

A CRITICAL IDEOLOGY FOR HUMAN RESOURCE MANAGEMENT AND PERFORMANCE

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Abstract: There is mounting evidence that certain human resource management (HRM) practises, often known as high performance or high commitment HRM practises, are related to certain organisational performance indicators. The reason for this relationship is unclear, however. This study makes the case that we need to strengthen our theoretical and analytical frameworks in three crucial areas if we are to provide a compelling explanation for this link. The characteristics of HRM, particularly the justifications for the many lists of HR practices, the characteristics of organisational performance, and the relationship between HRM and performance are these. To investigate these relationships in this article, a study on Critical Ideology for Human Resource Management and Performance was conducted to identify significant knowledge gaps and assist in narrowing down the research objectives

Keywords: Human resource management, performance, outcomes, theory, strategic integration etc.

Introduction

The primary area of study in this area is now how human resource management affects performance. A flurry of research showing a beneficial relationship between human resource management (HRM) and performance have given those who have long argued for a unique strategy for managing human resources optimism. Although this research shows positive signals of development, it seems that statistical complexity was prioritised above theoretical rigour. The investigations are thus non-additive, except extremely broadly speaking. To evaluate some of the recently emerged empirical results, I will provide a kind of research plan that aims to inject theory into the empirical discussion in this work.

A theory about HRM, a theory about performance, and a theory about how they are related are necessary if we are to better understand how HRM affects performance. The interest in HRM and performance partially reflects a perception that the discussions of HRM philosophy had become quite solitary and uninteresting. We may not fully appreciate the significance of the theory until facts start to accumulate. We base our arguments in this review on ideas of HRM, performance, and the relationship between the two. I'll then discuss some current material using a straightforward approach. The concerns raised by this analysis and discussion emphasise some of the theoretical and practical advancements that are necessary to further our knowledge of HRM and performance.

The Beginnings

--The decade of the 1980s marked the beginning of the first stage of the development of theory and research about the connection between HRM and performance. During this time, a number of publications, such as published papers and books that established a connection between company strategy and human resource management. Others, such as Walton (1985), writing from more of an organisational behaviour viewpoint, had brought attention to the fact that there was a need for a transition from control to commitment as the foundation for the management of people while they were at work. We began to see an integration between a strategic view that highlighted the importance of 'external fit,' and organisational behaviour with its focus on 'internal fit,' to produce a conceptual perspective or 'map' (Noon, 1992) that forms the basis of contemporary human resource management in the work that was done by the Harvard group (Beer et al., 1984) and Schuler and Jackson (1987). This was compared with the heterogeneity of an industrial relations viewpoint in the UK to emphasise a fundamentally normative perspective on human resource management. In the same vein, Foulkes (1980) and Peters and Waterman (1982), amongst others, had presented glimmers of evidence concerning successful businesses that seemed to adopt the HRM principles of 'high commitment.' This first phase presented the promise of HRM in the form of semi-prescriptive analytic frameworks alongside somewhat anecdotal cases that appeared to confirm this promise of an association between HRM and performance. Consequently, this first phase presented the promise of human resource management.

From Personnel Administration to Human Resource Management

The history of human resource management may be traced all the way back to Frederick Taylor and the concept of scientific management. Taylor's explanations for his experiments and methods for assuring and growing effectiveness are comparable to what we now understand to be job analysis, selection, training, and incentive via remuneration. Taylor is credited with developing these concepts. HRM may be traced back to the pioneering work of Frederick Taylor, and its development can be attributed to the contributions of industrial psychology, industrial sociology, and labour economics theory (Mahoney & Deckop, 1986). The Hawthorne experiments conducted in the 1930s added fuel to the fire of interest in figuring out how to infuse employment and workplaces with a sense of purpose and how to foster greater levels of employee dedication. During the time of Industrial Relations, the organisational functions that were concerned with people and workers came to be known together as Personnel Administration (PA). In this case, each activity had a separate goal based on one particular theoretical model connected to a particular issue; nevertheless, the overarching goal of PA had not yet been articulated. Later on, there was a change in emphasis that ultimately led to the transition from PA to HRM. This shift was caused by the transition. It was no longer the individual job performance that was the focus of comprehension and accomplishment; rather, it was the entire efficacy of the organization. During the 1960s, both academic research and professional practise switched their focus from the planning and administration of activities to

the management of workforces for the purpose of achieving organisational goals. The transition from personnel administration to human resource management was symbolic of a new way of thinking about workers. Employees were now seen as resources within an employing organisation, and as such, they needed to be managed in conjunction with other resources to maximize the efficiency of the organisation. Additionally, one started to perceive a more strategic picture of the activities or practices, and the overarching purpose of PA/HRM became more evident and was directed toward the success of the organisation. In the past, PA comprised of activities that were seen as remedies to a variety of distinct issues, such as employee turnover, absenteeism, and work satisfaction. On the other hand, advancements in the 1980s moved the attention away from issue resolution and toward the evaluation of the results of organisations. There was an increasing emphasis placed on converting conventional HR metrics such as turnover, job performance, and training effectiveness into organizationally relevant measures of cost and profit, which enabled the linking of HRM to the outcomes of the organisation. This fresh approach to the management of the workers of organisations heralds the beginning of a new study area, a research field that is focused on illuminating the potential of HRM.

In 1987, Guest proposed HRM as a novel strategy for human management, distinguishing it from more conventional approaches to the management of staff members. This included a more robust participation from the line managers as well as a strategy alignment with the whole organisation. In addition, Guest emphasised the importance of HRM's contribution to flexibility, quality, and employee dedication, all of which would, in turn, have a favorable impact on employee absenteeism, turnover, and job performance. This presupposition was quickly recognised by both practitioners and academics, which contributed to the boom in research that followed, as well as the renaming of job roles and departments. However, a significant portion of the interest in HR practises and systems such as HPWS derives from the development of high-quality production systems in Japan throughout the 1970s and 1980s. This growth occurred over the time. When confronted with rivals who were simultaneously improving product quality, lowering production costs, and increasing rates of innovation, certain aspects of western manufacturing simply vanished, while others quickly realised that they could not rely solely on their marketing abilities to ensure success. They were forced to adapt and look for new methods to get a competitive edge in order to continue existing in the market. This includes adopting the ideas of lean manufacturing from Japan and placing a greater emphasis on the company's internal processes. This entailed transitioning away from the low-discretion, control-focused work systems that were associated with Fordist operations management and toward work systems that enhanced the engagement of production employees, as well as boosted skills and incentives.

Recent academic study has tried to illustrate the influence that HRM has on corporate performance. This research was motivated by the concerns of HR professionals. It should not come as a surprise that the initial efforts at empirical linking looked at areas of HRM that had previously been illuminated by the earlier research. Early on in this line of inquiry, researchers established a connection between specific HR practises and the financial performance of companies. These practises included things like training, selection, appraisals, and compensation. Both Huselid's work linking an index of HR practises to both financial and market outcomes and MacDuffie's study linking bundles of HR practises to productivity and quality exemplified a progression toward investigating the link between systems of HR practises and performance.

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Research Questions

Following are the research questions of the study:

- Human Resource Management (HRM) practices are related to organisational performance.
- HRM affects the organisation performance.

Strategic Theories of HRM

These are mostly focused on how various potential external circumstances relate to HRM policy and practise. Hendry and Pettigrew's [1] report on some of the most well-known UK studies in this field focused on identifying and categorising significant environmental factors on HRM. In a way, HRM policy and practise in their job is evaluated based on how well it matches the surrounding circumstances. The implication, albeit unproven, is that higher performance will be linked to a good fit. Instead of analysing any Descriptive theories of HRM, Hendry and Pettigrew focused their study on mapping the context, defining an inner context (inside the company) and an outside context (in the larger world), and investigating how HRM adapts to changes in context. These aim to provide a thorough description of the field. The two most well-known presentations are those made by Beer and his Harvard colleagues [2] and by MIT's Kochan, Katz, and McKersie [3]. In both situations, an effort is made to cover the whole area and touch on some of the interrelationships. For Beer and colleagues, this entails outlining four major areas of HRM policy and practise as well as four important results. It involves a systems approach, detailing the links between layers, according to Kochan and colleagues. Both, by identifying inputs and outputs and mapping the field, are basically descriptive. Both may be turned into theories, but only with extremely broad definitions. The focus on an open systems approach, which may properly reflect certain aspects of reality but lacks specificity, has both strengths and weaknesses in this regard. connection to performance In the USA, categorising different HR strategies has received increased attention, often using corporate strategy frameworks that already exist. Miles and Snow [4], drawing on their previous work on strategy and organisation, provided one often used example. They suggest that every one of four strategic sorts of businesses will need to embrace a unique set of human resource management (HRM) principles, and they are rather specific about some of the changes. Once again, it is believed that businesses with a link between business strategy, structure, and HRM policy and practise would perform better. The work of Schuler and Jackson [5] that offers three HRM strategies connected to Porter's [6] three general competitive strategies is supported by a similar argument. Other authors whose work fits this wide definition of strategy are many. They are useful in identifying factors that affect strategic fit and, sometimes, in describing different varieties of it. However, they often characterise HRM in a simplified manner, typically highlighting four main areas of activity: selection, training and development, incentives, and careers. Although it is implied that businesses who successfully integrate their business plan with their HRM strategy would

perform better, they do not clearly outline how HRM is connected to performance. Finally, they often embrace a constrained perspective on performance, defining it mainly in terms of money.

These models do provide a comprehensive description of the content of HRM and of a variety of outcomes by offering conceptual maps of the area. Both are helpful in identifying a variety of outcomes of interest to the many stakeholders and in adopting a stakeholder approach. However, they are fundamentally employee relations models that focus on the manager's responsibility for balancing conflicting interests, emphasising the range of options, and outlining some of the factors that may have influenced the decisions. Despite the implicit preferences of their writers, they are essentially non-prescriptive by listing a variety of options and without endorsing any strategies. As a result, they don't provide any examination of the connection between HRM and performance a distinct emphasis.

Normative Theories of HRM

These models or theories take a more prescriptive approach, reflecting either the idea that there is a body of knowledge large enough to serve as a foundation for mandated best practise or the idea that a set of values denotes excellent practise. These two viewpoints often converge. Walton's work on control and commitment is among the most well-known instances of this strategy [6]. In drawing a comparison between the two methods for managing human resources, he follows McGregor [7], who made the same point about ideal types in theory but said that there was no other option if you wanted to succeed in reality. He suggests a commitment approach as the unique foundation for HRM. The work of Lawler [8] has the same broad idea, albeit he speaks in terms of engagement rather than HRM. The work of Pfeffer [9] has received a lot of attention more lately. He enumerates sixteen HRM activities that he supports since their beneficial impacts are now widely recognised (later changed to thirteen [10] on the grounds that the specific number and probably the precise nature of the practises are neither well understood nor especially significant). This is consistent with a line of research on "high performance" work techniques that is mainly theoretical.

Each of the three strategies listed has a theoretical foundation in either OB/motivation theory, systems theory, or contingency/business strategy. Each suggests a variety of analytical depths. Only the second and third, more specifically, start to define the dimensions of HRM policy and practise in a form that would be useful for measurement, and even then, they are not exact enough. In conclusion, the absence of a consistent theoretical framework for categorising HRM policy and practise is still an issue, one that is exacerbated when we start to consider the empirical data.

Measures of Performance

There are essentially three different categories of performance data that are available [11]. These are measures of time, such as lateness, absence, lost working time, and failure to meet deadlines; measures of output of goods and services, including lateness, absence, lost working time, and customer complaints; and financial indicators, which cover a wide range of potential outcomes.

Since they could be connected, absence lowers unit production levels, which lowers earnings. In the absence of "hard" quantitative evidence, we can turn to behavioral metrics. In a perfect world, we would watch individuals at work and note if they approach clients and give assistance or whether they follow safety protocols. If that doesn't work, we may get reports from the subject of the research or from a "observer" like a peer, supervisor, or subordinate. The same viewpoint may be used for performance information that is relevant to other stakeholders, such as environmentalists.

When used on workers, the measurement gets more complicated since we must include subjective assessments. The key is that they should be carefully gathered, potentially using tools like attitude surveys. Of course, biases and preferences cannot be concealed by an analytical framework for analysing a variety of performance data, including preferences for financial indicators, nor can it stop subjective interpretation and weighting of the data. The straightforward point is that, as researchers, we may want to be aware of the variety of data sources that might be gathered to suggest performance. Additionally, there is an implicit assessment of desired priority, with the "hard" metrics coming first, followed by behaviour, reports, or evaluations. Of course, we may want to strike a balance between the post-modernist claim that all performance metrics are social constructs subject to multiple interpretations and the understanding that one of the more effective ways to ensure that policymakers take HR issues seriously is by enlarging the definition of performance and presenting evidence of any relationship between HRM and performance.

The Empirical Evidence About HRM and Performance

A conceptual framework

A rising number of studies are now making a sincere effort to connect HRM and performance. (Of course, there are hundreds that focus on certain facets of HRM and performance.) They are cumulative in only the broadest sense since they are not all focusing on the same issue. The work of Venkatraman [11], whose goal was to categorise the numerous sorts of "fit" in study on strategy, provided inspiration for one intriguing effort to identify the various potential methods. Sivasubramaniam and Kroeck [12] have somewhat modified their methodology to categorise the diverse viewpoints on HRM more recently. This sounds like an intriguing method to try to go forward since the idea of "fit" or "integration" is crucial to many efforts to hypothesise about HRM. In essence, they advocate ordering different forms of HRM along two dimensions: internal-external fit and criterion specific or criterion free. Although one is further segmented, this offers four primary options.

Fit as strategic interaction reflects the conventional strategic approach and aims to connect HR practises to the external situation. The fact that one may choose how to react to and engage with the world is a crucial element. Once a decision has been taken, HR strategy and practise must reflect that decision. The idea is that the companies reporting better performance will have the necessary reaction and match. The traditional way to assess this is to look at the relationship between the HRM practises associated with each of the Miles and Snow strategic kinds and compare it to a performance metric. According to the amount of conceptual speciation, performance will be evaluated primarily using financial standards.

New directions in performance related HRM research.

The absence of theory about the makeup of HRM practises is the first significant problem. It is not the existence of selection or training, but rather a unique method to selection or training that counts, as I have stated previously [13]. Utilizing HRM strategies that have high commitment or high performance. There isn't much agreement on what they are, and there hasn't been much effort in creating a hypothesis on what they may be. In order to offer a sound justification for these activities, I would suggest that we build on something like expectation theory in the manner described above. Expectancy theory, or a derivative of it, may also hint to a variety of configurations based on desired incentives and may even suggest when performance-related remuneration can be regarded as a high-performance practise, as [14] demonstrates. A statistical technique may be used as an alternative to examine what results from factor analysis or a version of it reveal (for an example of this, see Wood and Albanese, 1995). We should be careful to account for cultural variations when developing a set of best practises, for instance in procedures involving training, job security, or labour unions. The validity assumptions behind the use of data obtained at the head office as a foundation for corporate-wide comments regarding HR practises in what may be multi-plant locations need to be carefully considered when gathering information about high performance HRM policy and practise.

The need to enhance our performance metrics is a second worry. The word "performance" may be inaccurate. Use of the word "outcomes" could be more logical. One defence may be that the unitarist ideology that underpins HRM assumes that workers share the owners' desire for profit. It would be foolish to believe this notion, however. We want results that are consistent with the balanced score card idea. Like the notion of maximising socio-technical systems, the concept of balance suggests that concessions could sometimes be required. Productivity and quality are measured in the plant-level research mentioned by [15, 16], whereas financial factors are heavily weighted in studies by Huselid [17] and others using company-level metrics. We need to apply a wider variety of outcome measures despite the allure of financial indicators for any effort to persuade top managers of the benefit of HRM, if simply to comprehend how and why HRM has an influence on financial performance [18].

Internal fit: HRM As an Ideal Set of Practices

The most extensively studied and well-supported form of fit is this one. Most studies—including those previously mentioned as well as those reported by Huselid, and his associates support this kind of fit. Fundamentally, they all demonstrate that the application of high performance HRM techniques improves performance as measured by productivity, labour turnover, or financial indicators, whether across industries or within a particular sector. This was consistently the sort of fit that gained the most support when several fit types were examined. The research by Youndt et al. [17], which concludes that a "fit" between high performance HRM practises and a quality plan gives the greatest benefits, is the only exception to this general trend to far.

Configurational fit: HRM as Bundles

In a panel research, Huselid and Becker (1995) partially tested this by investigating the effects of three distinct elements that they identified via their factor analysis of a list of HRM practises. Although the categories may not be particularly suitable, they are labelled as selection and development, motivation, and HR strategy. Although the cumulative measure of "fit as ideal type" received the most support, each of these characteristics received significant independent support. Delaney and Huselid (1996) could not discover any evidence of a beneficial effect for certain combinations of practises as compared to the overall number of HRM practises in a research employing subjective indicators of organisational performance. In their investigation of the banking industry, Delery and Doty (1996) did find some evidence in favour of the configurational approach.

In a sample of greenfield sites, Guest and Hoque (1994) investigated the effects of HRM by contrasting those with and without the median number of HRM practises. When this was combined with a measurement of the existence of an HRM strategy, it was discovered that establishments in this group reported superior employee relations outcomes and superior HRM outcomes (commitment, employee quality, aspects of flexibility), but not superior productivity or product quality. This emphasises the need of considering a variety of outcomes and performance measures. A "cluster" or "bundle" demonstrating purposefully limited utilisation of the suggested set of HRM practises was also suggested by the research. Although those that used this as a purposeful approach reported no changes in productivity or product quality, they did report worse HRM and employment relations results. This therefore brings up the fairly under-discussed subject of HRM practise expenses.

All three of the major approaches to HRM and performance have empirical support, but the internal fit model, which holds that businesses that use more high-performance HRM practises report greater performance, has consistently stronger support. This research stream's overall strategy is sufficiently promising to recommend that it be developed further. There is no denying that it is piquing a lot of North American researchers' attention. Hopefully, it can do the same throughout Europe. To move it ahead, we must be conscious of its flaws and do so by going back to the theoretical debate.

Conclusion

The research by Guest and Hoque brings up the issue of competing standards. Their "ugly" businesses reported performance results as excellent as any other group but had worse HRM and employee relations outcomes due to a purposeful strategy of limited acceptance of high performance HRM techniques. Although the rms produced excellent outcomes, they were hardly enjoyable workplaces. Inconsistent outcome criteria were not taken into consideration in the other trials. We may start paying close attention to how the independent and dependent variables are related only after we have made headway measuring the independent and dependent variables. Although the research now available show a positive correlation between HRM and

results, causation and effect cannot yet be established. To establish precise hypotheses regarding links, we must construct a theory that combines elements of strategy and strategic integration with something like anticipation theory. Case study research may contribute to the development of some hypotheses that can be thoroughly explored. The same is true for studies of particular procedures or problems, such as commitment or quality, where theory may be more precise. We also need longitudinal study designs, preferably with interventions to change HRM practises, to establish links.

In conclusion, we must strengthen our theories and empirical research to better understand the nature of HRM, the results, and the links between them. We must once again establish the ideal balance between survey-based and case-study-based research. Additionally, we must make sure the study is not limited to the United States. Now, we can declare with growing assurance that HRM is effective.

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