

Role of Strategic Human Resource Practices in Employee Performance

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ABSTRACT

HRM practices and policies, and their implementation in the business have been the focus of many researchers. The purpose of the research is to study the relationship of human resource strategic orientation with the employee outcomes. The HR department now focuses on how the human resource strategies can add value to the organizational performance. Organizations are now aware of the importance of strategic human resource management that impacts the performance of the employees.

Keywords: Employee Performance, HRM practices, Strategic human resource management practices.

INTRODUCTION:

Organizational performance is the ultimate goal of every strategy. However, not every strategy and practice have a direct relationship with the organizational performance, but may also have an indirect relationship. The importance of human capital in the performance of the organization is justified. Human resource practices are aimed at discovering, nurturing, and enhance the skills of employees. The reason why traditional human resource practices have moved towards contingency approach and now following the strategic approach is that they can now sense the need to move synchronically with the organizational strategy.

Human resource practices include recruitment, training, development, performance appraisal, compensation, trade union management, labour welfare, etc. The strategic human resource management sees the same human resource practices in different manner as per the organizational needs. The strategic human resource practices follow either the soft human resource management model or the hard human resource management model. The soft HRM is more oriented towards the cognitive behaviour of the employees while the hard HRM model is task oriented that focuses only on the profits of the organization. Human resource strategies are required to identify the new work opportunities for the employees. It ensures that the working of the organization is going as per the desired benchmark. The HR strategic orientation is aims at synchronizing the organizational strategies, and the human capital. It attempts to manage employees more effectively with the help of human resource practices and policies.

When employees individually perform well, then the results for the organization are also uplifted. Earlier, the organization primarily focuses on the financial goals without noticing the employee performance and behaviour. Gradually, the organizations have now started focusing on building a happy and motivated environment for their employees so that they can feel better and contribute more towards organizational benefits. From the past studies, a strong relationship between human resource management practices and employee performance can be developed. This study is an attempt to explore the strategic oriented human resource practices in relation to the employee performance.

LITERATURE REVIEW:

To deal with the competition, the organizations need to develop their internal strength, which can be developed with the help of strategic human resource practices (Adnan et al., 2016). Every HRM practice gives impact on the employees. The employee's efforts and behaviour outcomes are then shown in their performance. There is positive relationship between employee's willingness of taking the risk and ambiguity tolerance and firm performance (Gupta and Govindarajan, 1984). Employees are the strategic instrument for an organization in the competitive market. Studies have concluded that some of the when employees are paid for working overtime, when they are given authority to take decisions, when they have more chances of getting promotion, and when the management is more sensitive to their needs and problems, then the employees feels more satisfactory with their jobs (Oraman et al., 2011).

Employee outcomes are enhanced when organizations implement the high potential programs that are intended to identify, develop, and retain the talents of employee's which are their high potential employees. These practices help in shaping the attitude and behaviour of the employees. Studies have revealed that employees, which are not the participants of the high potential programs, are not showing desired behaviour towards organizational performance (Malik et al., 2017). Employees are the most important resource to an organization for maintaining the competitive advantage. This truth has been accepted now by most of the organizations. From the research, it has been found out that the employees who are experiencing high level of well being are able to perform very well, and vice versa. This has been tested at individual, group, leader, and organizational level. All the levels of workplace have shown the same result for the relationship between employee well-being and performance (Nielsen et al., 2017).

Human resource policies and practices aims at increasing the motivation, satisfaction, commitment, and welfare of employees. The study conducted in the banks of Bangladesh have shown this result, and concluded that these practices and policies work towards the overall development of the employees. The two approaches of HRM-soft and hard, together supports the strategic business environment. The soft HRM focuses on the employee development, while the hard HRM focuses on the productivity and cost. There is still a major research gap in this field and no universal measurement scale has been developed so far to study these dimensions of soft and hard HRM. The limitation to the study was that the results cannot be generalized and the sample size was very small. However, the study has clearly concluded that all the HRM practices in an organization are a combination of soft and hard approach (Rahman et al., 2017).

The relationship between high performance work systems and firm performance is mediated by human capital and employee motivation. Employee's abilities to perform, their motivation, and opportunities are the predictors of business outcomes. Studies have shown that staff selection, performance appraisals, training employees, job description, and empowerment practices supports the human capital and their commitment behaviour (Raineri, 2017). Sikora and Ferris (2014) investigate the factors that affect the implementation of strategic HR practices by the line managers and their impact on the subordinates. The authors found that organization's climate, culture, politics, and social interaction are the important factors that influence the process of implementation of HR practices. These human resource practices results in the employee outcomes like employee's job performance, employee's job satisfaction, employee's turnover intention, and perception of procedural justice.

Kehoe and Wright (2013) investigate the perception of employees towards the high performance human resource management practices that shows a positive relationship with the financial and market outcomes. The employee perception of high performance practices shows a positive relationship with the organizational citizenship behaviour, which is mediated by affective organizational commitment. The literature completely supports the fact that there exists a strong relationship between strategic human resource management practices and employee outcomes. This relationship can be negative or positive depending on the sub variables considered for the study and the sample on which the empirical study would be done.

OBJECTIVE:

The objective of the paper is to study the relationship between strategic human resource practices, and employee performance from the past studies.

CONCLUSION:

Employee performance is an important linkage between human resource practices and organizational performance. The strategic human resource practices are designed to enhance the performance of the employees. When the employees are more motivated and committed towards their job then they are able to

perform well for organizational benefits. The present study is a review study. Thus, this is a limitation to this study as no empirical data has been collected. The future research could thus evaluate the relationship empirically to measure the extent of relationship between strategic human resource practices and employee performance.

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