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2.1 High performance organization

Global business environment not just intrigues the external environment but also affects the human resource management system prevailing by infusing new practices, which many a times is difficult for the organizations to adapt and change straightforwardly. (Friedman, 2007).

Organizations operating in any businesses in the given business environment strive to achieve the highest levels of performance and not just highest level of performance but sustained high performance in incremental manner. They experiment and apply various policies various strategies and policies and apply different processes to achieve the set goals and objective. High performance organizations aim at productivity, quality, customer satisfaction, growth and increased profitability. Organizations have been developing business models and policies keeping in sight the uncertainties of the business environment. The organizations understand the creativity and innovation is one factor which can provide edge to compete and succeed hence organizational strategies have been more often been dependent on the human resource of the organization. The view is maintained by McGuire, D. & Cross, 2003.

In order to achieve performance from individuals and teams in the organizations they understand the need for development of internal capability for which processes like capability building, appraisal, employee engagement, compensation and rewards and at the same time if required also infusing fresh skills and capability by recruiting new employees to fill the identified gaps.

Organizations have to continuously monitor the internal and external environment so as to take care and fulfill the requirements and hope of involved stake holders of the organization prevailing. Organizations have to understand the changes and the development in the business environment and have to build their internal capability so as to meet the challenges posed and at the same time avail the opportunities presented by these challenges. They continuously try developing and improving the internal capability i.e. the people and the processes so as to achieve the performance objective set. Employees are emotionally bound when organization takes care of their expectations and commit themselves to the organizational goal and objectives. The values and principles espoused by the organization are trusted and believed (Paul Meehan et al, 2006).

The organization can make future strategies on the basis of the talented employee base it has or the capacity to attract talent. This is one good reason for organizations which can help achieve
positively aggressive spot in this competitive business environment. This will also help the organization to develop an environment which is continuously evolving and developing and helps face the challenging business situations (Durkovic, 2009).

In a tall act work place employees are able to comprehend the business environment requirement and initiate the performance by expressing commitment as an individual and team. The employees themselves set the goals which contribute in achieving goals and objectives of the organization. They are able to establish a performance system amongst themselves which is self sustaining.

Organizations intending to achieve high performance require highly motivated and committed employee base. Organizations have to direct their activities and processes in developing such motivated and committed employee base. Organizations cannot demand employee commitment by force but could realize it by showing and expressing their own commitment to growth and development of employees. It becomes very important for the organizations to understand the needs and expectations of the employees as an individual and group. This will require great deal of effort in building and inculcating sense of belief in organization values and system from employees, sense of accountability and responsibility towards organizational goals and objective, sense of belongingness so as to identify them self with the organization. Organizations can also develop processes and practices which directed in such a way that it also help employees meet their needs and expectations while meeting the organization goals and objectives. This calls for passionate understanding relationship between strategic alignment of goals and objectives and the policies and practices. This effort towards creating an internal environment for fulfilling goals of employees and organization itself will promote high sense of commitment among employees.

As organizations strive to build the commitment within the organization developing motivation is equally important which could be done by continuously improving HR functions such as training and development, performance management, developing healthy sense of competition within, maintaining employee relations, a competitive compensation and rewards system, promotions policies and effective human resource planning. Hence for the organizations to achieve highest level of performance it is essential to develop internal environment i.e. organization culture and at the same time to motivate employees develop HRM policies and practices so as to create a sense of commitment and develop the system accountability to
perform. If organizations intend to achieve high performance they will have to develop and
design jobs and create positions in order to achieve the same. From the above explanation we can
suggest that organizations can high performance not by just framing strategies and policies to
achieve the organizational goals and objective but by showing its own commitment in building
internal environment which is conducive enough to allow the employees to achieve their own
goals and objective while they are working towards organizational goals and objectives.

Organizations have to focus on employee involvement and participation in goal setting
developing effective organizational processes and practices. Organization has to provide with
leadership with shared belief to develop trust and belief in organization values and principles.
Organizations will have to focus on developing talent pool instead of focusing on few handfuls
high performing individual.

The organizations can certainly create a positive impact on the organizational performance
through its HRM practices. Although it is evident that HRM practices have a great deal of impact
on the organizational performance but it should also be noted that other factors also have
influence on the organization performance. There has to be a continuous monitoring of HR and
its relationship with other resources. There has to be a aligned effort between HR and other
resources and accordingly the organizational strategies should be framed and implemented.
(Caliskan, 2010).

2.2 Organization Culture

Organization culture still does not have a unique definition, however defined as: The foremost
principles championed by organization, viewpoint to facilitate lead policies towards employees
and customers, the functioning of organization, fundamental hypothesis and thinking combined
by affiliates of the group (Stephen robbins & Mary Mathews, Organizational Theory, 2009).

Organization culture refers to the way of life within the organization, the internal environment,
the principles and behavior and expectations expressed in organization collectively with
employees. These factors of organization develop within the organization over the period of
time. Organizations environment is often the outcome of the strategies and practices in place.
They are the beliefs commonly trusted by the people within and elements which essentially drive
every activity such as attitude, behavior, creativity, performance (LIA, 2001).
As organizational culture is traditionally established by founders and they are the one who decide upon the vision and missions of the organization, further shaped by the contribution of peoples involved in the organization.

Organization culture has been understood as the assumptions and practices which are followed in the organizations. These conscious and unconscious assumptions and practices are passed on to the new employees joining the organization. It is the way the internal environment with assumed and practiced values and beliefs further shaped by the new employees and their interpretation of the same.

Following are the important features of organizational culture:

- Individual initiative
- Risk tolerance
- Directions
- Integration
- Management support
- Control
- Identity
- Reward system
- Conflict tolerance
- Communication

(Adopted from Organizational theory Stephen P. Robins and Mary Mathew 2009)

Every organization has its own unique culture. Organizations tend to form culture which best fit their principles and values towards various stakeholders and the business environment in which organization operates. Organization culture is a basic pattern or form in which activities performed in organization are shaped so as to reflect the belief, shared values and assumptions carried by members within the organization. This further shapes the behavior of its members towards organization and its process. Collectively reflects the principles and values which cannot be overlooked by its members.
Organization culture represents organizational thinking towards its members i.e. the way the organization behaves and responds to its member’s commitment and performance and similarly it also represents its member’s behavior and attitude towards organization principles and values, directed towards organizational objectives.

Many a time’s organization culture is misinterpreted organizational strategy to manipulate the desired behavior from its members instead it is manifestation of collective behavior of its members and their attitude towards organizational vision and mission. It is deliberate and conscious attempt to provide with a common platform which holds organization together and facilitates commitment towards organizational goals and objective. It is a organizational design to achieve desired level of performance.

Organizational culture represents fitness of organization to compete in the dynamic business environment and strength to adapt, survive and compete at all levels. It creates an internal environment of understanding between the organization and its members. Absence of environment of understanding will dilute the strength of principles and values which organization desires to articulate at all the levels within. This further portraits the image of the organization to the external environment.

Organization culture if understood and aligned with the organizational strategies could be effective in establishing a strong link between different stakeholders of the organization within and outside. Following chart explains the important features of organization culture.
More specifically organization culture includes following factors:

1. **Routine, rituals and ceremonies**

   This refers to a common language and practices used in day to day basis. The routine interaction between the members of the organization forms the basis of the way activities are conducted in the organization. It also makes members aware of the situations prevailing and what steps best fit and could be effective to overcome the barriers. These custom and ritual which are practiced regularly and shared by all the stakeholder of the organization form very important part of the organization culture.

2. **Organizational Stories**

   Organizations tend to develop stories of achievements and failure which is discussed regularly inspires and motivates members to commit them towards organizational objective. This helps in
inculcating principles and values and conveys the expected behavior from the existing members as well as the new entrants in the organization. Organization stories not only convey the values and beliefs of the organization also how organization opinion and commitment towards the members. It is an effective way of articulating the vision of the organization as they have to be understood throughout the organization and stories being the best way possible.

3. Organization structure and communication

Organization structure refers to the hierarchy followed in the organization. This establishes the line of authority, and accountability within. Organization communication refers to the different channels and types of communication used in the organization to interact with the members. This also refers the way in which organization responds and reacts to the behavior of its members.

4. Organizational Symbols

The organization physical structure and symbols represents organization image of within and outside. Many organizations have been continuously renovating the organization structure so as to match the changing business environment expectations like structure of closed cabins to open floor cubes, tall structures to flat, matrix structures. Organizations by doing this can have close proximity with the members of the organization. Issues could be addressed faster. Symbols such as logos and marks of the organization are also effective in creating a sense of belongingness e.g. logos on the T-shirts of employee’s give sense of belongingness and sense of pride to the employees.

5. Organizational management and control

This reflects the power composition within organization, line of authority within the organization. This reflects the management and control of organizational processes and situations. This defines the influence and control on decision making and strategic direction related to operations of different divisions in the organization.

Organization culture is “A pattern of shared basic assumptions that the group learned as it solved problems … that has worked well enough to be considered valid and, therefore, to be
taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Edgar, Jossey, 3rd ed)

2.2.1 The Concept of Organizational Culture
Organizational system which helps the employees to establish social relationship and at the same time facilitate the formal work system without any tribulations. In organizations this system is called as organization culture. Organizations vary in the degree to which they are loosely or tightly coupled. Many organizations, particularly those in relatively stable manufacturing industries, fit the requirements for behavior control or for output control. design of organizational control mechanisms must focus on the problems of achieving cooperation among individuals who hold partially divergent objectives. Basically, such a collection of people can be moved towards cooperative action (Ouchi, 1979).

Organizational researchers have long debated the meaning and consequence of organization culture but the relationship between organization culture and organizational performance is still not very clear. Conventionally it has been thought that the organization culture which aligns itself i.e. behavior of its members with the organizational objective should be able to boost the organizational performance (Chatman et al, 2012).

In a study it was found that organization culture is not necessarily disadvantage in the turbulent times of business environment but instead organization culture being advantage or disadvantage depends on the content and strength of the organization culture. In organization which is able to satisfy the need of human resource is expected to perform superior with elevated commitment (Ghina 2012).

2.2.2 Dominant Culture, Subcultures
Organization culture correspond general sensitivity mutually binding organization and its employees collectively. It is not static in nature as it continuously keeps evolving with changes in the pattern of behavior, beliefs, values and expectations of the members but the highest impact of creating an advantage or disadvantage through it rests with the organization beliefs and practice. An organization comprises of individuals from diverse background. They come from varied culture and environment. The organization environment is unknown to them so there should be
some arrangements to be made for the individuals to get used to the environment. The organization environment if properly maintained makes it easy for the individuals to socialize and get accustomed to the practices within. This will help employees to perform (Olu Ojo, 2009). There are two types of culture dominant culture and subculture. A dominant culture expresses the core values of the organization which are shared and followed by the majority of the members within the organization.

Particular types of cultures form as certain values, assumptions, and priorities become dominant when organization address challenges and adjust to changes. These dominant cultures help the organization remain consistent and stable as well as adaptable and flexible in dealing with the rapidly changing environment, whereas organizational cultures often change in predictable ways over time (Cameron, 2004).

The subculture is outcome of the member’s beliefs that have been with the organization for long. They develop relationship among themselves over the period of time and this give way to a sub culture. In a research author tried to find whether there exists a single organization culture which can lead to achieve competitive advantage. It was assumed that an organization has one central culture which is believed and followed by all the members of the organization. It was found that there are different subcultures which shared different beliefs and values about the organization performance. The members of this subculture can hold different beliefs and have distinctive behavior towards the organization objectives (Linnenluecke & Griffiths, 2010).

While we talk about organization culture we refer to the central organization culture which is believed and binds more or less all the employees in the organization. This central culture governs the relationship between the employees and the organization. Organizations are made of diverse groups of people, and these groups are made of individuals which inherit different cultural background. These groups and individuals may have positive effect on the environment of the organization and also tends to create culture of their own termed as subculture. These subcultures may or may not trust or believe in the prevailing organization culture, and these cultures could be called as counter culture. They could be useful if serves as a healthy competition.

The strong organization culture will refer to the understanding of the core organizational values and at the same time capability of the organization to overcome the challenges and avail the
opportunities created by the dynamic business environment. Hence the organization culture today is not just a assumptions or unconscious formation of norms, values, beliefs and expectation but a deliberate and conscious effort to achieve organizational performance and excellence. Therefore conscious development of strong and functional culture is a foundation for competitive advantage of organizations. Organizational culture must be audited to see its fitness with existing development and Trends (Dr. K. John, 2013). Even top most company McKinsey’s culture is strong and thus slow to change, the organization has an environment build by inspirations drawn from decades of experience mutually believed and followed by its members. It always tries to keep things simple so it could be understood easily. Also McKinsey’s corporate culture continually reinforces confidentiality (Rasiel, 1999).

The Toyota explains distinctive approach to Lean management the principles that drive value and efficiency based culture. The efforts of consistent performance improvement necessitate an integrated approach of all the functions performed in the organization with the strategic goals. This will help have a clear picture of future expectations and complemented by positive behavior of the members organizations can achieve long term sustenance. The organization will be able to build consistent and continuously developing processes for managing the valuable human resource (Liker 2004).

Further these types of culture impact the employee satisfaction and could ultimately have an effect on the performance of the organization. Organizational environment strength is determined by how closely are the values and principles preserved by the members. The degree of level of acceptance towards organization culture determines the level of commitment of employees towards the organizational goals and objective.

Effectiveness and efficiency of any firm performance depends on how well the employees understand the organizational expectation, this could be achieved purely there is alignment between the organizational strategies and organization culture. The organizational resources and organizational policies and practices are to be aligned and designed in such a manner that they complement the organizational strategy and Organizational culture.

Hence organization culture which has marked its influence on its employees will impact their performance in the noticeable manner. Human resource management policies and practices helps construct the desired behavior among the employees in the organization. The positive organizational environment will have similar effect on the employee behavior towards
organization goal. The employees feel pride in making effort for the organization success and awareness of their contribution to the organization success leads to job satisfaction. These motivated and satisfied employees are easily retained. This kind of environment is also capable of attracting talented potential employees as well. Hence HRM policies and practices have positive impact on the organizational performance. (Katherine McKenzie, 2010).

It should be noted that there is no single element which forms the entire organizational environment. There are certain factors which effect more positively than others. Organizations should be able to identify these factors and cultivate them; they will help build strong relationship among employees and the organization be the one giving an edge over the competition. (Eva, 2011).

If an organization intends to bring changes in the organization culture, it is very essential to bring employees on the board. Employee participation and involvement in this change process will strengthen the movement of the process and also yield positive results. Also if employees are involved in framing new environment and business strategies will be straightforwardly accepted and implemented to its best potential. (Olu Ojo, 2009). Successful cultures may in fact be very difficult to imitate due to their many interlocking elements. (Lee & Yu, 2004). Studies suggest of enough evidence available to ascertain the strong relation between organizational environment and organization performance (Denison & Mishra, 1995).

The results of most of the researches have consistently found that the organizational culture has influence on the quality despite of whatever be the organizational strategy. Hence the positively constructed organization culture are related to the quality and defensive culture relates negatively to the quantity. (Klein, 2008). Organizations can develop environment which is capable of facing certain specific challenges, such qualities and capabilities could be developed in the organization (Fleury, 2009).

“Cultural fit was a key concern of any Welch acquisition. He has said that his biggest mistake was GE’s 1986 acquisition of investment house Kidder Peabody (which Welch later sold). Welch said that the culture of Kidder was wrong for GE, and it was apparent that the GE chairman felt that he did not consider the differences in culture carefully enough when making the acquisition At GE, employees are urged to think of change as an opportunity and not a threat”. Anticipating the volatility and dynamism of the business environment organizational
members must adapt to the change and not avoid it. This formed the basis of the learning culture at GE (Krames 2002).

2.3 Human Resource Management

HR is unique asset of the organization. HR refers to the knowledge, capacity, skills, and talent competency of an organization work force including the values, attitude which governs their behavior. Recent researches on human resource management have concluded positively confirming the importance of human resource approach to organizational accomplishment. The organization is valued in terms of the talent possessed by them, because the innovation and creativity as well as the uniqueness fetched to the organization is by its human resource. This helps organization create a long term competitive advantage. This established link further increases the interest of researches in the given subject (Katherine McKenzie, 2010).

It is evident that human resource management practices can impact organizational performance and help create a competitive edge by supporting growth and development of employee capability. SHRM intends to align the organizational strategic objectives to the to various processes and functions related to human resource management (Caliskan, 2010).

HR people need to ensure that induction, mentoring and other organizational processes, which facilitate sharing of tacit knowledge, get institutionalized. They should also make certain that unique knowledge not available in the organization becomes available to people through training or benchmarking processes. All these organizational systems and processes would facilitate creating a culture for knowledge management (Agrawal 2001). This is important for ensuring organization commitment and organizational performance. An organization to achieve its objective requires resources and they are capital, material, machines along with human resource. These resources are to be effectively and efficiently utilized to achieve the desired result. All the resources available are considered to be diminishing value in nature except human resource which increases its experience, productivity and adds value to other resources if directed properly. This is the reason why it is considered to be one resource critical to the organization success.

Organization policies and practices include the strategic decisions which are to be incorporated and implemented by all the divisions in the organizations. HRM policies and practices are also
based on such strategic decisions. Organizations try to frame policies which impact positively in the minds of the employees. They have to give due importance to the expectations of the employees. This will motivate the employees to be committed towards the organizational objective. The employees should be made aware of their contribution to the organizational performance and the same should also be rewards. This helps build long term association between the employees and the organization (Michael Armstrong 10th ed, p 129).

The organizations should workout strategies to build and articulate the organization vision and create value externally and internally i.e. customer brand and employer brand. Provide employees with growth and development opportunities, have a transparent system, encourage participation and involve employees in decision making. This will give develop sense of ownership and entrepreneurial qualities and also sense of belongingness towards the organization. (Bhati & Manimala WP-328 IIMB).

Hence human resource management is materialistic in designing structure and system which best suits the human resource of the organization.

HRM has been core to the development of most of the management theories and practices. This has raised the expectation from HR practioneers in academics and Industry to continuously update, improve and innovate the practices, so as to keep pace with the growing demand of the ever changing business environment. HRM helps to improve the performance of employees. It is very important for all organization that they must have HRM & HRD department in their organization for the development of all individual and also the development of organization itself. In an organization HR plays an important role in creating an edge over the competition. Human resource contribution cannot be denied as people from the vital part of any organization. They are capable of creating a sustainable competitive edge. Organizations human resource depends not only on the organization but also on the external environment such as society, politics, economic condition and various systems prevailing (Kazlauskait & Ilona Bučiūnienė, 2008).

Organizations operate with many resources but the resource which cannot be duplicated is the one which can provide sustainable competitive edge. Organizations can acquire such resources and also develop them within. One of these resources which cannot be imitated is human
resource and a viable source of competitive edge. Human resource is one resource which appreciates with time and experience and not become outdated (Pablos & Lytras, 2008).

2.3.1 Human Resource Management Defined & Explained

Organization comprises of may resource and human resource is one of them, but it is unique and inimitable. HRM policies are put in place to take care of this valuable resource. Organization tries to optimize their outcome by utilizing employee potentials. Organization strives to develop skills, abilities and tries to motivate their employees to enhance their performance and remain committed towards organizational objective.

HRM is effective and efficient utilization and management of organization workforce. HRM is an approach to employ and deploy people in the organization. HRM plays the vital role in the organization as it helps to motivate and satisfy employee expectation by framing policies and practices which facilitate planning and achieving individual as well as organizational goals.

The aim of the core principles and values of HRM is to generate an environment for creating, working and direct communication, thus stimulating personal initiative (Dutta 2009).

“HRM is a series of integrated decisions that form the employment relationships; their quality contributes to the ability of the organizations and the employees to achieve their objectives.”

“HRM is concerned with the people scope in management. given that every business is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organizational objectives. This is true, regardless of the type of the organization – government, business, education, health, recreational, or social action.”

“HRM planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to achieve individual, organizational and social objectives.”

HRM is about developing employees to have a committed and loyal approach towards organizational objective and ensure highest level of the performance.
2.3.2 Scope and Objective of Human Resource Management

HRM activities encompass all the activities undertaken from the entry of the employee to the exit of the employee i.e. entire employees work life.

Following activities are performed with an integrated approach; also lay down the objectives of HRM:

- For successful implementation HRM, firstly there has to be proper planning for number of employees required in the organization.
- There has to be proper job analysis and job design so as to define the roles and responsibilities i.e. challenging but reasonable targets as well as providing with adequate resources so as to achieve the set targets.
- There has to be continuous training activities to make people employed understand their role in achieving organization objectives at the same time also training them to ensure increasing level of performance.
- Considerable remuneration in accordance with industry standard for the work done.
- Motivation for ensuring committed and loyal effort towards organization objective.
- Maintaining cordial relationship by being a liaison between management and employees.
- Continuous employee evaluation and assessment for continuous enhancement in productivity.

Following objectives could be set HRM to ensure effectiveness:

- Human resource planning
- Recruitment and selection
- Induction and placement
- Human resource development
- Performance management
- Employee relations
- Compensation and benefit
2.3.3 History of Human Resource Management

In early times or traditional approach of people management termed as personnel management used to be highly authoritative and exercising control style of management which was a very mechanical opinion of HR. Human resource management is the most challenging aspects of modern organization management. Organizations are supposed to build an effective and efficient employee base so as to achieve their vision. There is a vast difference in modern HRM and personnel management with changing business environment the view of personnel policy has undergone radical challenges. This traditional view of people management has given way to modern approaches of HRM, Resource based view and relation based approach of HRM. The human resource and relation approach has gained prominence.

HRM & Personnel management

HRM is a management function involving recruitment of required human resource, their training and development of competencies, motivating them, rewarding and appreciating them to perform effectively and encourage working in teams directed by strategic objectives of the organization. The term HRM has much broader scope compared to personnel management. Following points of differences could be drawn among the two practices:

1) Personnel management is management of people, whereas HRM is management of employee’s skill, knowledge, abilities, talent, and aptitude.

2) Personnel management views HR as economic person and HRM goes a step further and understanding and considering social and psychological factors.

3) Employees are treated a cost, for which cost control measures are used, in HRM the employees are treated as asset and profit for which investment is required.

4) Employees are viewed as a tool to achieve organizational objective which can be purchased and used, a mechanical view. In HRM employees are treated as a resource and asset hence, tries to build relationship within.

5) Employees are utilized for organizational benefit in personnel management approach while in HRM employees are utilized for mutual benefit of both employees and organization.

Source C B. Memoria.
2.3.4 Approaches to Human Resource Management

Scientific management approach:

In early 1900, view of personnel management believed consistent monitoring and supervision of employees. Management of employees was to the extent of forcibly putting them to work. People used to work on terms of productivity and any less achievement of set target will ensure forcible disciplinary action or result in firing the employees.

The above set belief was then later challenged by scientific management approach and suggested to adapt scientific and objective approach by designing the work and making it easier for the for the employees to carry out the work effectively and efficiently. F.W.Taylor was considered to be the father of scientific management. The approach focused on resources and time required for accomplishing the given task on which further judgments with regards to individual performance could be made. Employees exceeding the targets should be given incentives. The approach soon became popular.

Even this method has certain limitations. The approach was limited by standardized techniques where creativity had no place, things became more mechanical and least mental effort was required. Workers had very few or no opportunities to make decision or for any kind of judgment. The approach had created a strong opinion that a worker is motivated by only financial gains which alone can maximize the output. This way differential piece rate system was introduced. During this time personnel department focused on Recruitment & selection, Training, and ensuring health and safety of employees, where as few personnel departments also started looking after the welfare activities like employee hygiene, recreation programmes, lunch rooms, company housing, loans etc. the approach started reflecting paternalistic attitude of management. However the approach did not prove to be effective in bringing behavioral changes and development among the employees as desired. This is why there arises the requirement of better people management policy.

Human relations approach:

There were series of studies conducted in the subsequent period which suggested that the employee productivity was affected not only by financial incentives and the way the job is designed but also by social and psychological factors. Hawthorne study conducted by Elton Mayo and F J Roethlisberger found that feelings, emotions and sentiments of employees were
greatly influenced by work conditions, group relationships and management support. It was realized that treating employees with respect and dignity will improve the employee satisfaction and in turn will have effect of the productivity. The growth of unionism in this period was significantly responsible for advancement of Human Relations approach and the approach was instrumental in improving the work environment and was also successful in improving the productivity and job satisfaction.

The approach still had its own drawbacks which are as following:

- The approach believed in ‘happy worker is a hard worker’.
- The approach did not recognize the individual differences. Every individual is unique and has different set of needs and wants, has different attitude, values and behavior.
- There could not be one type of motivation for different individuals.
- Job design was neglected.
- The approach failed to recognize other factors which could influence the employee motivation and satisfaction like Performance management, Career advancement opportunities, Job enrichment etc.

Due to above mentioned drawbacks this approach soon gave way to Human resource approach.

**Human Resource approach:**

Due to outdating and further understandings of limitations of previous approaches there was evolution of new approach, Human resource approach. Organizations understood the requirement of the change and readily accepted the new approach. The approach believed that employees are resource and critical for achievement of organizational objective. Organization started to realize the importance of compatibility and need for the alignment of organization goals and need and expectations of employees. It was also thoroughly known that no one organization or employee can pursue their objectives in isolation.

The human resource approach suggested treating employees as a resource rather than a mere factor of production. They are to be treated as individuals. Today, an average worker knows his rights. No human resource manager can play “god” except as determined by law (*UWAH & Edu 2009*).
The approach had following views:

- Employees are asset to the organization.
- Policies and procedures are to be framed to facilitate employee work needs.
- Creating conducive work environment to encourage employee development as well as performance.
- All the policies and procedures should be aligned goals and objectives of organization and while accomplishing the same it should also cater to the employee needs and expectations.

2.3.5 Theories and Perspectives of Human Resource Management

The study of HRM can be descriptive, conceptual or normative. It has become important also to understand the theories and perspectives of HRM so as to establish the relationship between the fundamental approaches, theories and perspectives and the facts found by the research.

There are two main theories of HRM the Michigan approach and Harvard approach. The Michigan approach was developed by Fomburn et al (1984) the approach propagates the strategic orientation of traditional personnel management functions like manpower planning, performance management, training, rewards and remuneration. The approach argues that organizational policies in these areas will have influence on employee performance. Human resource research following the Michigan approach emphasizes organizing and achievement. The Michigan approach acknowledges the principles of strategic management. This approach focuses on basic functions of personnel management and its influence on individual achievement. The ultimate idea of HRM is to organize and utilize employee potential.

The Harvard approach states that the HRM policies and practices are affected by internal and external dynamic along with the environment in which the firm operates (Bosselie 2002). This model recognizes that employees are not only a resource but are also individuals. The Harvard model thus stresses on the human factor of HRM and emphasizes on the central objective of HRM should be to align employees with the organization and management. This will require a strategic vision on the part of management of the organization towards HRM functions. The
degree to which the employees pursue the organization vision can be assessed by understanding
the extent of integration of HRM practices and organizational policies.

The main distinction between the two approaches is that the Michigan approach limits the focus
to the share holder’s benefit, whereas the Harvard approaches social stake holders too (Legge
1995). The other difference is that the Michigan approach focus on employee ability and Harvard
approach focuses on employee motivation. The distinction between the two approaches id
symbolic in nature. Boxall 2003 argued that both abilities and motivation are important for
determining organizational performance which is also supported by Ferrari Filippo 2010. In an
organization employees must have required competency, skills, knowledge, ability, and
experience along with adequate motivation to do their jobs.

Perspectives of Human Resource Management:

Organizational outcomes are majorly affected by the capability and commitment of the
employees. The HRM policies and practices implemented in alignment with the organization
strategy the desired objectives could be achieved. There are two perspectives namely RBV and
behavioral could be adopted by firms on the basis of their suitability.

Resource based view

RBV assumes that difference in the organizational resources leads to differences in the
productivity of different organization. Such difference in the resource provides organization with
long term competitiveness while operating in the highly competitive business environment. The
ultimate competitive advantage of organizations depends in the differential resources which
cannot be imitated easily by the competitors. The view is supported by Prahalad and Hamel
1990, Rangone 1999. While keeping the above view in mind and understanding capacities and
abilities of all the resource we can say that organizational human resource constitute the only
factor which has such capacity. It is the human resource which cannot be imitated and is unique
in nature. If looked after properly trained and developed as it should be as per the requirement of
the organization at the same time keeping it motivated by meeting their needs and expectations
organizations are likely to achieve their objectives. Hence every organization is trying to develop
skills and capacities continuously and renewing their human resource so as to stay competitive.
This has increased the importance of HR, and organizations are trying to adopt strategies best suited to the HR and achievement of the organizational objective.

RBV is often considered as an alternate to Porter’s five force model. The RBV emphasizes internal capacity of firm in put together strategy to accomplish long term competitive lead in the market place. The modern business environment has made it inevitable for the organizations to fast adapt to the change and the one which are able to match the pace of this change will be able to create a competitive advantage (Madhani, 2010).

**Behavioral perspective**

This perspective focuses on use of HR practices as a tool which best shapes the employee behavior to achieve the set objectives of an organization (Naylor et al 1980). Organizations should understand the underlying assumptions that organization cannot frame strategies without considering their talent capability. Hence as per the available and gettable capacity of talent the organization has to frame policies and practices to achieve the desired vision (Snell 1992). There have been studies on HRM suggesting that, if HRM policies and practices are in accordance with organizational strategy it can ensure high performance.

**Bosselie and Wiele 2002** supports the view that organizations have to update and change their HRM approach as per the changing business environment with better understanding the theories and different perspectives of HRM.

**2.3.6 Human Resource Management Policies and practices (Functions)**

The HR of the organization performs the most important role in achieving organizational goals. The organization cannot survive by themselves or with the material resources only they require skilled, capable and motivated and committed employee base to achieve its objective. The policies and practices should be such that it is able to utilize optimally the human resource. The procedures governing and activities involved in managing HR of the organization are termed as HRM policies and practices. Organization success depends on utilization of its HR capacity and these policies and practices help organization perform in effective and efficient manner. The policies and practices implemented in the organizations should be such that are able to satisfy and motivate the employees to perform at their best (Khanam & Shamsuddoha, 2003).
Framing policies and practices is not a onetime task as it used to be like technology upgradation. There is continuous changes and development in the policies and practices in the business which organizations have to keep note of and at the same time keep upgrading their own. Organizations’ have to perform a task of not only retaining current employees base but also hire new potentials to infuse fresh blood in the system. To have long term sustained performance organizations have to clearly state their HRM policies and practices or they may lose their employees to the competitors and also end up scaring new entrants.

Human Resource Management Function

1. Human Resource planning: HRP is the process of estimating the human requirement in the organization. This helps in having enough number of employees on board so as not to effect the performance. The activity is carried out with the organizational objectives in sight. It also helps create a pool of talent; helps cope with the changing business environment and achieve organizational goals and objective. It further includes following sub-functions:

   - **Retraining and Redeployment:** New skills are to be imparted to existing staff when technology changes or product line discontinued. Employees need to be redeployed to other departments where they could be gainfully employed.

   - **Retention Plan:** Retention plans cover actions, which would reduce avoidable separations of employees. Using compensation plans, performance appraisals, avoiding conflicts, providing green pastures etc, can do this.

   - **Downsizing:** Where there is surplus workforce trimming of labor force will be necessary. For these identifying and managing redundancies is very essential.

   - **Succession Planning:** Succession planning is the process or activities connected with the succession of persons to fill key positions in the organization hierarchy as vacancies arise. The focus of attention is towards ‘which’ person the succession planning is needed. The focus is not more on career development but it is more towards what kind of person is required to fill the future vacancy. Succession planning focuses on identification of vacancies and locating the probable successor. For example in succession planning the
key concern can be who will be next CEO or what will happen if the Marketing Manager retires in coming March.

- **Job Analysis** is a systematic exploration of the activities within a job. It defines and documents the duties, responsibilities and accountabilities of a job and the conditions under which a job is performed. It includes preparation Job description, job specification and also involves job evaluation.

2. **Recruitment & Selection**

**Recruitment:** Organization forecast the manpower requirement through manpower planning process. After which requirements are raised within the departments. Through the recruitment process the required talent is brought to the doors of the organization. The candidates which are found eligible to fit in as per the requirement are forwarded as the probable to the selection process. Factors that are constraints for effective recruiting efforts:

  - Organization image
  - Organizational size
  - Employment conditions in the area
  - Working conditions, salary and benefits offered
  - Organizational growth or decline
  - Job attractiveness
  - Internal organizational policies
  - Recruiting costs

**Selection:** When the recruitment process is completed, the best suitable candidate is put through further process and if found suitable is considered to be selected for the given position.

3. **Training and Development:** Training is a process through which organization provides needed input to the employees with regards to the job. On the other hand development refers to the incremental growth input keeping in mid the future requirement of the organization. These
activities help develop employee behavior and attitude along with their knowledge, abilities and skills.

**Table 2.1 - Training and development**

<table>
<thead>
<tr>
<th>Training</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training is ability focused</td>
<td>Development is creating learning abilities</td>
</tr>
<tr>
<td>Training is a prescribed learning and depends on previous education</td>
<td>Development is not education dependent</td>
</tr>
<tr>
<td>Training is done to fill the skill gap</td>
<td>Development depends on personal drive and ambition</td>
</tr>
<tr>
<td>Trainings are based on the job requirement</td>
<td>Development is voluntary</td>
</tr>
<tr>
<td>Training satisfies current need and development of specific skills.</td>
<td>Development is a broader concept focused on personality development and future needs</td>
</tr>
<tr>
<td>Training could be part of development activity</td>
<td>Development includes training wherever necessary</td>
</tr>
</tbody>
</table>

(Secondary source)

**4. Performance management System:** PMS cannot be applied without participation and active involvement of the employees. Many managers perceive PMS as a process to force the performance but instead it is help directing the performance directions towards desired level. Performance management is a continuous process of improving performance of the individual directed by organizational long term objective. It helps employees understand the importance of their contribution i.e. their roles and responsibilities towards organizational objective. Performance management system is practice put in place so as to direct overall organization performance and not just for an individual. It forms a integral part of continuous monitoring and evaluation of firms performance. It has a strategic importance to the organization to bring
consistent performance. It further helps build organization capability to face future challenges. Performance management system is not just about performance evaluation but also it helps make employee aware of their strengths and weaknesses and give applicable solutions to enhance the performance.

5. Compensation & Benefits: Any individual who has been recruited and selected in the organization has to be compensated for the duties performed. Compensation is generally based on the grades and bands created within the organization as per the structure and system in place. Employees should be made clear of the compensation policy of the organization so as not to create misunderstanding among employee and the organization. The distribution of the compensation has to be fair and just as per the roles and responsibilities undertaken by the employee. It should match the industry standards. Inequity in distribution of compensation will result in demotivation and dissatisfaction among employees. Further benefits monetary or non monetary also form part of the compensation policy. Organization evaluates the worth of every job through job evaluation process on the basis of job description and job specification.

6. Employee engagement: Employee engagement refers to the degree of positive attitude employee has towards organizational objective. Organizations to perform require motivated and committed employees and this could be understood and enhanced by the process of employee engagement. It also determines the relationship of one employee with the others, involvement in the process and activities performed over all with the organization. It is also very important, if the organization intends to have long term relation with the employees and to articulate the values and beliefs dep within the structure and processes. By means of employee engagement organization and employees can develop understanding towards establishing congruence with their goals and objective and help achieve the same for each other. This is supposed to have a positive effect on the employee performance (Malavika et al, 2010).

The process of Employee engagement refers to the intensity of involvement and commitment on behalf of an employee's level of participation in their organization and its values. Engaged an employee is aware of business context, and works with Colleagues for the benefit of the organization to improve performance within the job. This is a positive attitude towards the organization and its values held by employees (Manonmani et al, 2013).
7. Career Planning: Organization in order to help employees grow and develop in the given job and the structure prevailing in the organization. Also helps employees decide and direct their career goals and pursue them more effectively. This activity helps motivating employees and encourages long term commitment with the organization. As the employees are always learning and developing existing and new skills the organization is also able to perform effectively. Hence it is done in order to help employee and the organization to achieve their goals together. Following are the goals set for career planning:

- Build commitment in the individual
- Develop long-range perspective
- Reduce personal turnover expenses
- Lessen employee obsolescence
- Ensure organizational effectiveness
- Allow individual to achieve personal and work related goals.

Hence HRM policies and practices should be aligned with the premeditated goals so as to provide with a proper framework for designing organizational structure, this will give proper direction and shape to different processes in the organization and ultimately directed towards achievement of organizational objective. HRM practices differ from one organization to another, it depends on the kind of people work within the organization. With the help of above explanation HRM policies and practices we can prominently say that HRM framework is pivotal to define the structure and functioning of different processes in the organization like Manpower planning, appraisals, knowledge sharing, rewards and recognition, employee relations and the communication framework in the organization.

To implement HRM policies and practices effectively and efficiently following roles to be performed by HR professionals:
2.3.7 Role of **Human Resource Management**

**Service providers**

As a service provider HR professional can render information and statistics of labor market situation, pay rates, recruitment possibilities, labor law and legislation and interpreting for the organization so as to provide a framework for policies which are essential for performance of daily operations.

**Facilitators**

HRM specialists will have to facilitate various HRM functions and vouch delivery on the strategic objectives as per plans. Evaluating performance, giving feedbacks for improvement are major responsibilities as a facilitators. HRM professionals will have to involve and participate and facilitate smooth functioning in the organization.

**Consultant**

As HR specialist professionals should be concerned with trust among employees and understanding employee issues and be able to advice and provide solution on the same. They have to be a problem solving consultant and by doing that they have to create confidence among employees. HR professionals have to address various issues such as lack of motivation, performance issues, lack of training, job misfits, grievance handling, and sometimes personal problems as well, as an internal consultant may have to address the above issues.

**Auditors**

HR specialists are responsible for assuming that all members of the management perform their activities ensure following of policies and procedures. Delivery on the set targets, evaluation of performance and feedback on the same, this has to be done at an organization level and not just at an individual level.

Challenges faced by Human resource management in India are as following:

- Globalization
- Changing organization structure
- Workforce diversity
Organization with ineffective and inefficient employees management system face the danger of being under employed and short of talent which means less creativity and innovation this may result in to stagnation and these organizations are likely to fail in achieving the desired objectives. The competent employee base is essential for organization survival and sustained competitive advantage. Hence in these changing times it has become evident that it is HR of the organization is going to have a considerable contribution to growth and development of company as well as society and country. It is the HR of the organization can make or break the organization. It has become imperative for the organization to continue performing and attract and retain talent to make certain that organization is able to be creative and innovative when required.. This will allow organizations to survive and sustain in the changing business environment. An earlier concept of personnel management is of very less relevance in today’s global competition. Role of HRM as a key player in organization strategic framework is essential to build a long term competitive edge. It is up to HRM to prove its worth to the organization. (Bosselie and Paauwe, Jansen 2000).

HRM through its policies and practices plays an important role in building organization capability and helps achieve aggressive edge. An organization which gives due importance to HRM functions is able to avail the opportunity of framing organizational strategies more relevant and accurate to the existing business environment. In order to create a competitive edge it is very important for the organizations to comprehend and establish relationship between HRM strategies and firms financial performance. (Vokić, 2007).

Hence, it is very important for extracting desired behavior from the employees and to create a High performance organizational culture, the different functions of HRM and organizational
processes are to be in alignment with organization strategy at the same time which are consistent and continuously improves as per the requirement of the business environment.

2.4 Employer branding

Finding good employees has become harder than ever for all the organizations. The baby boomers are set to retire leaving huge gaps in the management capabilities. This makes it important for the organizations to set the policies right to develop the current employee base and attract the talent. Due to the global business environment skilled and talented manpower has choice of being mobile and not sticking to one organization longer. Many surveys have concluded shortage of talent as a major challenge. For which creating an employer brand gives an opportunity to the organization to retain and attract potential talent.

Employer branding is an emerging discipline of management. The aim of Employer branding is to develop the image of the organization as an employer of choice in the minds of existing and potential employees. It is also helpful in creating a positive image in the minds of other stakeholders. It is a wide-ranging organizational strategy which can effectively and efficiently fulfill the organizational goals and objective. It represents organizational ideology towards its employees. This helps in retaining current employees and attracting potential employees. Employer branding strategy is result of long term strategy which ensures pursuance of vision of the organization. Employer branding conveys organizational value system, policies and practices, and also conveys level of expectations of employer from employees and vice versa.

Researchers have confirmed that organizations with good employer are recognized as business leaders and have a sustainable competitive advantage. The profit per employee is supposed to be higher in the organizations with better employer brand then the one which are not so good employer brand.

Employer branding is a challenge which all the organizations face in the current business environment. Organizations understand the importance of retention and attraction of talent in the organization as this may end losing edge to the competitors. An organization following certain set of beliefs and values, principally driven and also values employee is likely to create a employer brand then others. Employer brand will most of the time help retention and attraction
of right talent while in organizations with poor employer brand will result in often mismatch, the view is supported by David Mason-Jones, 2005.

**How can an organization build an employer brand?**

Employer brand like all brands represents emotional connection between organization and its members. Employer brand is an image created by organization within and outside through its practices, policies and processes. Whether liked or not every organization has a brand already exists among the employees. It is for organizations to understand the importance of making a deliberate and conscious effort towards building a strong employer brand. An employer brand does not means being nice or making comfortable kind of policies and practices but a valuable mutual understanding between employee and employer towards performance expectation, growth and development, profits and rewards etc.

- Employer brand could be developed by understanding following factors:
- Establishing current and future needs of the organization.
- Creating a positive work environment which encourages performance.
- Developing an effective and efficient channel of communications within the organization.
- Setting clear goals and performance standards
- Evaluation and continuous monitoring of performance
- Creating synergy within the organization, encouraging teamwork.
- Creating an experience for current and potential employees.

Organization can maintain its edge over the competition by developing its employee abilities and skills as per needs of the changing business environment. The business market is highly competitive and there is a war of talent, developing employee capacity is now part of day to day practices. Without which organization face the threat of being outdated (Durkovic, 2009).

An employee enters the organization with certain goals and objectives of his own. The organization in order to gain commitment of the employees has to pay enough attention to the expectations of the individuals. This creates a binding on the employee to perform towards organization goals and objectives; they are asset to the organization. These practices of the organization help build internal capability of the organization and create a competitive edge. This
knowledge could be achieved through efficient application of HRM practices. (Sharma & Narang, 2012).

Employer brand expresses the work culture within the organization and also communicates strongly of organization objective and the ways adopted to achieve the objectives. Employees as a social being does not respond to the values and beliefs mentioned in the organizational handbooks which stays there forever and never being practiced but answer principles and values practices within the firm by means of organizational system and various processes. Employees cherish their emotional connections with the organization which gives them sense of belongingness, sense of pride which results into passionate and committed effort towards organizational goal. This shapes the behavior of the employees with highest level of integrity towards organizational vision as explained in Ken Blanchard model of value and performance.

Employer brand is not a quick fix or a list of principles, values and beliefs but it is values ingrained policies and practices of the organization. It is understood by the stakeholders without being told and formulates a response to the same. EB has potential to generate intensity to emotionally charge organizational members to work towards organizational success.

There are common mistakes organizations tend to make which in turn creates a wrong image or brands which are mentioned below:

- Lack management will and commitment
- Not involving employees in operational issues
- Non fulfillment of commitment
- Lack of monitoring
- Lack of learning and development
- Lack of abilities
- Under utilization of organizational resource.

2.5 High Performance organization culture

Different organizations have different organization culture and demonstrate wide variety of factors which determines the understanding of process, people and performance. It is the best fit
perceived for the organization establishes its approach towards the dynamic business environment.

A high performance organization culture takes in to account not just the results but the way the results have been achieved i.e. the whether the assumed underlying principles and values have been followed or not. The key to designing and implementing such a high performance organization culture is in identifying the behavioral elements which if aligned gives desired output. Following are the factors effective in defining high performance organizational culture:

**Table 2.2 – Factors of High performance Organizational culture**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Features</th>
</tr>
</thead>
</table>
| Visionary leadership                         | • Top management commitment  
• Clarity of goals and objectives key focus  
• Articulation of principles and values  
• Creating a clear understanding |
| Effective and efficient organizational process | • Consistent  
• Continuous improvement  
• Effective organizational communication |
| Culture of inspiration, empowerment and accountability | • Alignment of individual, group and organizational goals and objectives  
• Culture of Commitment |
<p>|                                               | • Involving individuals and groups strategy formulation and decision |</p>
<table>
<thead>
<tr>
<th>Employee involvement and empowerment</th>
<th>making</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Encouraging teamwork</td>
</tr>
<tr>
<td></td>
<td>• Encouraging initiatives</td>
</tr>
</tbody>
</table>

| Continuous learning and development | • Developing competencies |
|                                     | • Creating performance excellence |
|                                     | • Organizational development |

| Creativity and innovation | • Change management, |
|                          | • Adaptability |
|                          | • Consistent approach |

| Continuous performance enrichment | • Continuous performance monitoring |
|                                   | • Continuous evaluation |
|                                   | • Constructive feedback |

(Secondary source)

When each member understand and identifies self with the factors and implements them and exhibit acceptance in their behavior and at the same time it is articulated throughout the organization it lays a foundation for high performance organization culture.

Such articulation of behavioral elements creates competitive advantage for the organization. The approach offers organization teams get better efficiency at individual and group levels and throughout the organization. This further provides a platform to create a culture which is able to meet expectations and helps creating value for all the stakeholders of the organization. Every employee in the organization should understand the performance criteria’s clearly. They should understand their contribution to the organizational objective, for which a matrix presenting the required features of the performance could be made so as to make it easy to understand. Jack Welch (GE) has developed such a model discussed below. In this model the accountability rests with the organization leaders.

In this model vertical axis represents performance and horizontal axis represents value. The quadrants represent the high and low go with of performance and value.
In this model the upper right quadrant refers to employees, leaders and managers are performing up to the mark and may even exceed at times. They are the one to be always recognized and appreciated for consistent performance and behavior.

The low left corner means that the members are always below the desired level of performance. There is inconsistency in performance and behavior. It is believed that these people are cost to the company and even after training and coaching they perform in the short run, hence it will be better choice to let go of these employees and members.

The quadrant in right bottom corner holds employees who follow the values set by the organization and have a consistent behavior. The problem faced is these members are low in their performance. These members should be supported in developing their skills or even change of roles as per the revealed talent. These members are to be retained to the extent they improve their performance or else even after repeated opportunities to develop unable to perform then they should also be seen off respectfully.
The section on the upper right has the most difficult type of members who are high performers but very low based on the values. The behavior is very inconsistent and tries to impose the same on others. They may affect the belief and trust of other members in the organization. These type of members should be terminated as soon as possible.

It should also be noted that the members will own the performance and value aspect only after there is a mutual agreement between the organization and the members. There has to be a conscious effort in order to create a performance based system aligned and driven by values.

Organizations implementing these value based factors of high performance have to overcome a few many challenges but once the culture is in place it keeps evolving and improving itself following are the challenges faced by organization:

- Lack of understanding of vision and mission
- Top management ineffectiveness and unclear strategies
- Lack of or disrupted organizational communication (vertical and horizontal)
- Lack of initiative to improve on employee participation at all levels
- Lack of orientation towards organizational learning
- Lack of integrity and commitment towards organizational goals objectives.

Organization facing these challenges is unable to inspire and direct its employees towards organizational goals and objectives, there is ineffective teamwork. Due to less involvement and participation in strategy formulation members lose their sense of accountability and commitment towards the organizational goals and also due to very low understanding of organizational vision and mission the members are unable to identify themselves with the organization.