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Why Human Resource Management Process is Pivotal to Organizational Effectiveness

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***Abstract**: The topic of organizational effectiveness is one that is key to any establishment that desires to remain dominant in the business domain. This is so because it directly affects the work culture, and systematic procedures of the organization. Human resource department is a major contributor to business strategy as its responsibilities include providing input, direction, advice and execution of activities to help achieve organizational effectiveness. This research work states why human resource processes are pivotal to organizational effectiveness, by analysing the components of an organization, establishing some organizational effectiveness models, while the conceptual framework used clearly identifies the key performance drivers and how they can help achieve the organizational objectives. Recommendations have been made taking a cue from a research carried out by Bain & Company; who proposed the need for human resource departments to strategize, metrically measure organizational performance, show commitment, and be in touch with behavioural patterns within the organization while understanding the corporate culture.*

Keyword: Human Resource Management, Organization, Effectiveness, Corporate Performance

INTRODUCTION

When we talk about organizational effectiveness, we don't just mean obtaining the desired or expected outcome; we also mean a systematic method and work culture capable of improving an organization's and its workers' performance through well-planned interventions. Employee development, operational efficiency, team performance, organizational structure, and productivity are the primary goals of these interventions. There will always be some form of change in policies and practices, culture, and organizational structure to match people and processes to organizational goals in order to attain a condition of organizational efficiency.
Organizational effectiveness is defined as the efficiency with which an organization achieves its goals. This refers to a company that achieves a targeted result or a company that is productive without wasting resources. Organizational effectiveness is about each individual doing all they know how to do effectively; in other words, organizational efficiency is an organization's ability to accomplish the intended results with the least amount of energy, time, money, and human and material resources expended. The desired impact will be determined by the organization's aims, which might include creating a profit by producing and selling a product, for example. If an organization functions effectively, it will generate a product that is waste-free. If the organization possesses both organizational effectiveness and efficiency, it will accomplish its profit aim by manufacturing and selling a product with little waste. In economics and the corporate world, this is known as profit maximization (Morales, 2014).

In essence, organizational effectiveness refers to the degree of congruence between organizational objectives, as well as some observable outcomes Every employee in a firm contributes to the overall effectiveness of the corporation. Some workers play a larger role than others when talents, experience, motivation, and status are considered. These are the individuals who, mostly through their expertise, contribute to the growth of the company. (Phuong, 2017).

The importance of human resource management in any business cannot be overstated, given that this unit is primarily responsible for giving input, counsel, direction, and execution in terms of organizational effectiveness. In the past, critics have labelled human resource management functions as merely administrative rather than strategic players in organizational structure. However, in recent years, a growing number of academic articles and books have depicted the human resources department as a powerful actor in terms of organizational success and business strategy.

HR may help to corporate strategy in a variety of ways. It includes everything from assisting in the identification and design of strategic choices to selecting the best options and enabling the execution of the strategic options chosen by the organization. Typically, new tactics need a shift in behaviour and performance from many employees and areas of the business. This sort of shift should be a genuine sweet spot for human resources (Lawler, 2014).

COMPONENTS OF AN ORGANIZATION

Edgar Schein (a renowned Organizational Psychologist) proposed four common components of an organization’s structure, they are; common purpose, coordinated effort, division of labour, and hierarchy of authority (See Table 1.).

Table 1. Edgar Schein Elements of Organizational Structure

Common Purpose	Without a defined purpose or aim, an organization quickly tends to stray and become disorderly. A shared goal unites employees or members and ensures that everyone understands the organization's direction. Managers must ensure that the unified objective is successfully conveyed across enterprises. Managers convey this purpose by informing all employees about the organization's overall strategy, mission statement, values, and short- and long-term goals.
Coordinated Effort	Coordination of effort entails collaborating in a way that maximizes resources. The coordinated work of all individuals and groups within an organization achieves the shared goal. The different skill sets and personalities of the larger group must be exploited in a way that adds value. Coordination of organizational effort is likely the most critical managerial task since it motivates and allocates human resources to capture value.
Division of Labour	This is often referred to as work specification for increased efficiency. It entails allocating discrete elements of a larger work to various persons inside the company depending on their respective competencies and expertise. An organization can use division of labour to delegate a difficult work effort to specialists. An organization's human resources can be used more efficiently by methodically splitting complicated activities into specialized positions.
Hierarchy of Authority	The chain of command is simply a control system for ensuring that the correct people do the right things at the right time. While there are many different organizational structures, some with more centralized control than others, hierarchy in decision making is crucial for success. Organizations can be more nimble if they know who will make choices under what conditions, but uncertainty of authority can frequently hinder the decision-making process. Organizations can use authority to create goals and tactics, which can lead to a unified goal.

Source: Compiled by Author

One thing we can boldly observe from Table 1. is the fact that each of the components strongly represents a human resource function. The HRM department establishes organisational structures that serve as the essential foundations for operations to run smoothly and efficiently. It sets the Span of control, which refers to the number of subordinates a supervisor has; it is utilised to provide adequate coordination and a sense of accountability among employees.

According to the definition of effectiveness, it is simply "the ability to deliver a desired outcome." We can say that Barack Obama was an effective president (he rescued the United States from the Great Recession, lowering the unemployment rate from 10% to 4.7%), Jack Welch was an effective CEO of General Electric (he was an astute manager and leader), and Greta Thunberg was an effective climate activist.

However, in an organisational environment, effectiveness is more difficult to quantify. Apple is often regarded as a successful corporation in many ways, but is it also effective? An organization's effectiveness is determined by its mission and goals, internal efficiency, strategic positioning, and a variety of other elements. This demonstrates that organisational effectiveness does not have a single definition and is dependent on the organisational context. It might centre on how well an organisation achieves its goals, satisfies its stakeholders, has the resources it need to function, or has a societal or environmental effect (Vulpen, 2021).

ORGANIZATIONAL EFFECTIVENESS MODELS

Organizations may accomplish a wide range of things and yet be equally effective; this is due to the fact that there are several ways to assess organisational performance. Table 2. Below shows seven of the most common ways to look at organizational effectiveness.

TABLE 2. 7 ORGANIZATIONAL EFFECTIVENESS MODEL

EFFECTIVENESS MODELS	CONNOTATION
Goal Model	Accomplishing its goals
Internal Process Model	High quality internal process
Resource-Based Model	Obtaining resources need for high performance
Strategic Constituency Model	Satisfying strategic constituencies that hold sway over the organizing.
Stakeholders Model	Satisfying stakeholders of the organization
Competing Values Model	The presence of simultaneous
Abundance Model	Flourishing and virtuousness

Source: (Vulpen, 2021)

Vulpen, (2021) further explained in a few sentences what Table. 2. means and how they can be applied to an organization:

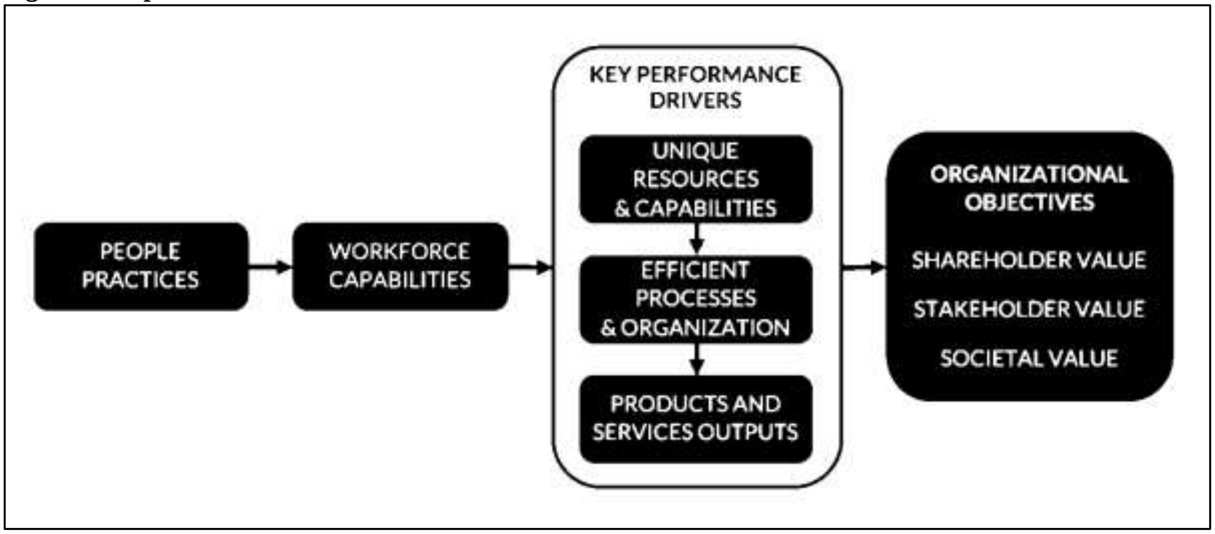
- **Goal Approach:** assesses effectiveness by determining the extent to which an organisation achieves the goals it sets out to achieve. This is the most common method of assessing organisational performance. Product or service quality and quantity, financial goals, shareholder value, societal effect, or all of these might be goals. Because it assesses outcome but does not give information about the input or the process, the goal method is less actionable.
- **Internal process model:** This examines what happens within the organisation rather than the output. This method evaluates effectiveness by observing how well organisational operations run. This is accomplished through the use of information management, documentation, and ongoing consolidation.
  The lean process strategy, which focuses on continual improvement and efficiency, is the most well-known example. The disadvantage is that the emphasis is frequently on efficiency rather than effectiveness, and on inside procedures rather than external chances.
- **Resource-based Model:** This examines the input as a metric of effectiveness. Firms get a competitive edge, according to the Resource-Based View (RBV), by utilising resources that are precious, unusual, and difficult to mimic or copy. Such resources include proprietary software such as Instagram or Microsoft's Windows, superior technology such as Apple's iPhone, or a strong firm brand or reputation such as Apple, Coca-Cola, or McKinsey. When these resources are combined, the benefits become more significant. Consider Apple's technologies in conjunction with the powerful Apple brand. Organizations become more effective by ensuring the availability of these resources.
- **Strategic constituency model:** This evaluates performance by determining the extent to which it satisfies people in the environment who might jeopardise the organization's existence i.e., its strategic constituencies or interest groups. Each constituency wields varying degrees of influence and pursues distinct objectives. Owners, management, workers, consumers, suppliers, government, and customer groups are examples of constituencies. It is critical to identify the appropriate strategic constituencies, their expectations, and how to satisfy these expectations.
- **Stakeholder Approach**. This comprises key constituents as well as those who are indirectly affected by the organisation but do not have control over it, such as employees' families, activists, and communities.
- **Competing values model:** This is based on Cameron and Quinn's paradigm of conflicting values. This method gauges an organization's performance by its capacity to promote competing ideals at the same time. For example, a company may want to satisfy customers and maximise profits while also caring for its employees, promote internal structure and coordination while also promoting innovation and novel initiatives, and have a clear direction while also giving people the freedom to help the company get there. An organization's capacity to balance these opposing ideals is critical to its effectiveness.
- **Abundance model:** This hypothesis claims that effectiveness equates to releasing the full potential of human systems. This is about promoting positive ideals and virtuous behaviour. To achieve this successfully, a balance of positive and negative numbers is required. Excellence and thriving, for example, cannot exist in the absence of tremendous difficulties and hardship. Positive and negative components, as well as emotions, are essential to maximise the potential of human systems.

CONCEPTUAL FRAMEWORK

The response to the issue of how HR can contribute to organisational success can give a deeper knowledge of organisational effectiveness and aid in defining how HR can provide value addition to the organisation.

Human Resource Management may improve corporate performance by focusing on human processes and developing worker competencies. This is displayed in Fig. 1.

Fig. 1 Conceptual Framework



Source: (AIHR, 2021)

Let's go through each of these steps;

- **People practices**. All of the key HR processes are covered here, including recruiting and selection, learning and development, rewards and recognition, performance management, and workforce planning. All of these techniques are intended to develop workforce capacities.
- **Workforce capabilities**. These are the skills that HR is developing in the workforce. Employee engagement, employee experience, general competency levels, outstanding performance, leadership, and inclusivity are a few examples. People frequently practise with the explicit goal of developing these talents. We send employees to training to improve their talents, we properly compensate individuals so they are engaged and perform effectively, and we have leadership development programmes to improve the leadership capacities of our managers.
- **Key performance drivers**. As part of organisational effectiveness, you will have to recognise the major performance drivers. These include:
  - i. **Unique resources & capabilities**. We discussed the resource-based approach earlier: HR should actively assist in the development of VRIO resources and skills, which stand for valuable, rare, inimitable, and organised. These all contribute to the formation of a competitive edge. HR can help by fostering a high-performance culture and implementing best-in-industry people practises, but it can also help by selectively recruiting, delivering cutting-edge skill-building training, and implementing effective performance management methods.
  - ii. **Efficient processes & organization**. HR may help to efficient internal processes and seamless organisational operations by ensuring company continuity through reduced absence and turnover, effective recruiting, and timely employee deployment. This demonstrates how workforce competencies and people practises contribute to corporate success. Another important contribution is the establishment of synergies through integrated HR practises centred on the company's culture and core strengths. These, in turn, reflect the strategic requirements of the business (Ulrich et al., 2017).
  - iii. **Product and service outputs**. HR's primary contribution here is through their business acumen. HR should ensure that its policies support the firm's end-customer by fostering a positive culture, expressing values that connect the organisation with its customers and up skilling, rewarding, and assessing those values. A service-sector business, for example, should have a clear, customer-oriented strategy and culture, and all HR actions should be aligned with that.
- **Organizational objectives.** HR has the least direct influence in this area. However, HR may still make a significant contribution to these goals by improving its HR processes, developing worker competencies, and contributing to the organization's core performance drivers. Examples of organisational objectives include the creation of traditional shareholder value (such as return on invested capital, market growth, and capital efficiency), the creation of value for its other stakeholders such as employees, contractors, suppliers, and communities, and the creation of societal value for a better and cleaner environment, positive social change, or a healthier society.

SUMMARY

Organizational effectiveness assesses a company's overall performance across a variety of parameters. Financial success, long-term planning, internal structure, and commitment to fundamental values are all important factors in determining organisational effectiveness. To acquire a clear picture of an organization's effectiveness, establish a list of criteria to evaluate. Because no two companies will have the same set of criteria, many for-profit and non-profit organisations gauge their performance through self-assessment. Employees and company personnel are frequently in the greatest position to understand their organization's needs, goals, and performance. Self-evaluation of performance can also assist firm staff in reconnecting with the organization's original objective. By working creatively to invent new business strategies for areas of ineffectiveness, workers may develop a stronger sense of loyalty, purpose, and dedication to the job (Morales, 2014).

CONCLUSION

Understanding the determinants of organisational effectiveness will help you do a better job and help the organisation develop in a variety of ways, whether you are in a leadership role or a more operational one. Effectiveness, for example, entails securing important resources and competencies, optimising processes, pleasing stakeholders, and ensuring that the company meets its objectives. Each of these viewpoints may be utilised to assess and enhance the organization's effectiveness and therefore build a well-oiled machine that benefits its workers, stakeholders, shareholders, and the larger community in which it works.

RECOMMENDATIONS

The recommendations in this research article are based on a Bain & Company study on "creating efficient companies." The Bain & Company research identifies five major areas in which successful companies' made improvements to attain organisational performance.' These categories include strategy, measurements, commitment, behaviours, and culture. Tenacity and a sustained investment in these areas create the best chance of success:

- **Strategy:** Generally, this entails changing an organization's basic identity, or how leaders characterise its purpose and aims both internally and externally, to incorporate effectiveness and efficiency as essential principles. The more your organisation is renowned for being "effective" and "efficient" by the market and your staff, the more these qualities will be incorporated into each new project and aim. Organizational effectiveness should simplify and clarify a company's long-term aims. The more clearly these goals are defined at the strategic level, the easier it is to transfer them across departments.
- **Metrics:** Measuring organisational effectiveness with metrics can assist businesses in remaining responsible. However, selecting the appropriate data to measure, as well as recognising when to value human judgement and conversation over hard analytics, is as crucial. A few questions to help your organization get started should include:
    - i. What concrete goals are your teams working toward?
    - ii. Are they clearly outlined by team leaders?
    - iii. How and at what intervals will progress be evaluate
- **Commitment:** strong executive involvement is the single most significant component for success and the most frequently stated cause for failure whenever things go wrong. Senior executives' visible and genuine commitment to effectiveness principles in companywide messaging and recruiting procedures, all the way down to how monthly and quarterly meetings are conducted, has a trickle-down impact throughout the firm.
- **Behaviour:** Where efforts to create organisational effectiveness are most likely to fail is in recurring behaviour. Identifying specific decision-making moments in the company's day-to-day operations, communicating how employees should change their attitudes in those moments, and then establish a specific systems for reinforcement, including actively encouraging those choices, can result in a much healthier organisation that polices its own effectiveness.
- **Culture:** Finally, how eagerly people participate in their job influences how effective their work will be. As a result, developing an organisational culture that rewards effectiveness is critical. Numerous studies conducted by business schools and consulting organisations, have shown the link between employee engagement and overall corporate success.

Even in a strictly financial setting, concentrating on corporate culture and, in particular, employee engagement is the greatest place to start when it comes to integrating organisational success into your firm's DNA.

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