcing organizational performance. in the management of organizational personnel, effectiveness in employee handling might translate into stronger relationships between employees and customers and after higher price in terms of finances. Bagga and Sanjay (2014) assert that the initial goal of strategic HRM is to enhance the productivity of employees and to spot operational areas wherever there's need for long-run enhancements. The accomplishment of this goal needs that the hr operate be aligned to the goals of the organization creating it essential for the function to contemplate this as one of its objectives. the other key goals of SHRM so include enhancing the organizational performance and therefore the management of human capital and developing a nurturing organizational culture therefore on foster innovation, competitive advantage, and adaptability within the organization's operations. Strategic HR additionally aims at linking the HR function with the overall organizational objectives and goals (Bagga & Sanjay, 2014). Wagh (2017) additionally describes alternative goals of the strategic HRM function. These goals include: to make an efficient organizational culture; to enhance the employee worth proposition; and to utilize the offered skills and opportunities for the advantage of the organization. Strategic HRM additionally purposes to emphasis the organizational code of ethics and after enhance employee behavior. At an equivalent time, the function monitors the social group impacts of the business and puts in place strategies to reinforce this impact (Wagh, 2017). In its efforts to boost social group impacts, strategic HRM pursues property CSR and additionally enforces discipline among them.

IV. HYPOTHESIS

Based on the literature review, the paper argues that:

The strategic HRM function could be a nexus between the organizational behavior and therefore the organizational performance.

Despite the challenges faced, various factors can facilitate the performance of strategic HRM.

The main objective of strategic HRM is to utilize the offered human resources optimally for the accomplishment of the organizational goals.

V. STRATEGIC HRM AND ORGANIZATIONAL PERFORMANCE

Organizational performance may be troublesome to grasp supported the broad definition that's related to the idea. In all the definitions of the term, it stands as a variable quantity, a function of the many organizational options as well as organizational culture, behavior, and therefore the functioning of various departments. At the core of organizational performance, it consists of variables like behavior and actions that are in alignment with organizational objectives (Cania, 2014). Quantifying organizational performance is therefore hooked in to the capability of various functions to perform effectively in positioning the independent purposeful goals to the organizational goals. The organizational performance is evaluated based on a given expected outcome and as compared to the end result accomplished. Cania (2014) defines the outcomes as multidimensional, encompassing the activity aspect, additionally because the results achieved. Observance of the organizational behaviors is therefore a vital place to begin of organizational performance. This can be as a result of because the performance analysis considers the output, directing the organization towards effective performance entails observance of the system inputs to make sure they will be essential in achieving the required performance outcomes. Each input and output are therefore necessary within the organizational performance system.

In tandem with the position provided by Cania (2014), Agarawala (n.d) asserts that the management of organizational performance must apply a technique which will be able to check all the business elements. Agarawala additionally describes the key outcomes related to organizational performance. Such outcomes include: the HR-related outcomes like turnover rate, absence from work, job satisfaction levels, and therefore the organizational commitment; organization-related outcomes like the productivity of employees, service quality, efficiency of service delivery, and customer satisfaction; monetary outcomes like profits come back on assets, the sales volumes, and returns on investment; and capital market-related outcomes like the market shares, organizational growth, and therefore the share costs (Agarawala, n.d). Considering every of those outcomes severally clearly defines the requirement for effective human resources management as every of the outcomes is coupled to the HR department to some extent. For example, the productivity of the organization is that the ad of the productivities of the workforce. Similarly, higher market shares will solely be gained through effective promoting, that depends on the workforce out there.

VI. CHALLENGES TO STRATEGIC HRM

The role of strategic HRM within the organizational context implies that the function additionally faces multiple challenges once it involves the requirement for effective performance. Stankiewicz (2015) highlights a number of the challenges related to strategic HRM. The primary challenge is cited to be the organizational culture. On one hand, the organizational culture is important for effective performance of the strategic HRM function. Wherever the organizational culture is corroborative, strategic HRM are able to do all its goals once applied suitably. On the opposite hand, lack of a corroborative organizational culture will hamper the accomplishment of SRHM objectives within the organization. What is more, the requirements of organization's professionals might also hinder the accomplishment of strategic HRM goals. These are the unrealized desires that scale back commitment to the work place objectives and dampen the productivity

of the employees. Provision of an appropriate work atmosphere entails satisfaction of the desires of the employees whereas at an equivalent time addressing the organizational needs. Providing adequate instrumentality, data, and training for employees may be a major step towards achieving the SHRM goals within the organization.

Walsh *et al.* (2010) additionally mentions the challenges Janus-faced in operating with human assets. In keeping with Walsh *et al.* (2010), the characteristics of human assets in an organization may be a challenge to strategic HRM. Stankiewicz (2015) defines this challenge in terms of personal attitudes and values within the work place. The divergence of personal attitudes and values from those inspired within the geographical point atmosphere may result in nice challenges once it involves operating along. Problems like employee resistance to vary additionally as lack of adherence to organizational code of ethics arise as a result of the shortage of tandem between individual values and attitudes and people of the organization. Such challenges will solely be self-addressed through effective employee training and job positioning. Additionally, the performance of the human capital can't be effectively quantified (Walsh *et al.*, 2010). Contrary to different departments like the business department, the performance of strategic HRM can't be valued in terms of the productivity of the on the market man-power. The value another to an organization by the work force can't be quantified financially. This is often created worse by the actual fact that the staff can't be indicated as associate quality within the record however can be indicated as expenses. The staff don't seem to be company property and can't so be thought of assets in and of itself, however their contribution to the organization makes all the additional valuable as different assets. Another challenge to strategic HRM is that it's tough to predict employee behaviors. Though an inevitable investment, worker behavior can't be measured, expected or perhaps determined from time to time. This not solely makes it difficult for the HRM personnel to justify their expenses however additionally reduces zeal towards employee satisfaction (Walsh *et al.*, 2010).

VII. TECHNOLOGY AND STRATEGIC HRM

To some extent, technology has reduced the implications of varied challenges to the SHRM function. The utilization of technology within the organizational context and significantly within the HR function has widened the role of SHR in an organization. In keeping with Jain (2014), it's exaggerated the flexibility of strategic HR professionals to integrate employee databases among the general organizational databases and supply data to employees relating to news, policies, and new findings within the organization. Moreover, the utilization of SHR it has enabled the function to be accessible to all or any organizational members on-line. This makes it easier for employees to edit and/ or update their data on-line, therefore lifting the burden of knowledge maintenance and storage off the shoulders of the HR personnel (Jain, 2014). It will therefore be deduced that the utilization of technology in strategic HR eliminates routine work and additionally enhances communication in an organization.

VIII. RESULTS AND RECOMMENDATIONS

The organizational performance is connected to numerous aspects of strategic human resources management. From the literature review, it's discernible that the organizational performance, hinges on factors like employee behavior, monetary outcomes, market performance, and therefore the organizational culture to an oversized extent. Additionally, it's been established that the organizational culture is developed

to nurture flexibility, innovation, and competitive advantage through the strategic HRM function. this suggests that the HRM function needs to monitor and direct organizational behaviors, give a blue print for the organizational code of conduct and later on monitor adherence to an equivalent. Strategic HRM, therefore, becomes the central purpose within the link between organizational performance and therefore the functions of alternative aspects of the business. In terms of the market shares and therefore the monetary accounting outcomes, the strategic HRM function manages to comprehend connections between performance and therefore the workforce through satisfaction of employee desires also as through correct alignment of the employee goals and objectives to the organizational goals and objectives.

The challenges featured by strategic HRM within the accomplishment of its roles are many. However, the literature shows that the key objective of the function is to gather the ability and opportunities within the work and therefore the organizational goals and objectives. it's suggested that integration at numerous levels of the organization be pursued to confirm that strategic HRM achieves its objective. consistent with Wei (2006), achieving integration will be thought of a place to begin for the effectiveness of the strategic HRM function. Coherence in operations across departments will be useful to the organization also on the customers. Such harmoniousness will be either vertical or horizontal. The vertical harmoniousness is taken into account to be the link between the HR measures of apply and therefore the organizational ways. On the opposite hand, the horizontal match is that across totally different strategic HRM functions. If each forms of harmoniousness are achieved, the organization will be able to accomplish the objectives of the strategic HRM function. Wei (2006) asserts that a number of the factors that contribute to such integration in roles embrace individual, functional, and organizational factors. The individual factors mentioned by Wei are aspects like the data and skills of the employees, the flexibility of the top managers to support the employee functions, and therefore the capability of the HR function. this suggests that these 3 factors have to be compelled to work with success to confirm that the fascinating form of work is achieved. Failure of any of those parts impacts negatively in role performance at varied stages of the organization.

In practicality, phenomena like the operational policies, the provision of choices, and therefore the take into account operations all impact on the amount of harmoniousness between strategic HRM and therefore the alternative business functions. Failure on any of those functions leads to negative performance within the overall HRM function also as within the entire organization. At the organizational level, the ways and culture place in place are essential in guaranteeing that the organizational performance is effective. The strategy applied in following organizational goals are additionally vital within the efforts to attain larger organizational performance. The implication of this can be that while not a transparent and effective strategy, it's going to be tough for an organization to accomplish its goals. This explains why organizations have clearly developed strategic plans that they train all employees to work towards. In some firms, the clarity of productivity expectations creates the link between organizational goals and therefore the performance initiatives command by completely different employees.

IX. CONCLUSION

Strategic HRM is a vital step towards achieving organizational goals. based on the arguments given by the literatures reviewed within the paper, the goals of strategic HRM are clear. the first goal is to enhance the productivity of the employees through the utilization of the obtainable competencies and opportunities. the ability to know organizational wants and goals are in tandem with strategic HRM practices like

accomplishment and choice of employees, training and employee development, enhancing employee job satisfaction, and providing a dynamic and psychological feature surroundings for employee growth. Through these practices, strategic HRM aims at providing a link between organizational performance and therefore the employees of the organization. This is often explained through the connection between the HRM function and features like organizational culture, organizational behaviors, employee attitudes and approaches to role performance. These factors are established before to be determinants of organizational performance. In its functioning, however, the strategic HRM function faces several challenges, in the main to do with the variable and immeasurable nature of human resources performance. It's therefore necessary to supply appurtenant environments at individual, organizational, and practical levels of the organization.

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