Ten Best HR Practices for Effective Organization

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Introduction

Growth in global markets, rapid proliferation of new technologies and increasing productivity demands are transforming the overall business environment. The organization must hustle to keep up with that transformation or better, to stay one step ahead of it, to ensure alignment with business needs. At the same time, the workforce (both inside individual companies and in the talent pool at large) has grown more diverse in terms of age, cultural background, geographic base, skills sets, and lifeexperience and business-culture preferences. These changes have transformed the battlefield in the war for talent, making it necessary for HR to adapt approaches to recruitment, retention and engagement. Many business and HR leaders understand the value of high-performingtalent, but few understand HR's role in creating an environment in which that talent can prosper.

Human Resource is the most important asset for any organizationand it is the source of achieving competitive advantage.Managing human resources is very challenging as compared tomanaging technology or capital and for its effective management,organization requires effective HRM system. The effective management of human resources requiressound Human Resource Management systems. In order to develop a sound HRM system, theorganization should have effective Human ResourceManagement practices.HRM practices refer to organizationalactivities directed at managing the pool of human resources andensuring that the resources are employed towards the fulfilmentof organizational goals (Schuler & Jackson, 1987; Schuler &MacMillan, 1984; Wright & Snell, 1991). An effective human resource management practises can be the main factor for the successof a firm (Stavrou&Costea, 2005).

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According to Khatri (1999), people are one of the mostimportant factors providing flexibility and adaptability toorganizations. Rundle (1997) argues that one needs to bear inmind that people, that is all the stakeholders not the firm, are the adaptivemechanism in determining how the firm will respond to thecompetitive environment.

Factors Affecting HR Practices

Size of a Company's Workforce: The size of a company's workforce makes a big difference when it comes to how HR should structure itself and what its priorities should be. Bersin& Associates (2011) found that the size of a company's employee population has a considerable impact on what is required from aneffect HR function. They found that, as organization increased in size, the number of shared HR characteristics (such as HR roles, systems and structures) also increased. Effective HR organizations in companies with fewer than 5,000 employees are more individual in their approaches to HR. They tend to focus heavily on individual HR programs for each segment of the workforce. Once effective HR organizations reach 5,000 employees, the companies they support grow in complexity and breadth of HR services required. HR organizations begin to see benefits in terms of economies of scale, and an increased need to implement technologies and standard processes as their employee base grows to this level. The effective HR organizations in large companies (defined as those companies with more than 15,000 employees) tend to focus heavily on HR shared services, common people systems and HR programs that drive the greatest possible impact on their businesses. They must establish both enterprise standards and models for practices, like sourcing, recruiting, development, performance management, leadership assessment and executive development.

Organisational Structure: A firm's strategy and structure are important in determining HR practices flexibility andintegration. There are important structural differences among firmsthat affect the way in which HR practices are designed andimplemented (Garwin, 1986; Tomer,1995;Hudson et al.,2001).

Business Strategy: To gain competitive advantage, firmsuse different competitive strategies.These strategies are moreproductive when they are systematically liked with human resourcemanagement practices. Companies can improve their environmentby making efficient choices about human resource practices thatconsistently support their chosen strategy (Milkovich and Boudreau,1991;Schuler,1992).

Top Management: The influence of top managementon HR practices is acknowledged by most writers, even if onlyto the extent of advising that top managements support shouldbe present in designing and implementing HR policies(Ondrack and Nininger, 1984; Kane and Palmer, 1995).

Line Management: Line Management participation indesigning and implementing HR activities is the key toorganizational success. Since line managers are responsible forcreating value, they should integrate HR practices in their work(Okpara and Wynn, 2008; Alas et al., 2008).

History, Tradition and past practices: A number ofclosely related factors, such as history, traditions and pastpractices tend to generate resistance to change in mostorganizations (Kane and Palmer, 1995; Pardo and Fuentes, 2003). However, effective HR organizations are in a constant state of transformation or continuous improvement. These companies are associated with approaches that show dramatic efforts to restructure, redesign and repair an HR organization's ability to work strategically and deliver better results for the business. Companies that take a continuous-improvement approach tend to suffer less short-term discomfort and realize greater long-term benefits.

Academic and Professional influence on HR Practices:HR staffs are often involved in the decision making process about HR policies and practices. Their knowledge about alternative HR practices may represent important variables in their own right (Kane and Palmer, 1995). HR practitioners like, Bersin&

Associates offer an integrated view of the entire HR function that is built from a research-driven understanding of business outcomes.

Ten Best HR Practices

The research by Bersin& Associates (2011) illustrates the enduring quality of many of the best practices, while highlighting the growing relevance of new ones. It is built upon more than two years of study with almost 1,000 HR organizations and highlights the importance of prioritizing efforts for every HR function. The ten best HR practices as suggested by Bersin& Associates (2011) are listed below:

1. **Structured governance and business case development**

   A formal "HR governance models" defining the business priorities are set, how decisions are made and how communications flow throughout an HR organization and business case development process can greatly improve HR organization's effectiveness.To build a business case for every major initiative,high-performing HR teams have the necessary business relationships and processes in place. They focus not only on the decisions they take but also on the process for making those decisions. Building a business case requires a clear understanding of the business or businesses that HR serves, as well as working relationships with all business leaders. HR can achieve both by involving business leaders in the planning processes and governance.

2. **Developing advanced workforce planning capabilities**

   "Workforce planning" is a systematic process that looks at what an organization needs to accomplish in a given period of time due to business goals and strategies; what knowledge, skills and experience are required to get the job done; and, what size and type of workforce is required to provide that mix of skills, knowledge and experience.

   Effective HR organizations incorporate sophisticated forecasting and workforce analytics into their processes. This enables them to translate companywide talent, business data and external workforce segment data

into workable insights that they can use and share with business leaders. Such insights inform short-term and long-term decisions about the talent a company has and how to develop it, as well as the talent it needs and how to attract it.

Developing the skills, capabilities and processes to effectively implement workforce planning takes time – and this evolution in itself creates a set of powerful goals for the HR function.

3. Implementing the "right" HR philosophies

Effective HR organizations tend to commit themselves to creating work environments that enable employees to prosper both as individuals and as contributors to business success. They endeavour to create positive employee environments, and clearly communicate these expectations in the HR philosophy and mission. The most effective philosophies focus on fostering innovation and collaboration, or creating the best place to work, while the least effective philosophies focus narrowly on efficiency or cost-cutting efforts.

4. Reducing administrative work for HR business partners

Many HR functions have a role that is a liaison between the HR function and business leaders. Effective HR organizations use it to advise senior business leaders, focusing on decision support, workforce planning, leadership development and executive coaching. By recruiting the right person, HR can improve its credibility across the enterprise, improve working relationships with business leaders, cultivate mutual understanding and gain influence. When this role is implemented poorly, with more focus on administrative duties and taking orders, it can reduce an HR function's ability to work effectively and efficiently.

5. Implementing flexible HR organization design

Flexible HR structures allow effective HR functions to align organizational models and roles to meet changing business needs. Effective HR organization have a culture which recognizes the need to adapt structurally when business needs and challenges change, as well as an HR staff that is capable of making those changes.

6. **Improving employee-facing HR systems**

Effective HR organizations implement HR systems that enable stakeholders and clients to help themselves and connect as part of a community. The most significant contributions to the overall effectiveness of an HR function come from community-building and self-service elements. Knowledge-sharing portals, web-based recruitment tools and management dashboards let various HR stakeholders and clients find what they need when they need it. HR functions with user-friendly client systems are regarded as twice as effective and efficient as those functions that do not invest in such systems.

7. **Measuring both HR operational and business metrics**

Measurement strategies in effective HR organizations have evolved to ensure efficiency, effectiveness and business alignment. Such strategies incorporate both operational measures by which to manage the HR function and strategic people measures to support crucial business decisions. New HR technologies and skills in HR data analysis have provided an opportunity for HR organizations to become more data-driven. HR data is now systematically gathered and analysed, so that it can be translated into actionable insights and measures of impact. These measurement approaches provide clear connections between the efforts of both the HR function and individual people in the performance of a company.

8. **Developing internal HR skills**

Effective HR organizations must invest the time and money needed to ensure team members' competence grows in such disciplines as change management and relationship management. Efforts must also focus on developing team members' business acumen, industry knowledge and command of current best practices in all areas of talent management, as well as the use of social networking tools and other HR technology.

9. Improving line manager capabilities

HR must address the needs of all of its stakeholders; but placing particular focus on its line-management support provides numerous benefits – which range from improved business performance to reduced requirements for HR staff and more engaged employees.Effective HR functions have prioritized the focus of their HR resources on building the capabilities of their line managers. This decision allows them to work in partnership with their line managers, against trying to work around line managers who may be incompetent.

10. Outsourcing HR services strategically

Effective HR organizations use outsourcing to enable their internal teams to focus on things that cannot be outsourced, such as building business relationships and developing custom solutions for business managers. These organizations outsource areas that can be improved through economies of scale, or which require global coordination and expertise. What an organization outsources often depends on its level of maturity."Organizational maturity" is the level of organization's readiness and experience in relation to people, processes, technologies and consistent measurement practices.

Conclusion

Human resource is a lot different from other resources. They have feelings, emotions, intelligence, they react and think differently and are shaped by multiple sets of backgrounds, perceptions, values, beliefs, attitudes, cultures and

experiences. With the diverse workforce it becomes necessary for HR to adapt approaches to recruit, retain and engage the high-performing talent.

Effective HR organizations have become proficient at core HR service areas, as well as are developing new strategies and approaches to manage talent. They are now investing resources in creating the capabilities to strategically look at their workforces, so that they can assess company risks, analyse opportunities and forecast expected outcomes. In today's working environment, human capital is the greatest asset for any organization. Today organizations understand the importance of their internal knowledge bases and skilled employees. HR functions that develop the ability to provide leaders with data-driven insights on the people component of business decisions are invaluable. Ultimately HR's role is to ensure the right tools, systems and processes are in place to manage the people side of the business.

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