

THE IMPACT OF HUMAN RESOURCES PERFORMANCE ON ENTERPRISE COMPETITIVENESS

Izvercianu Monica¹, Radu Alina²

^{1,2}"Politehnica" University of Timisoara ,

monica.izvercianu@mpt.upt.ro, alina.d.radu@gmail.com

Keywords: performance, competitiveness, human resources.

Abstract: It is no use having the right people in the right place but not delivering the goods. Performance management is closely linked to competitiveness and co-ordinates several features – targets, training, appraisal and payment – to deliver effectiveness. This paper illustrates the role that performance has in the competitiveness of an enterprise.

1. INTRODUCTION

In the last decades a dominant concern of human resources professionals has been the relationship between human resources management and organizational performance, reflected in the competitiveness of the enterprise. The evolution of performance assessment reflects these trends in personnel practices. Performance assessment has evolved from just paperwork that had to be done once a year by line managers to a very important part of the enterprise strategy. Performance assessment became integrated into systems of performance management with far-reaching consequences for both individuals and the organization they work for.

Employer expectations about performance requirements have increased and employees are required to meet specific objectives and to demonstrate that they possess the required values. Thus performance management became more than an annual ritual and is considered a key factor in increasing the enterprise's competitiveness.

It can be argued that employees are most affected by the way that they are treated by their immediate manager as this determines their day to day experience, rather than by the policies themselves which are much more distant. In other words how line managers interpret and put into practice these policies is critical.

2. STRATEGIC ASPECTS OF PERFORMANCE

The human resources management literature provides different ways to understand the contribution of human resources policies and practices to organizational performance. Different human resources policies and practices are needed to produce high performance in different organizations depending on their business strategy and environment. A very important issue, linked to human resources management policies and practices, which mediates organizational performance is employee commitment.

According to Guest (1998) employee commitment is affected by: personal characteristics, experience in job role, work experience, structural factors and personnel policies [1]. As shown in figure 1, human resources practices have direct impact on employee commitment which influences employee performances, which in turn impacts on the competitiveness of the organisation.

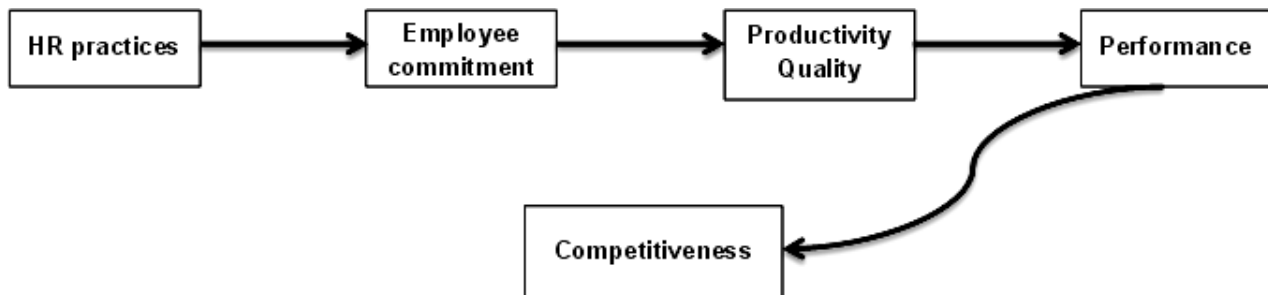


Figure 1. The relationship between human resources management practices and performance [2]

In order to increase competitiveness through human resources performance manager have to make a selection of initiatives that do not give conflicting messages to employees. Such initiatives are: investment in people, implementing quality standards, performance management and performance-related pay, continuous development plans. A key feature of managing performance is developing people so that they are able to perform as they are requested. This is the feature that is most often not delivered.

In order to be sure that the human resources performances increase the competitiveness of the enterprise human resources professional should: develop and promulgate a clear vision for the business as a framework for individual/team goals and targets, develop and agree individual goals with each employee by establishing: what to do to achieve the target, how to satisfy the customer rather than pleasing the boss, etc. in other words, factors likely to produce success relate to a clear, understood vision, effective target setting, full management commitment, training and honouring commitments.

Things that typically go wrong with performance initiatives are getting the people/process balance go wrong, not selecting the right performance measures, management losing interest and getting the team/individual balance wrong.

3. OPERATIONAL ASPECTS OF PERFORMANCE

There was a time when performance was seen primarily in terms of individual motivation and individual performance, but in the late years the focus has shifted to emphasise performance of the organisation as a whole.

The performance cycle identifies there key aspects of effective performance, as shown in figure 2. These aspects can be used as stepping stones in managing employee performance.

The performance cycle describes effective day-to-day management of performance. The performance cycle is intended to be viewed as a positive management tool to enhance employee performance and to support any performance management system. The first stage of the cycle, planning the performance, recognises the importance of the shared view of expected performances between managers and employees; the clearer the established goals are the more improved the employees performance is. Without this plan it is unlikely that even the most determined employees will achieve the performance required.

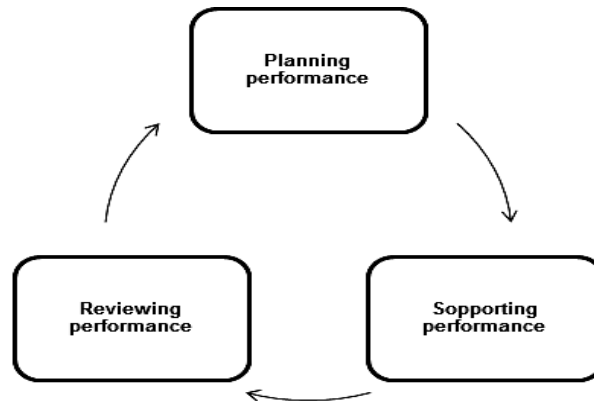


Figure 2 Key aspects of effective performance [3]

Organising the resources and the training is clearly essential for the employee to achieve the performance agreed. On-going coaching during the task is very important; managers can guide the employee through discussions and feedback. In other words the employee depends on his/her manager's continuous support and guidance to achieve the required performance.

La last step of the performance cycle is the on-going review of the performance plan. This review is usually informal and its purpose is to facilitate future employee performance, and provide the manager with the opportunity to confirm that the employee is on the right track, or redirect him or her if necessary.

4. HUMAN RESOURCES PERFORMANCE AND COMPETITIVENESS

As part of the human resources management, performance is vital for the competitiveness of the enterprise. Figure 3 illustrates the role played by performance in increasing competitiveness.

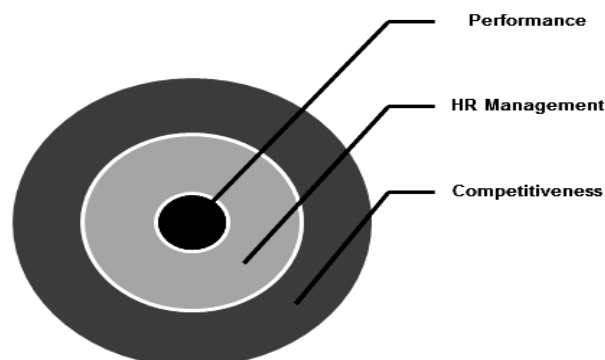


Figure 3 Competitiveness circle

The enterprise competitiveness is influenced by a set of explanatory factors such as: management systems, technologies and processes, the size of the enterprise, and mainly the human resources function, see fig. 4. One of the human resources functions in a competitive enterprise should be to promote a supportive culture. This kind culture is the foundation of the human resources performance.

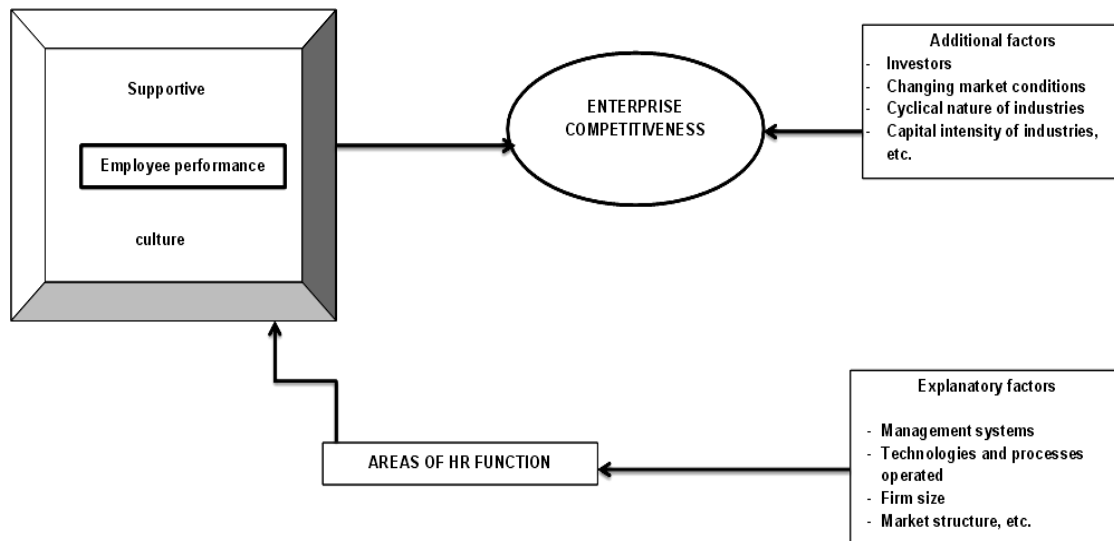


Figure 4

5. CONCLUSIONS

Organisations motivate their workforce to perform effectively by offering them rewards for satisfactory performance and perhaps punishing them for unsatisfactory performance. While companies are better off when they gain a competitive advantage, few do it and even fewer do it through their human resource practices.

Organisations may attempt to ensure subordinates' behaviour by encouraging them to internalise the values, beliefs and attitudes supportive of the goals and objectives of the organisation. This may be done through the selective hiring of individuals who appear to share the attitudes, values and beliefs considered appropriate for effective task performance or by restructuring the values and beliefs of the current workforce. Performance of an individual depended not only on the incentives aimed at the individual but also on the network of relationships within which the employee worked.

Specific goals increase performance, difficult goals, when accepted, result in higher performance than do easy goals and that feedback leads to higher performance than does non-feedback.

ACKNOWLEDGEMENTS

This work was partially supported by the strategic grant posdru 107/1.5/s/77265, inside POSDRU Romania 2007-2013 co-financed by the European social fund – investing in people.

References:

1. GUEST, D. **Beyond HRM: Commitment and the Contract Culture**. London: Financial Time Pitman Publishing, 1998.
2. TORRINGTON, D.; HALL, L.; TAYLOR, S. **Human Resources Management**. fifth. ed. [S.I.]: Pearson Education Limited, 2002. Cap. 4, p. 268.
3. TORRINGTON, D.; HALL, L.; TAYLOR, S. **Human Resources Management**. fifth. ed. London: Pearson Education Limited, 2002. Cap. 4, p. 44.