

Measuring The Contribution of Personnel & Development

**Factors & impacts of HR Activities,
Strategy & Culture
on Organisational Success**

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Abstract

In this research paper the author will attempt to clarify the contribution that specialist personnel and development activities can make to organisational success. The research paper is divided into three sections; Personnel & Development, Integration of Personnel & Development, Measuring the Contribution of Personnel & Development. It will give the reader substantial knowledge of the overall factors and impacts of human resource activities, and strategy and culture on an organisation's success.

By analysing and supplying various examples, the author draws upon the following points:

- Soft Human Resource Management is being replaced by the hard business orientated approach impacting on human resource activities;
- Human Resources Professionals enforce human activities, line managers implement these
- It can be argued whether HR activities contribute to the performance and competitiveness of an organisation
- Organisational culture is the way an organisation wants to be perceived, how it wishes to develop and interact with its vision
- It is difficult to measure the contribution of HR activities to organisational success
- HR Professionals give a valuable contribution in the way of a 'hidden persuader'



Introduction

*“ A new US computer game called ‘**Blow Away Your Boss**’ allows players to take revenge on abusive employers with an assault rifle, then roam a virtual reality ‘office’ with a handgun, shooting fellow employees who may be considered ‘enemies’ ”. Agency France Presse*

The industry is rapidly shifting from a workforce that produces products to one that primarily manages information. With the rapid growth of knowledge workers, organisations will require to rethink the traditional approaches to directing, coaching and motivating employees. Human Resources Professionals are attracted to minimise these approaches by senior management to employees. *“...Although the contribution and importance of human resource decisions are often acknowledged abstractedly (‘i.e. our people are our most important asset’), the-day-to-day decisions of line and top management often belie this sentiment.”* Maker

Human Resources management is seen as a soft concept of personnel management. However there is a need that implies to move away from this soft approach towards a hard business orientated approach. Nevertheless, this can be argued against by HR, as one of its functions involves the improvement of morale and productivity to secure organisational success within more likely a soft Human Resources Management (hereon revered to as HRM) approach. The introductory quotation shows that there are organisations which are probably managed by hard HRM identifying best performance with the full use of resources, in contrast to soft HRM, where beliefs, values and culture play a significant part.

It is the responsibility of the Human Resources Professional to acknowledge and combine both approaches, which are of major importance toward overall management and its organisational success.



Personnel and Development

The role and the overall responsibilities of the HR Specialist involves recruiting and interviewing, advising on decisions of hiring in accordance to the requirements and policies already established in conjunction with senior management. The main emphasis is on the following activities - improving morale and productivity, limiting labour turnover with the efficient use of employee's expertise and taking care of training opportunities to enhance the skills. In addition, the objective is to cater for continuous improved working conditions and overall job satisfaction. The above activities will be referred to in more detail throughout this research paper.

HR Professionals enforce HR activities to the overall workforce, in many cases line managers are the ones that implement these activities. However, there is ongoing argument that line management undermines HR activities and the way it is presented gives rise to a negative impact to organisational success. Guest mentions that line managers must *"accept their responsibility to practice Human Resource Management although they may use specialist resources to assist in policy development, problem-solving, training and the like"*.

One can argue that it is not the responsibility of the line manager to respond to performing HR activities. Nevertheless, the line manager is in direct contact with the workforce, and is therefore able to implement activities at grass-roots level. Two factors influence HR policies, firstly, that although line managers had to implement human resources policies, not everyone did. Secondly, when line managers carried out the activities, quality was low and interpretation easily misunderstood. Leading to the argument as to whether line managers are able to perform such tasks. The reader however must not forget that organisational constraint, such as downsizing, can limit and influence human resource activities within an organisation.



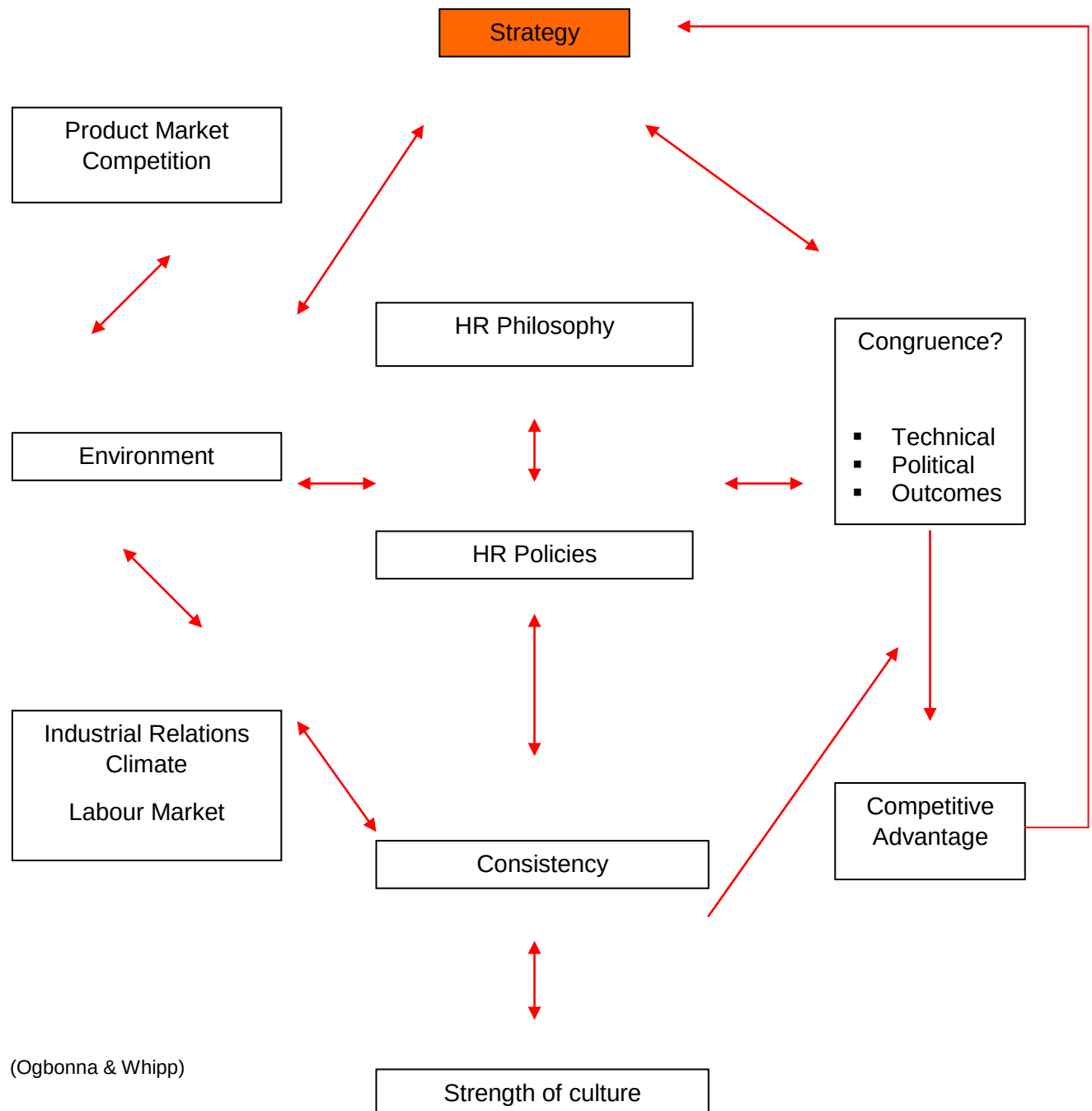
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The author finds the following quotation from Ogbonna & Whipp relevant in the way value is perceived to the HR function, *“The centrality of HRM was nowhere more emphasised than the example of Kase Stores which changed the title of the head office from ‘personnel’ to ‘human resources’ and gave the director enhanced status”*.



Integration of Personnel and Development

Research identified that many organisations have institutional and political frameworks which undermine monolithic concepts of HRM. There are suggestions that because of the weak workforce and non-conduciveness of HR activities within organisations, HR professionals did not recognize the need for strategic thinking and regarded it as incongruous.





Strategy

It can be argued that HR strategies contribute to the performance and competitiveness of an organisation. Miles and Snow describe a process identifying three strategic types, which links strategy to HRM. The *defender strategy* is aimed at a steady growth market, loyalty, long-term commitment and low turnover achieved by the intensive use of training. In addition, the *prospector strategy*, experiences rapid growth, flexibility and low commitment. In contrast, to the *analyser strategy*, occurs where organisations are structured innovative and flexible and wait until benefits arise in the market.

Many other theorists and writers define stages as the above, however not every strategy may ensure competitive advantage for human resource activities. Ogbonna describes *“Using HRM as a source of competitive advantage requires, it is argued, that the company does not merely react to present challenges in the environment but anticipates and exploits a future competitive arena”*, meaning that organisations within a competitive industry must take a pro-active approach towards the implementation of strategies, for example concerning financial factors.

The reader may wonder what financial management has to do with the HR Professionals, however it is significant that budget control may ‘make or break’ these activities. The Boston Consulting Group outlined a planning model in which the four factors of businesses can be categorised. *The Star*, has a high share of a fast growing market, promotional opportunities and excellent salaries. *The Cash Cow* which has a dominant share of fast growing markets, good salaries, however in the later stage will have cost cuts. *The Wild Cat*, has a low share of a fast growing market, a risky environment. Lastly, *The Dog* has a low share of a slow growing market and no strategic potential. In contrast, to the General Electric Company (GE), where employees are seen as A-players, Welch describes that the success of GE lies mainly with the work of the HR employee, who is *“truly a value-added business partner who is a fully participating member of the business decision-making team”* Stockman. The author is certain that many HR professionals envy those at GE, using empowerment as a successful tool.



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One way of examining competence in the organisation leads to a variety of interpretations of empowerment, and hence to a range of implications for human resource activities and development of policy and practice. Empowerment is about bringing employees, who are outside a decision-making process, into it. It is about individuals or corporations being able to maximise opportunities available for them and is therefore a tool of importance for the HR team. *“In a human resource environment empowerment is an integral part of a strategy for motivation and commitment. People respond to being asked to undertake tasks which involve assuming greater responsibility...Empowerment is about the deliberate and orderly distribution of power and authority to different levels in the organisation”* Bramham.

Motivation is created by using influence techniques that appeal to emotions, values or logic, to generate enthusiasm for the work and commitment to task objectives. In the authors, view it may be seen that this description of motivation does account for a forceful style that only influences instead of motivates, in contrast to Ridley who describes the motivation process as *“Motivated behaviour is goal-directed behaviour, that is to say, an individual will engage in that behaviour which will lead to the attainment of goals and rewards valued by that individual”*.

In today's business environment rewards are still directed to employee performance, output and productivity. It is for the HR employee to understand that employers may see positive and motivational job characteristics as a way to produce higher levels of job satisfaction. But the reader must not forget that it has never been proved that job satisfaction gives increased production levels.

The author wonders if many organisations have learned from the time when payment systems were based on incentive bonuses and other rewards. This resulted in employee resentment, conflict and suspected manipulation. HR Professionals should work together with management to prevent the above.



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Reward management includes benefits and indirect compensation, for example a package may include - basic pay, insurance, health care, discounts, car leasing, share options, performance or merit elements, pension arrangements and holidays. This has in return led to the construction of individual-focused pay packages. The reader may believe that these packages are correct in a way to grant performance related pay, however there are several criticisms - fairness, managerial judgement, the value of the reward, the relationship with company performance, demotivation, flexibility and conflict with the team philosophy, *“performance related pay has grown in popularity, as have longer-term pay deals and a move towards a single status, perhaps from the influence of Japanese companies in the UK”* Tyson.

The era of Taylor’s Scientific Management, which thought money was the main motivator has turned. The Hawthorne Studies in effect, emphasises the way social relationships made a difference to higher productivity. The theorist Herzberg in contrast described that pay does not motivate and that motivation comes from achievement, the work itself, growth and responsibility for the task. Nevertheless, the theory most likely to be used is Vroom’s motivational hypothesis, as Ridley explains *“an individual will be motivated to perform a task if the reward for so doing is valued by that individual, and he or she believes that the effort expended will result in the reward obtained”*.

The attribute theory is a tool, as Guest mentions *“immediate managers can do a lot to influence attributions through feedback, communication, appraisal, and guidance”*, meaning that by having extended forms of job analysis, such as performance appraisals, identification of the work tasks, skills and aptitudes will ultimately be associated with the kinds of individuals that need to perform successfully and without undue stress. It has also been shown that feedback can lead to higher levels of performance, as does goal setting by itself, which leads to the corresponding need by the specialist to undertake these approaches.



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The function of HR decides with top management how employees can be productive. Some companies implement flexible working hours, both as a business imperative and as a direction towards organisational success. *“Greater Labour Market Flexibility is often cited as a solution to ailing competitiveness and poor job creation”* by Cridland. In addition, it can be argued that *“companies too often seized on flexibility as a solution without looking at costs and benefits”*, creating an interesting argument as to whether flexibility in itself is a means to an end.

As it is becoming harder to recruit full-time staff, there are fewer people with the right skills available and the release of many older workers to early premature retirement has reduced the present and future stock of available skills. The implementation of workplace flexibility by the HR specialist in recruiting older people, may be seen as valuable, providing experience and maturity in the organisation. In addition Kropf *“sees the need for new skills focusing on work flows, productivity and the nature of the work that needs to be done”*. However, when an organisation considers introducing flexibility, the human resource function has to tackle factors of flexibility namely focus-groups, benchmarking or cost analysis.

Organisations need a training system, which is not only fundamental for employees but also for management and the HR function. Nevertheless, the reader must understand that even though the human resource specialist and line managers may provide training, the individual needs to acquire the skills and task by her/his self.



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Culture

Many writers have argued that HRM has played an important role in the development of organisational values, pointing to a strategic link to the overall path of the organisation. Organisational culture is the way a organisation wants to be perceived, how it wishes to develop and interact its vision. It gives rise to assurance of equality between individualism and collectivism. Nevertheless, because of the recession in the early 1990's, when cost reductions were implemented, flat organisations were created, emphasising the higher market demand, leaving behind human resource activities.

Organisations' human resource policies and philosophies, are part of a general policy, consisting of a variety of factors. The extent to which these factors are included, can be a sign of how the organisation values its human assets. Policies, usually in the form of a mission and vision statement represent the organisation's objectives, goals and intentions, which provide a strategy for management decisions throughout the company.

Today's aim of managing people is about competence and commitment, instead of containment and compliance. High levels of commitment of people and control of processes through human resource activities, may achieve synergy between effectiveness and quality, which in turn may lead to sustainable business success.

Moday defined commitment in terms of individuals, involvement and identification with the organisation. He described three factors that influence this process, strong belief and acceptance of the organisation's goals, a willingness to exert effort on behalf of the organisation, plus a strong desire to maintain



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membership of an organisation, or described from the human resource specialists point of view; people stay with an organisation because individuals desire to (*affective commitment*) individuals need to (*continuance commitment*) or individuals feel they ought to (*normative commitment*). Companies, but essentially the HR function, puts emphasis on equality between employers and employees.



Measuring the Contribution of Personnel and Development

It can be difficult to identify whether HR contributes to organisational success. Guest & Hoque found three reasons why it is so difficult to assess the HR function contribution. Firstly, downsizing puts pressure on the value of the HR function. Secondly, the national culture within the global labour force lays more emphasis onto financial control and short-termism, which in turn results in neglect of HR activities in the long term. Thirdly, HR works closely together with line managers, therefore the contribution the specialist activities, is making are hard to identify as the writers described *“we may be able to identify the impact of personnel decisions, we cannot always be sure whether the personnel specialist contributed towards them”*.

Many authors have attempted to evaluate the HR function and its activities in quantification. Some have adopted a benchmarking approach, identifying three modules, giving performance results on the overall ratio, percentage or cost of human resource activities.

The following paragraph suggests that financial vision in terms of human resource activities may be seen as an acceptable way of assessing contribution, however it may be argued against by non-quantitative theorists. Nevertheless, Fair describes *“Adopting accounting conventions, and applying these to human resource activities, brings up a series of measures for practices such as absenteeism, labour turnover, wastage and replacement, selection and assessment, training and reskilling, remuneration and benefits, flexibility, and organisational restructuring”*.

Accountability on financial matters has led to the drawing up of service-level agreements. Writers like Mayo acknowledged the advantages of *“enabling a more specific statements of service provision which can facilitate auditing, benchmarking, and out-sourcing decisions to be made”*.



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Yet, it is in contrast to those who see a danger as cost control may lead in the long term to human resource specialists being resistant to other functions than satisfying factors of financial accountability, creating not only disadvantages, but causing considerable drawbacks on long-term commitment, motivation and overall performance.

The author has her doubts if this measurement is substantial enough to stand the quantifiable factors, meaning that writers like Markington & Wilkinson noted that “performance which cannot be measured, cannot be improved”.

HR Professionals are likely to make a valuable contribution to the organisation in the way of a *‘hidden persuader’*, using its role as a change element, influencing organisational success. Nevertheless, the reader may be able to argue that although it is likely to make some kind of contribution, its function is entirely dependent on senior management. If HR as a whole is seen in a negative light, it may become evident that human resources may be seen as a reluctant mechanism in the measurement of the organisation.



Conclusion

It is difficult to say if human resource activity contributes to organisational success. Of course the workforce is effected and influenced by these activities, but by how much? The author, unfortunately, cannot supply the reader with the answer. The author however agrees with Guest & Hoque that HR activities cannot be measured, even though in many cases there are HR metrics and analytics available, and wants to support this by adding to their description that *“it can only be noticed when willing to see”*.

However in return for investing in the skills of employees, the HR Professional and senior management will look for flexibility and a greater commitment from workers at all levels. The implications of these developments for any industry, is that management will have to learn to manage organisational change and see the development of the people as a central and core activity in the overall business culture and strategy. The function of the human resource specialist will help to implement the above and in the long-run will play an unidentifiable factor in organisational success.

In the author's opinion, HR activities are part of a successful business, whether noticed or not. Organisations can measure it, but it will only show that either management is not willing to see the benefits or the implementation of HR activities is set in a negative business environment. This makes the author wonder, organisations which are reacting this way, if it is just a façade for keeping employees and trade unions happy? In the end, time will tell!



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