Research on Questions of Human Resources Management Effectiveness Evaluation

Mu Yonggui, Zheng Ying, Shen Qingfeng

Abstract: Human Resources Management Effectiveness is the effect or the degree of achieving goals of Human Resources Management (HRM). It is the concerned topic of managers and senior executives of human resources all along. A good many scholars have carried out indefatigable pursuit to its evaluation modes and measures. The authors synthesize views of scholars home and abroad and make a relatively complete summary and illustration to the questions of the HRM effectiveness evaluation.

Key Words: human resources; management; practice; effectiveness; evaluation

The so-called effectiveness is the validity which usually means the degree of achieving goals—the completion or realization situation of planned goals. It has the characteristics of aim guidance, focusing on the final results which mean whether it has realized the goal or not, or how much it has realized. The so-called effectiveness of HRM is the result of HRM or the degree of completing the goal. “The result or what contribution it does to organizations of the HRM” is the concerned topic of managers and senior executives of human resources all along. Although people recognize the functions of the HRM, they suffer from that they can not offer powerful evidence. Therefore, a good many scholars have carried out indefatigable pursuit to its modes and measures of evaluation. The authors synthesize views of scholars home and abroad and make a relatively complete summary and illustration to the questions of the HRM effectiveness evaluation.

Ⅰ MODELS OF EFFECTIVENESS EVALUATION OF HRM

Different scholars have carried out measures and evaluations to the HRM effectiveness from different points of view or dimensionalities. The representative ones are mainly utility model, relationship model, stakeholder model and sustainable model.

A Utility Model

In early stage, the evaluation of effects of HRM was mainly based on utility model. This model concentrated on the economic utility of human resources practice changing to financial index which was the economic effect of human resources practice. In practice, because indirect cost was difficult to get quantization and some economic effects should have the characteristics of long time, indirection and fuzziness, it was very difficult to make complete and accurate appraisal. Hence, it was seldom used alone.

B Relationship Model

The relationship model was born in the early 1980s. To the 1990s, it was more one of the “hotspots” of strategic HRM research. It cared about not only “what” contribution the HRM did to organizations but also “how to realize it”. It tried to open the “black box” between the HRM and organization performance. It explored manners that the HRM influenced on enterprises’ realizing strategic goals. The manners were multi-variables relationship such as human resources strategy or policy and human resources practice, human resource results, organization practice and other organization influences including economic benefits. In the related researches, relations between multi-variables might behave unilaterally or bilaterally. When this model was measuring the effectiveness of human resources, the key was to check whether it matched the managing strategy or there existed positive correlation. When human resources practice promoted the implement of strategic programming or promoted the realizing and keeping competitive advantages, it was regarded to produce human resources effectiveness. Nowadays, research in this aspect is not mature, especially the composing of variables in the “black box” and relations between all variables. Consistent conclusions have not been drawn and are expected to get further researches.

C Stakeholder Model

The stakeholder model is also called multiple...
constituency approach. It mainly focuses on the value that customers apperceived the service of human resources department. Tsui pointed out in the multiple constituency model of effectiveness evaluation that there existed difficulties in making out right appraisal of the effectiveness of human resources department because its aims were not single and existed contradiction even opposition which rooted from the different qualities of benefit relatives and conflict between need and benefit. She thought benefit relatives of human resources department were the persons or department who used the human resources service and they might come from the inside or outside of the organization. The inside benefit relatives included staff, line managers, senior executives, human resources department of corporation and labor union. The outside benefit relatives included job seekers, government employment (execution) institution and community organizations, etc. Hitt, Ireland and Hoskisson (2005) also pointed out that there were three different benefit relatives groups imposed different pressures on organizations: the first group was relatives of capital market benefit, such as stockholder and banks, etc.; the second group was relatives of product market benefit, such as customers, suppliers, labor unions and local communities, etc.; the third group was relatives of organization benefit, such as staff and managers, etc.

The influence of the human resources practice on the above benefit relatives was different from the success function of these benefit relatives to organizations. According to the theories of resources depending and strategic contingencies, inside staff, line managers and senior executives in organizations were main benefit relatives. However, among these three factors, they were different from the appraisal contents and standards of human resources effectiveness: Function managers cared about the absence, appeal and enthusiasm of staff; staff were in pursuit of being cared, needs satisfaction, development of the career; senior executives especially concerned about getting key management and specialty technique talents who could make and carry out right managing strategic plans.

• **D Sustainable Model**

The sustainable model was based on the Theory of the Balanced Card and was pointed out in recent years. Becker et al (2001) divided HRM performances into hysteretic quality index and leading quality index in their book of *Balanced Card of Human Resources*. The former only reflected the results that happened in the past, such as ROI while the latter appraised the situation of key success factors of the strategies carrying out of driving companies, such as development cycle and satisfaction degree of customers, etc. They emphasized that the leading quality index was more important than the hysteretic quality index and gave out the relations between management strategies and the HRM creating added value. Moreover, they made human resources construction or human resources that promoted the strategies implementing of companies system totally be called strategic human resources deliverables. They appear in two forms. One was the performance driver factor, such as the productivities of staff and innovations, etc.; the other was the enabler factor that drove the performance, such as training items and performance appraisal systems, etc., which was the activities and practice of the HRM.

Essentially, the sustainable model was the one of benefit relatives; however, it arranged for the positions of all benefit relatives in organizations more scientifically. It preferably solved the relations between them, that is to say, at the same time of the emphasizing benefit of stockholders, it cared about other dimensionalities and the supporting and causality relations to its strategic dimensionality. Although it was created late, this model was getting more and more attention and agreements of researchers of the HRM.

• II . THE EVALUATIVE CRITERIA FOR EFFECTIVENESS OF LABOR RESOURCE MANGEMENT

Stephen Cibb classified the evaluative criteria for the effectiveness of labor resource management into four categories, namely, (1) the objective inner-oriented evaluation. It is on the essence the inner criterion that matches the labor activities to the objective and requirements of business. This criterion mainly studies the strategic labor resource management, that is to say, the horizontal readjustment of labor resource policies and practice as well as the vertical matching of these policies and management strategy. (2) The outer-oriented objective evaluation. It is on essence the most optimistic practical application of a set of criteria that mainly come from the making and effect of the regulation and guidelines about health, safety, and equal employment opportunities. (3) The subjective evaluation. Generally speaking, the business and labor resource practice of successful organizations will be taken as benchmarks. Other organization’s practice could compare with them. The result could be subjectively evaluated. (4) The subjective
inner-oriented evaluation. That is the evaluation from managers and staff who are taken as the ultimate customers. Throughout the related empirical researches, the main evaluative criteria could be concluded as the following points:

Fit-zens (1980) and Cascio (1987) thought economic effect is the criterion of the effective human resource practice. Rabe (1967) put forward more than 60 indicators that can be used to define the effectiveness of human resource activities, and all of them switched human resources activities into financial achievements. The enterprises concern most about this criterion in a high degree. But this criterion has its limits, because some achievements are invisible and not suitable for evaluating by economic index.

The second is the reputation of labor resource departments. Tsui (1984) holds that the service quality of human resource departments should be evaluated by the objects they served. This is a subjective judging method as well as a kind of value judgment. Because of the individual difference of the objects being served and their diversified aims, it is difficult to make the final conclusion, and the criterion used to evaluate it has a great one-sidedness and conflict. So this criterion is not used single, it is used as an auxiliary method and plays a role of supplement.

The third is the quality of staff in labor resource departments. Petersen & Malone (1975) firstly proposed this viewpoint, and the successors had made some analytical studies to quality requirements of jobholders in human resource departments. Among the scholars, Ulrich, Brockbank, Yeung & Lake (1995) put forward that the quality of jobholders of human resource department should include three aspects: (1) management knowledge; (2) major skill of HRM; (3) management’s improvements. Huselid, Jackson & Schuler (1997) distinguished two kinds of qualities that are helpful for the human resource managers to develop the effective HRM system: major abilities of HRM including the providing of traditional HRM activities, for example, enrollment, selecting and salary, etc. and abilities related to management including the ability to understand business and carry on the management strategies. They also pointed out that the major HRM ability is the essential but not total condition to form the high effective organization. And abilities related to management are especially important.

Fourth, the matching of human resource practice and company’s strategy and by what degree it facilitates the realization of the strategy. This is put forward by the strategic resources researchers and their special focus. They believe that this is direction that the traditional HRM should turn to, that is to say, the changing of strategic roles. But in fact, HRM will never abandon the basic management activities, and it will still carry on the job of administrative management and serve for the staff. So the strategic role could only be the extension of the role of HRM, and it is impossible for strategic role to replace the conventional function, especially at the current stage. So, this criterion also has one-sidedness, at least to some enterprises despite its importance.

III. THE EVALUATIVE METHOD FOR EFFECTIVENESS OF LABOR RESOURCE MANAGEMENT

There are many kinds of evaluative methods for the effectiveness of labor resource management. Wu Bingen from Taiwan summarized them into two groups: the first group is audit method, which could be subdivided into personnel matters index method and customer’s reflection evaluation method. The former takes the actual situation of employment, training and development, checking for effectiveness, the labor-capitol relationship as the evaluative criteria. For example, the average rate of employment, the rate of unemployment, etc. Although these indexes are quantificational, it is very difficult to measure concretely and clearly through single index and this method is “producing oriented”. The second group is analytical method, which could be subdivided into empirical method and the cost-outcome analyzing method. The former is commonly used in natural science, it make analyze the result before and the labor resource activity; the second one is mathematical, it compares the cost and outcome of labor resource investment with currency unit. For example, effectiveness analyzing and labor resource accounting, etc.

Phillips et al made comprehensive historical summary to the dominated measurability, as: Phillips et al divided the approaches in the diagram into three classes: the first are early approaches which mainly are a series of discrimination
Diagram: Approaches to solve HR Measure approaches including the famous Objective Management Method that derived from the 1960s; the second are solid value added approaches which were the most popular in the 1980s and 1990s, such as Key Index Method, Monitoring and Model Method; the third are composite approaches, such as HR Profit Center and the Whole ROI Procedure Method, etc. which mainly engage in cost benefit analysis.

IV. CONCLUSION

From the above, we can get that the evaluation content to labor resource management effectiveness includes many things and many indexes. And there are various methods. We can get such important experience and inspiration: (1) the labor resource practice is the most direct effective factor in the evaluation of labor resource effectiveness. Because such surveying spots as the degree of job satisfaction, promise, motivation, unemployment and work absence are comparatively close to labor resource practice. And in some degree, it is the original idea for the designing of labor resource practices. (2) the labor resource effectiveness evaluation care the macroscopic level effects that are a little far from individual employee. For example, the aims that the organizations care about, producing rate, quality of products and customer’s service. These indexes are related to the total sum of individual employees’ efforts. (3) the organizations concern most about the financial affairs and accounting effectiveness, for example, the return on assets, the return on investments, and benefits. (4) the developing tendency is the furthest effective measurement away from labor resource practice, including capital market result for example the price of stocks, increasing rate and benefits, etc. Presently, the deep empirical study to the relationship of effectiveness of different level is in lack. And this is also the direction for future study.

Bibliography