



## **The relation between human resource management and organizational performance**

Abdullah Al-Shafai  
HR manger, CC group for consulting  
Email:Shafai85269@steal.org.kw

### **Abstract:**

The purpose of this paper discovers rule and effect of Human Resource Management (HRM) practices on employees. The Department of Human Resources Management occupies place in all companies and institutions - whatever its field of work - it specifies and placement of employees and solve their issues. HRM is the essential foundation of organizational performance.

Organizational performance ensures the continuity of organization to be competitive in the global market. In this paper we introduced the concept of human resources management, Human resources management functions, the challenges it faces and its role in the success of the institution, the strategies used in achieving the objectives of human resources management, the definition of institutional performance and the rules of institutional performance, the relationship between human resource management and institutional performance.

**Keywords:** human resource, human management resource, performance, institution, strategic.



## **1. Introduction**

Human resources an important element in the institution, human resources is capable of innovation, replenishment, development and implementation and seeks to favor the value of the enterprise. Therefore, the management of human resources in the institution obverse range of challenges in the selecting suitable staff for the institution and to meet the requirements work. Thus, there is need to develop the ideas and strategies to improve Interaction between employees and employers and develop a comprehensive vision to help human resources Managers to get better results and improved performance.

The first officially department to human resources management has been identified since the 1920s (Ferris, Buckley, & others, 1999). Typically, managers viewed the department of human resources management as a tool to dealing with staff, saving reports, and maintaining organizations. Today, the world recognizes the importance of human resources in achieving access in the efficient way. Only a few axes can devise the hidden power of human resources and introducing them into market leaders. HRM's function has evolved to become a strategic partner, exchanging ideas, points of view, and resources with marketing, finance, and accounting department. (lee, wu, & others, 2010)

Organizations seek to improve organizational performance, create competition between them, take more markets, more customers, more sales, and achieve goals such as: cost reduction, sales levels, increased customer numbers, increased market share, improved productivity and quality, And innovative products. These goals will be achieved through human resources and human resources management in organizations, as the key to. (Cania, 2014)



The studies indicate that the purpose of strategic human resources management to improve business performance through personnel management. The question that inspired this paper how human Resources management improves the performance.

## **2. Human resource management**

Before defining human resources management, we need to know the concept of human resources. Human resources are all individuals and manpower in an organization or company, including managers and employees. (O’riordan, 2017)

### **2.1 Definition of strategic human resources management**

Human resources management has more than meaning. The first definition of HRM is the process of managing people in organizations in a structured and thorough manner. This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management. This is the classical definition of HRM which leads some experts to define it as a modern version of the Personnel Management function that was used earlier. (juneja, 2014)

The second definition of human resources management involves managing people in the form of a collective relationship between management and staff. This approach focuses on the objectives and results of the human resources management function. that means the human resource function in contemporary organizations is concerned with the concepts of empowering people, developing individuals, and focusing on relationship consolidation between management and staff. Therefore, the human resources



management is “both the art of managing people by recourse to creative and innovative approaches”. (Juneja, 2014)

The word "strategy" was first used in 1656, which means "commander-in-chief". In the management context the strategies human resource management is the set of managerial decisions and actions that determines the long-run performance of a corporation' (Wheelen, Bamford, & others, 2015)

The institutions applied a set of functional strategies in their work to maintain employees, such as:

- The strategy of establish a staff and capable of achieving management objectives.
- The strategy of attract employees are characterized by high functional skills.
- Strategy for training and development of the employees capabilities.
- Strategy for the care and appreciation of the employees.

**3. The strategic management process is divided into five steps:** (bratton & Gold, 2017)

1. **Mission and goals.** The first step in the strategic management model begins with senior managers evaluating their position in relation to the organization's current mission and goals through the actual operating procedures of the organization.

2. **Environmental analysis.** The process of the Environmental analysis is done by determine the internal organization strengths and weaknesses and the external environment for opportunities and threats.



**3. Strategic formulation.** Strategic formulation involves evaluating the interaction between strategic factors and create strategic to meet the organization's goals.

**4. Strategy implementation.** Strategy implementation is focuses on the techniques used by managers to implement their strategies. it refers to activities deal with leadership style, the information and control systems, the structure of the organization, and the management of human resources.

**5. Strategy evaluation.** Strategy evaluation is determining the extent of the actual change and performance match the desired change and performance.

### **3. Limitation and challenges of human resources management:**

In view of the recent developments that accompanied the phenomenon of globalization and the technological developments in this time, this requires business organization to add practices and strategies that increase the flexibility of performance and the speed of adaptation. the most prominent obstacles and challenges faced the process of human resources management, the following: (joshi, 2007)

- Globalization: Today's the technological development and its drastic changes in the work environment have an impact on human resources management in terms of the problems and laws.

- Internal restructuring of organizations: This is a major challenge to human resource management in the reorganization itself.



- Changing Demographics of Workforce: Reflects the frequent tweaking of the workforce on the performance of human resources management.

- Government legislation and laws: Government regulations are the basic structure governing the performance of human resources managers, as they are the primary administrative authority of administration in the institution.

#### **4. Human resources management functions:**

##### **- Strategic Management.**

The strategic management of human resources improves the company's net profit by knowing how human capital affects organizational success. (mayhew, 2018)

##### **- Training and development.**

Human resources training and development specialists coordinate new staff orientation, a fundamental step in establishing a strong relationship between employer and employee. HR training and development also provides training that supports the Company's fair recruitment practices and staff development to prepare leaders who aspire to supervisory and managerial roles. (mayhew, 2018)

##### **- Employee Satisfaction.**

Personnel Relations Officer at the Human Resource Management Division assists the organization in achieving high standards of performance, spirits and satisfaction of the



employees, by finding ways to enhance the relationship between the manager and the employees. (mayhew, 2018)

**- Employment and onboarding.**

HR personnel manage the recruitment process from a CV scan to scheduling interviews to equip new employees. It identifies the most effective ways to recruit applicants, including the assessment of which applicant tracking systems are best suited to the needs of the organization. (mayhew, 2018)

**- Accountability issues.**

Human resources staff reduces the Company's exposure and responsibility for allegations of unfair recruitment practices; identify and analyze and solve problems in the workplace. (mayhew, 2018)

**5. Organization performance**

Institutional performance is the sum of the outputs that the institution aims to achieve and refers to the means used to achieve those goals.

**5.1 Organization performance concept:**

Organizational performance includes three specific areas: financial performance such as profits, return on assets, return on investment; product market such as sales, market share; and shareholder return such as total contributor return, economic value added. (yip & others, 2009)

**5.2 Roles of Performance Measurement**



A weak measurement methodology can be a major factor contributing to thwarting the company's progress. on a nether hand, A well-designed performance management system, is a key factor contributing to enhanced management planning and management. In fact, it can be said that property management (PM) allows business management to excel by enhancing motivation, monitoring performance, and improving the 7 degrees of communication, problem diagnosis. (waggoner & Neely, 1999) In addition, PM can provide an effective approach to the study and definition of management strategy, as well as enabling the correct perception of the current and booming conditions that affect the company's progress. (Lebas, 1995)

## **6. The relationship between human resources management and performance:**

Organizational performance has a significant impact on the behavior of the companies and their employees. One of the results of this effect the increase in the number and variety of technique and methods to accurately measure performance and the establishment of a gradually important research field for both companies and academics. (metzger, 2007)

Research has confirmed a relationship between strategic human resources management and business performance. Most studies and publications in human resources management have identified the concept in terms of individual practices, human resource





management practices and policies that affect attitudes conducts and employee performance. It focuses on several important practices that positively impact organizational performance, such as HR planning, placement, selection, training, development, reparations, performance management, and employee relations. (klein, 2014)

Human resources management plays an important role in the management of institutional work, from the strategic planning of the image of the company and Completion of the development process and raising the value of the institution.

## **7. CONCLUSIONS**

This paper aims to provide an overview of the concept of human resources management and institutional performance, strategic management, the most important strategies in the development of institutional performance, the relationship between human resources management practices and business development, some human resources management objectives such as reduce cost, increase the number of Customer, increased product quality, improved productivity, and The relation between human resource management and organizational performance. Human Resource Management has played an important role in enhancing the relationship and trust between employees and their institutions through training, polarization and motivation.

Human resources department improve the company net profit through knowing how to human capital effects on organizational success. Human resources professionals develop realistic compensation structures that determine the company's competitive wages with other companies in the region, in the same field or companies competing for employees



with similar skills. Conduct wage and salary surveys to maintain compensation costs with the organization's current financial position and expected income.

### **References:**

- bratton, j., & Gold, a. J. (2017). strategic human resource management (sixth ed.). London: Palgrave. Retrieved 2018, from <http://www.otaru-uc.ac.jp/~js/downloads/SP2005-PDF/SP2005-Chapter2SHRM.pdf>
- Cania, L. (2014). The Impact of Strategic Human Resource Management. Albania: European University of tirana.
- Ferris, G., Buckley, a. M., & others, a. (1999). Human Resource management: Some New Directions. *Journal of Management*, 3(25), 385-415.
- joshi, p. n. (2007). challenges of human resource management in borderless word . researchgate.
- juneja, p. (2014). human resource management. msg.
- klein, f. a. (2014). The Role and Impact of Human Resource Management. Oslo: University of Oslo .
- Lebas, M. (1995). performance measurement and performance management. *International Journal of Production Economics*.



lee, f.-h., wu, a. w.-y., & others, a. (2010). The relationship between human resource management practices. taiwan: The International Journal of Human Resource Management.

mayhew, r. (2018, January 31). 10 reasons hr is important to an organization. Retrieved from chron: <http://smallbusiness.chron.com/10-reasons-hr-important-organization-22424.html>

metzger, T. (2007). Evaluating capacity development. university of guelph.

O’riordan, J. (2017). The Practice of human resource management. Ireland: IPA institute of public administration.

waggoner, D., & Neely, a. A. (1999). The forces that shape organisational performance measurement system. International Journal of Production Economics.

Wheelen, T., Bamford, a. C., & others, a. (2015). Strategic Management and Business Policy (Fourteenth ed.). Copyright. Retrieved from <https://testbank24.com/pdf/Solutions-Manual-Strategic-Management-and-Business-Policy-Globalization-Innovation-and-Sustainability-14th-Edition-Wheelen.pdf>

yip, g., & others, a. (2009). measuring organizational performance. journal of management.