Improving Human Resources Management, Condition of Increasing Efficiency and Effectiveness of Organizations

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Abstract

Management professionals, as well as practitioners are increasingly aware of the substantial impact of human resources and implicitly of human resources management on performance of organizations. Numerous studies have highlighted this correlation. In this article we intend to emphasize this correlation based on some empirical studies and specialized literature review. We also tried to highlight a series of deficiencies of human resources management in Romania and to propose rationalization measures of it in order to increase performance of organizations.

Keywords: human resources management, organizations, organizational performance

Introduction

Modern economic approach puts increasing emphasis on human resource as an essential element of increasing efficiency, effectiveness and competitiveness of organizations. It is considered that the human factor is the only able to combine the other factors of production, so as to create added value. Numerous studies have shown through empirical research the link between human resource management and performance of organizations. Through this paper, we want to contribute to a structuring of notions and content of human resource management and argue its impact on organizations.

A number of empirical analyses that we conducted within the organizations in Romania revealed deficiencies in human resource management, with significant impact on performance of organizations. Among these deficiencies, we mention:

- inability of senior management and human resources management to develop an organizational culture oriented towards increasing performance;
- defective achievement of performance evaluation system;
- non-correlation of motivational instruments to the needs of employees and to the degree of achievement of objectives;
- using especially financial motivational instruments;
- lack of planning a career path of employees.

Impact of human resource management on organizational performance

Worldwide, there are many studies that show a direct link between human resources management and performance of organizations. The study made by Intan
Osman, Theresa C.F. Ho and Maria Carmen Galang in the paper “The relationship between human resource practices and firm performance: an empirical evaluation of firms in Malaysia”, shows that human resource management and practices in the field have an influence of about 50% at the increase of organizational performance. Similar results were also obtained by Chew and Basu (2005) and Khandekar and Sharma (2005). The authors identified that the independent variables that have the greatest contribution to the growth of organizational performance are:

- interpersonal relations and communication between employees, with a contribution of 29%;
- job description (specification of tasks, methods, technologies used and of the organizational relationships) with a contribution of 24%;
- career planning, with a contribution of 23%.

Youndt et al. (1996) emphasized that human resources management has a positive impact on operational performance. Also, Huselid, Jackson and Schuler (1997) show that there is a positive correlation between efficiency and effectiveness of human resource management and productivity, as well as market value of the organization.

Kuldeep Singh (2004) shows that organizations can achieve higher performance, if they use tests and selection instruments, performs training based on actual needs necessary to accomplish job tasks, assess staff performance based on quantifiable objectives and adopt a motivational system based on performance.

**General considerations on human resources management and its impact on performance of organizations**

Individual, regarded as a human resource is the one who creates value added. No work may take place without his contribution. Even the most automated activities require human resource intervention in the programming process, monitoring the course of production, as well as maintenance and repair of machinery and equipment.

Based on these considerations, it should be given more attention to the process of attracting and managing this resource that is vital to any organization. Therefore, in recent years, human resources management acquired increasingly important role in the management system of any company. Proper management of human resources can be a key factor for success (Stephen Gates and Pascal Langevin, 2010).

Under a strategic management approach, the importance of human resources is even greater. Without well-trained and motivated experts it cannot be substantiated and implemented viable strategies that contribute to the imposition of the company in the competitive environment in which it develops. Relevant analysis of the environment and internal situation of the company, determining the cause of the main positive and

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negative issues, establishing the company mission, of goal system of strategic options, sizing resources, their combining and allocation, proper implementation of established programs are activities that can not be achieved but by well-trained professionals, with extensive experience. Santos\textsuperscript{5} (2000) stated that the main concern of the staff function is its integration into the overall management and strategic management of the company. It is known that competent human resource is one of the sources of creating a long-term competitive advantage.

Given these considerations, in our opinion, human resources management, includes all management processes and relationships, through which it is aiming the forecast, purchase-organization, coordination, control-evaluation and training of human resources as the main resource of the company, aiming at the creation of a long-term competitive advantage and increasing the efficiency of organization.

From the definition given it results that the main functions of human resource management are:

- prediction of human resources;
- procurement and organization of human resources;
- human resources coordination;
- control and evaluation of human resources;
- training of human resources.

One can see that it is about the management functions in general, except that all these functions relate to corporate human resources.

In addition, at the second function, in order to highlight the specific character of this type of management, besides organization, we also included purchase of human resources. These functions are interdependent and mutually conditioned.

Achieving prediction function involves the development of the following activities:

- environmental analysis and identifying trend on the development of such type of resources, of factors that can influence human resources etc. A special attention is given to the analysis of human resource development specialized in the fields of interest for the company. It also takes into account labor legislation in areas where the organization operates. It identifies the main methodological issues on the selection, management and organization of human resources, etc. With regard to labor legislation, we believe that the new Labour Code published in the Official Gazette no. 345 of 18.05.2011 creates many opportunities for organizations in Romania, designed to increase their performance. By Article 17 (3), letter e), the employer is obliged to inform the new recruits of the criteria for assessing the professional activity of the employee. This provision provides a more efficient selection process, eliminating from the start those persons who feel they can not meet the performance criteria and it also represents an element of motivating employees to meet those criteria. Motivational aspect is reinforced by the

provisions of Article 61 lit. d), according to which the employer may order dismissal for reasons incumbent on employee, if it does not meet the professional requirements for the job of employment;

- causal analysis of the main positive and negative aspects related to human resources management within the organization;
- elaboration of strategy on corporate human resources. A special attention in this strategy is given to creating and implementing a company-specific organizational culture that should cultivate work efficiency, commitment to the company, recognition and respect for values, etc. Strategy specific to human resource management should be integrated and support the achievement of the overall strategy of the organization.
- substantiation of policies (tactics) and programs of implementing strategy specific to human resources management. This is aiming at mentioning methods of recruitment, selection, employment, evaluation, motivation, training, promotion, etc. of the staff in order to ensure human resources in the quality, structure and in quantity necessary to successfully implement the overall strategy of the company.
- guidance of senior managers on long-term implications which certain strategic options and specific actions have on human resources, etc.

**Function of procurement and organization of human resources** aims at the following activities:

1. analysis and harmonious definition of positions by the staff involved in implementing human resource management, along with specialists of structural and procedural organization.;

   It is required that sizing of individual tasks and objectives specific to a certain job should be made very carefully, so that they may be challenging, stimulating, but also to be achievable. At the same time, it is recommended to achieve a good correlation of job-specific tasks, skills and achievements, with the knowledge, skills and abilities specific to the post holder.

2. ergonomic organization of jobs, as well as reasoning and application of labor protection plan;

   A major concern of HR experts is to ensure optimal conditions for carrying out work processes within the company. This aims to prevent accidents and occurrence of occupational diseases, but also to achieve an increase in work efficiency. Given the importance of this work, a real science has been developed, ergonomics, studying the relationship between individual, machine and work environment to improve work methods, means and conditions, so as to increase economic efficiency and staff safety.

3. implementing policies of human resources recruitment;

   Recruitment is the process that aims to create a database from which the future employees of the company will be selected. This is a complex activity, requiring a significant time and resource consumption. Lately, more and more companies have outsourced this activity (outsourcing), by using the services of companies specialized in the staff recruitment process.

   The advantages of outsourcing in the recruitment field are the following:
• staff savings. For the creation and management of database is needed to hire people to handle this work continuously;
• rapid provision of updated databases that meet business needs, significantly reducing the time of recruitment, selection and employment processes;
• most often companies which are specialized in recruitment make a pre-selection beforehand, according to the criteria and job requirements specified by the employing company;
• employing company benefits from the know-how of recruiting company, etc.

4. implementing policies of human resources selection;

Selection is the process of choosing people who have the knowledge, skills and abilities needed to carry out properly the individual goals and achieving tasks by using job-related skills and undertaking responsibilities.

Several experts demonstrate in the specialized literature the importance of the selection process and the need for its rigorous organization. Holzer\textsuperscript{6} (1987) stated that a rigorous, valid and sophisticated selection system helps to identify the ideal candidate, with a high potential for obtaining outstanding performance on the employed job. Fernandez\textsuperscript{7} (1992) shows that a complex system of staff selection can provide a better correlation between employees’ skills and knowledge with the requirements of the organization and position held. Also Pfeffer\textsuperscript{8} (1994) shows that a rigorous selection system generates a sense of elitism, with expectations for high performance and sends a message on the importance of human resource for the organization. Terpstra and Rozell\textsuperscript{9} (1993) points out that there is a direct correlation between the performance of the organization and selection system.

Due to the importance it has in the efficient conduct of business activities and achieving its objectives, it requires an increased attention to the selection process. For performing selection, several criteria are used. The most common are:
• studies and specializations, attested by diplomas;
• previously held positions, specifying the duties, powers and specific responsibilities;
• length of service, specifying the periods during which he/she held various positions and the main tasks performed;
• capacities, knowledge and skills of candidates that can be tested through examinations, questionnaires, psychological tests, case studies and / or practical tests;
• recommendations from previous workplaces or from persons with notoriety in the field, who know such candidate.

The selection of candidates for occupying a specific position within the company may consider candidates both within and outside the company. When in the company are working persons, who have the knowledge, skills and abilities for being employed in the vacant position, their selection is recommended for the following reasons:

- such person is very well known along with its achievements. Following interviews or theoretical and / or practical tests, organized for people outside the company, may be selected employees who do not meet the job requirements, as often it is insufficient to realize the capacity of a potential employee based solely on interviews or practical tests carried out in a short period of time;
- motivating of staff is made;
- a faster employment in the job, as well as community integration is made;
- persons within the company know the company specific organizational culture, etc.

5. implementation of human resources employment policies;

Employment of staff includes the series of activities by which tasks, powers and responsibilities are assigned, individual objectives and job specific organizational relations are presented.

By the way this process is achieved depends the integration of employee in the collectivity, its acceptance by formal and informal groups, performance achieved and stability of employee in the new position. In practice there are may situations where new employees leave their workplace because they didn’t get to accommodate among their fellow workers, work environment is hostile, etc. Therefore, in the first months of employment on the new position, both specialists in human resources department and the direct manager should conduct a careful monitoring of the new post holder and have a constant communication with him, for a rapid identification of problems and their prompt settlement.

6. implementing policies of training and improvement of human resources;

Rapid and deep changes occurring in the external environment, require continuous adaptation and improvement of human resources. A well-trained, highly skilled and initiative staff has, on the one hand, an increased efficiency at work and on the other hand is directly involved in setting and achieving corporate objectives. All these lead to a long-term competitive advantage. Studies made by Kalleberg and Moody (1994), Delaney and Huselid (1996), d’Arcimoles (1997), Harel and Tzafrir (1999) stresses the positive impact of trainings on performance of organizations.

Based on these considerations, it should be given an increased attention to the preparation and training of employees. For this we can organize in-house courses,
practical demonstrations and part of the staff may be sent to specialization within institutions specialized in the implementation of such activities.

7. modeling organizational culture so that it serve the interests of the company;

Studies conducted by several experts in management, Denison\textsuperscript{14} (1984), Gordon and DiTomaso\textsuperscript{15} (1992), Chatman and Jehn\textsuperscript{16} (1994) have shown that companies registering increased performance in the work they carry out have an organizational culture based on commitment to the company, recognizing the values, the cult of work well done, etc. Modeling organizational culture is a laborious process and requires attracting experienced professionals who participate in the foundation process, but also to engage themselves in the process of implementation. In the process of modeling the organizational culture must be taken into account company-specific tradition, reviewing the employees' character and identification of the most appropriate methods for modeling them. An important role in the implementation of organizational culture have managers of the company and their ability to assert themselves as the true leaders within the group they lead.

We deem that a special attention should be given to the creation and development of an organizational culture based on values that contribute to increase of organizational performance. This activity is all the more necessary given that national culture does not encourage performance. From comparative analysis of Romanian national culture and high productivity countries such as Germany or Japan, you can see a series of characteristics encouraging performance, in the case of foreign cultures. For example the Germans say "if we started something, let's do it properly", with positive effects on quality. Not accidentally German products are considered among the most reliable. The Japanese say "kaizen", meaning continuous improvement. This approach has positive effects on both the quality and productivity. Romanians say "it works anyway", with negative effects on quality and competitiveness.

Only from the analysis of these approaches results that the organizations need to make sustained efforts to change employees' values and behaviors in order to create prerequisites for a high organizational performance. Unfortunately, in the Romanian companies, senior management does not give due importance to this process and change of organizational culture cannot be achieved without the direct support and involvement of senior management.

\textit{Coordination function} aims at harmonizing the activities conducted by the company staff, so by creating a synergy, the efficiency of company should increase and increased performance be achieved.

Objectives aimed by implementation of these functions specific for the human resource management are:

\textsuperscript{14} Denison, D. (1984), Corporate culture and organizational culture and effectiveness, \textit{Organization Science}, Vol. 6(2): 204-23
\textsuperscript{16} Chatman, J. and Jehn, K. (1994), Assessing the relationship between industry characteristics and organisational culture: how different can you be?, \textit{Academy of Management Journal}, Vol. 37(3): 522-53
• creating some groups of people to work like well-knit team, by the fact that group members work together to achieve common goals (team building);
• achieving cohesion and cooperation among these groups to create the conditions of achieving the objectives of macro-groups or company as a whole;
• information and training of staff for acceptance and implementation of major changes within the company. In the strategic management, for adapting to external environmental conditions, it is required the development of some restructuring, system redesigning etc. An important stage of the redesign process is the notification of staff of changes to be made, presentation of generated benefits, etc., so as to reduce opposition to change and restructuring to be done quickly and efficiently.

The process of creating teams includes several steps:
1. Establishing team objectives;
2. Identification of all persons who may participate in achieving those objectives;
3. Appropriate definition of jobs, by clear specifying of individual objectives, tasks, powers and responsibilities;
4. Creating formal organizational relationships, allowing a good collaboration;
5. Creating an information system that allows a rapid and efficient exchange of information between team members;
6. Presentation of changes and information of staff on individual and collective benefits arising from implementation of new procedures;
7. Permanent coordination and monitoring of the team work performance, intervening quickly where deficiencies are found, to remove their causes.

**Control-evaluation function** specific to human resource management aims to evaluate employee performance as post holders, by comparing individual objectives to their outcomes, to control the application of the motivation methodology and complying with employees’ rights and obligations.

Depending on the outcome, various motivational instruments apply.

Employee evaluation is also done when the promotion in a higher level position is desired. Under these conditions, besides reviewing results obtained, it is also evaluated the compatibility between knowledge, competences and skills of the employee with duties, powers and responsibilities of the new position. Employees should be evaluated in terms of vacant job-specific characteristics, because they may have very good performance on the job held, but may not meet the requirements of vacant job.

A special attention should be granted to the control of how employees' rights are complied with. In this way, a series of disruptions and tensions are avoided within the company and also are generated the prerequisites to create an adequate motivational climate.

For example in our country has become a practice to excessively charge jobs with tasks, so that, mostly the post holder fails to carry out during normal working hours of eight hours. Therefore, extension of working program often occurs, without such employee being paid extra money. In developed countries, where the control function of human resource management is done properly, in such situations intervene human resources specialists and assess whether the extension of working hours are due to the
incompetence of employee or job overload. If the cause is incompetence of employee, its training and improvement of its specialization is aimed. If even after training, the employee does not meet the job requirements, then it is moved to a lower requirements position. But if it is found that exceeding working hours is due to overloading of job with tasks, it aims to resize them, so that the employee be able to achieve during normal working hours.

The success of evaluation process and its impact on organizational performance depends substantially on how evaluation criteria are set. They must be adapted to the specific of company and jobs evaluated. It is also important that these criteria should be notified in advance to all employees, to be transparent and unbiased. Thus, it is substantially reduced the possibility of making abuses in the evaluation process. Also, the existence of some relevant evaluation criteria reduces the subjectivity of the evaluation. Unfortunately, in many organizations in Romania, evaluation criteria either are inexistent, or they are vaguely defined or are not communicated to the employees. Often this situation is deliberate in order to allow some managers to protect certain employees. Also, a number of managers consider that the lack of clear evaluation criteria increases their power within the organization, because they can sanction or motivate persons arbitrarily. This approach has serious consequences for organizational performance, because it creates inequity and employee demotivation.

Training function. specific to human resources management aims at motivating company staff for increasing efficiency of work, active involvement in the foundation process and achievement of objectives. Unlike the training function, specific to management in general, human resources specialists, by implementing this function, aims at substantiation and development of strategies, policies and programs to motivate staff, identifying and establishing the most appropriate methodological instruments that can be used within the company to motivate employees. All these are made available to managers for their implementation.

The degree of employee motivation decisively condition medium and long term performance of the company. Therefore, it is considered that substantiation and implementation of an appropriate motivational policy is a prerequisite for application of an effective strategic management.

In developing and implementing of motivational policies and programs, the following stages are covered:

1. evaluation and analysis of methodological issues concerning the motivation of staff, existing in the specialized literature, as well as in the national and international practices;

It aims to increase the existing knowledge base within the company in this field. For example, currently, in most of the companies in Romania, a small part of existing international motivational instruments is used. It prevails the financial motivation expressed by increases in salaries and bonuses.

Without pretending to capture all forms and instruments of motivating staff, we will make a presentation of some of the most commonly used:

- a good wage, corresponding to the employee work and training;
- assessing performance. This can be done by material rewards (bonuses, salary increases, etc.). For some verbal persons, verbal assessment made by superiors or collectivity to which it belongs is worth more than a bonus. It is true that this
occurs with increased intensity when basic needs are met. Also, by recognizing employee contributions and their presentation to the collectivity, it aims at increasing the role and informal authority of such person. Also, recognition of performance can be achieved by increasing the role and formal authority within organization, as a result of a higher level promotion;

- providing free medical care or subsidized to a certain extent by the company;
- conclusion of insurance policies, borne by the company, who has employees as beneficiaries;
- providing free legal or economic assistance from the company;
- granting discounts on the purchase of goods. This can be done by the company adopting this motivational instrument or contracts are concluded with companies that produce these goods;
- organizing recreational programs. In this category can be included group trips, dinners held at the restaurant, disco evenings, collective sports, etc. These events involved both managers and subordinates. The aim is both to motivate staff and to increase group cohesion;
- payment of individual trips. It apples as a result of recognition of some individual special merits (eg for the best salesperson) or as a motivational package for senior management (President, CEO, etc.);
- creating good working conditions;
- payment of kindergarten for children of employees or establishing kindergartens within the companies;
- granting employees with advantageous loans;
- for senior management, it is used to provide a card for protocol and / or personal expenses;
- providing company housing or rent payment;
- providing company cars, mobile phones, which can be also used in personal interest;
- offering within the company of offices, privileged parking lots, which lead to increase of social status;
- payment and providing access to clubs with restricted access;
- providing a certain share of profit or rewarding managers with company stock;
- creation a flexible working hours, teleworking implementation;
- additional leave days;
- funding of education, specialization of staff, etc.
- job rotation.

2. *it is causally reviewed the staff motivation state;*

In this stage, it is pursued the identification of staff satisfaction regarding the motivational policy currently applied. At the same time, it is envisaged to identify the causes that led to the establishment of a state of satisfaction or dissatisfaction of the employees; it is highlighted and enriched their main needs.

On how this stage is conducted it crucially depends the developing and implementing an appropriate motivational strategy. Therefore, it is necessary that it should be performed by skilled professionals, including psychologists and sociologists. It
is preferable to attract in this process people outside the company, who previously participated in similar activities.

As instruments may be used interviews, questionnaires, direct observations. It is preferable that these reviews also extend for the families of employees, because they often exert a demotivation pressure of the employee, due to failure of achieving specific needs.

After identifying the cause of the state of employee satisfaction, as well as establishing and prioritizing needs, experts formulate a series of recommendations to eliminate the causes of dissatisfaction, generalization of those leading to the increase of satisfaction and introducing new motivation instruments.

3. preparing a documentation on motivational instruments that are the most effective for that company, presentation of method and conditions of their application;
4. evaluating expenses and benefits generated by applying different motivational instruments;
5. elaboration of motivation general policy;

After achieving the above-mentioned steps, a clear picture is created on deficiencies of the current motivational system and their causes. A highlight is put on the motivational instruments that should be applied and their implementation. Furthermore, it is made a cost-benefit assessment for each instrument. Based on this evaluation, are selected those instruments whose operating cost may be borne by the company and are able to bring the best results.
6. approval of motivational policy by senior management;
7. staff training for policy implementation;

Firstly, it is done the notification and training of managers on methods and conditions of implementing various motivational tools. Afterwards, both managers and HR specialists notify the staff on the motivational policy, benefits generated by them for each employee and performance to be achieved in order to benefit from such motivational tools.

8. implementation of motivational policy;
9. its evaluation;
10. redesign based on evaluation results and changes occurred in internal and external environment of the company.

Conclusions

Studies made by numerous specialists show the direct influence of human resource management on effectiveness and efficiency of organizations. Also, from the analysis of practices in the field of the Romanian organizations, one can identify several shortcomings of human resources management, which adversely affects the performance of organizations. According to data provided by Eurostat, in 2010, Romania was on the penultimate rank in the EU in terms of labor productivity. Therefore, it requires a rigorous analysis of such matter, which helps organizations to increase competitiveness. We believe that this article opens the horizon for future research to analyze and validate the impact of proposed measures on performance of organizations.
References


