

The Impact of HR Activities on Organizational Performance

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Abstract

Human resource management is a factor in increasing the competitiveness of the company and the national economy as a whole, an essential factor of economic and social progress. Furthermore, human resource management contributes decisively to the harmonization of individuals' interests with the enterprises' objectives, to the harmonious interweaving of economic reasons with social reasons, both within enterprises and at the scale of the entire sector and the national economy. The paper studies and evaluates the impact of various human resource management activities on organizational performance, which is determined by the efficiency and effectiveness of human resources. Following the application of structural equation modeling to identify relationships, we concluded a significant influence of HR activities on organizational performance. Working relationships and conditions are the most critical activity that significantly impacts organizational performance.

Key words: human resources, activities, performance, efficiency, effectiveness

J.E.L. classification: O15

1. Introduction

Human resource management, as it results from the way it is defined and the principles underlying its exercise in practice, is a subsystem of general management. The literature highlights a wide variety of structures, more synthetic or more detailed depending on a wide range of factors and requirements, among which an important role has the size of the company (large, medium, small).

In most organizations, there is a structure of medium complexity, which can be extended or, on the contrary restricted, according to the needs and particularities of the company. For example, the big players in the economic sector have significant human resources departments in the form of directions. These domains can be restricted or extended on the principle of harmonics, depending on the enterprise's size, just as each domain's content can be extended and concretized.

The main activities that are the object of human resources management are the following (Vărzaru et al., 2012; Vărzaru and Vărzaru, 2013, 2015a, 2015b, 2016; Bocean, 2015; Bocean and Sitnikov, 2015; Dessler, 2019; Valentine et al., 2019; Wilkinson 2021):

- staff recruitment and selection,
- performance management,
- personnel files management,
- reward system management,
- training and personal development of employees,
- management relationships and working conditions.

The paper's objective is to assess the impact of various human resources management activities on organizational performance, which is determined by the efficiency and effectiveness of human resources. The paper has a structure of five sections. After an introduction and theoretical background, the methodology, research results, and conclusions are presented.

2. Theoretical background

The procedures for recruiting, selecting, and hiring staff should be reviewed annually to avoid obtaining unnecessary information that will not be used in the recruitment and selection process.

Essential for an organization, in the process of applying for a job, must be the experience in the previous activities of potential employees and the possession of diplomas and certificates that entitle them to exercise the profession for which they are employed. In the application documents for a job (CV, letter of intent), the organization will request the applicant the agreement to verify the information provided by him. The application documents will also include the certification from the applicant of the veracity and accuracy of the information (Wilkinson 2021).

Large organizations can decentralize the candidate selection process, allowing functional managers to participate in interviews and selection of future employees in their departments. A necessary tool in conducting the interviews should be a standardized questionnaire provided by the human resources department, even if the answers will lead to further questions.

In the recruitment and selection process, an organization must ensure that the practices and policies used do not lead to direct or indirect discrimination between candidates in terms of gender, race, ethnicity, marital status, family responsibilities, religion, political opinion, sexual orientation, the existence of a disability, language.

After identifying the right candidate, it is recommended that the organization hand him a letter of offer in which he indicates the position offered, the duties of the position, the date of commencement of the employment contract, the size of the salary, the frequency of payment and the date of payment. In addition, if the offer provides for certain conditions, they must be indicated to avoid further confusion.

It is recommended that the performance appraisal system in an organization be recorded in the organization's documents (internal operating regulations or in the organization's policy manual). Evaluators must be objective and not use the evaluation's conclusions to solve personal problems. Prior to the evaluation, it is necessary to self-evaluate the employees to compare the evaluation results with the employees' considerations. In order for the evaluation to be effective, permanent feedback is needed to ensure that the performance of the employees is rewarded (Valentine et al., 2019).

Personnel files must be prepared following legal regulations. In this regard, a periodic random check leads to keeping them in order. Staff files should contain information on: application documents for vacancies, offer letters, job descriptions, personal data of employees, periodic performance appraisals, employment contracts, salary changes, documents on the actions of the human resources department, workbooks, internships, and medical records (Vărzaru et al., 2012; Vărzaru and Vărzaru, 2016).

The components of the reward system must include basic salary, bonuses, percentage commissions, incentives, shares or bonds issued by the organization, and various other benefits. In addition, the reward system must consider the results of the organization and the systems within similar organizations (Dessler, 2019).

Training and human resource development are attempts to improve employees' current and future professional performance by developing their professional skills and abilities.

The employer should ensure the safety and health of workers in all aspects related to work. The employer must also ensure an appropriate work environment that leads to good results for the organization (Bocean, 2015).

In conclusion, the purpose of human resources management is to manage human resources and provide solutions to improve the practices and procedures used in the field of human resources to increase the organization's efficiency and effectiveness. Consequently, starting from the theoretical considerations, we built the following hypotheses of the research:

H1. Among the HR activities, the management of relationships and working conditions is the most influential antecedent in employees' perception.

H2. HR activities have a significant positive impact on organizational performance.

3. Research methodology

To evaluate the impact of various human resource management activities on organizational performance determined by human resource efficiency and effectiveness, we used structural equation modeling to determine the relationships between unobservable latent variables based on exogenous observable variables. Structure equation modeling was used with success by other researchers (Vărzaru et al., 2021a; Vărzaru et al., 2021b; Nicolescu and Vărzaru, 2021). Exogenous observable variables are represented by a questionnaire's items that were applied to 239 employees of some Romanian organizations. The structure of the questionnaire is presented in table no. 1.

Table no. 1. Questionnaire structure

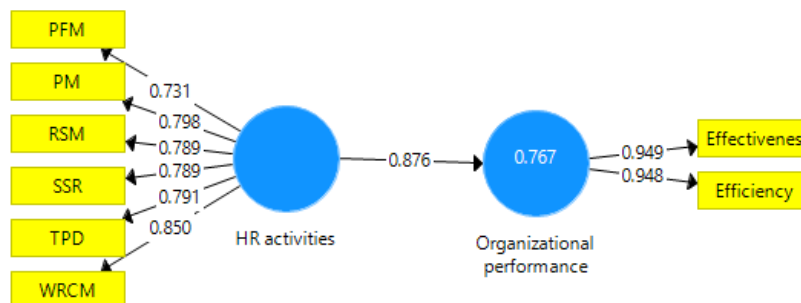
| Variable | Scales |
|--|--|
| Sex | Male, Female |
| Age | 18–30 years, 31–45 years, 46–65 years |
| Staff selection and recruitment (SSR) | 1 to 5 (1—non-important, 5—most important) |
| Performance Management (PM) | 1 to 5 (1—non-important, 5—most important) |
| Personnel file management (PFM) | 1 to 5 (1—non-important, 5—most important) |
| Reward system management (RSM) | 1 to 5 (1—non-important, 5—most important) |
| Training and personal development (TPD) | 1 to 5 (1—non-important, 5—most important) |
| Working relationship and conditions (WRCM) | 1 to 5 (1—non-important, 5—most important) |
| Efficiency | On a scale of 1 to 5 (1—very small, 5—very high) |
| Effectiveness | On a scale of 1 to 5 (1—very small, 5—very high) |

Source: Own construction

4. Findings

Following applying the theoretical model within the SmartPLS V3.0 software, a model of the relations between HR activities and organizational performance is illustrated in figure no. 1.

Figure no. 1. Empirical model



Source: Own construction using SmartPLS v3.0

It can be seen from Figure 1 that the working relationship and conditions (WRCM) are the most important antecedent of HR activities; the H1 hypothesis is valid.

The reliability and validity of the empirical model are presented in table no 2.

Table no. 2. Validity and reliability

| | Cronbach's Alpha | Composite Reliability | AVE |
|----------------------------|------------------|-----------------------|-------|
| HR activities | 0.881 | 0.910 | 0.627 |
| Organizational performance | 0.888 | 0.947 | 0.899 |

Source: Own construction using SmartPLS v3.0

Table no. 3 presents path coefficients for the relationship between HR activities and organizational performance.

Table no. 3. Path coefficients

| | Original Sample | Standard Deviation | T Statistics | P Values |
|---|-----------------|--------------------|--------------|----------|
| HR activities -> Organizational performance | 0.876 | 0.015 | 59.517 | 0.000 |

Source: Own construction using SmartPLS v3.0

From table no. 3, it can be seen that HR activities exert a significantly positive influence on organizational performance, which is determined based on the efficiency and effectiveness of human resources, which makes the H2 hypothesis to be validated.

5. Conclusions

Human resources management contributes through its activities specifically to any organization's economic and social efficiency by integrating at a higher level the company's activities in the market and the national economy based on economic criteria. Organizational performance results from absolute and relative labor savings alive and materialized, both at the level of economic unity and at the level of the systems in which it is integrated (Bocean, 2007a, 2007b).

In conclusion, it can be stated that the main problem of an organization is to promote the most appropriate human resources management and create a proper motivational or organizational climate. By good managing relationships and working conditions, in which individuals need to be integrated into the organization's needs, the individual can better meet their own goals, working for the organization's goals.

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