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STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES AND ITS EFFECT ON COMPANY'S PERFORMANCE: A CASE OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LTD

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Abstract

Formulation and execution of Strategic Human Resource Management (SHRM) practices and its effect on Company's performance of any organization is a burning issue in the globalized competitive business era. This study aims to find out the relationship between SHRM and Company's performance to ensure the sustainability and competitive advantage of the Maharashtra State Electricity Distribution Company Limited in India. The research has been conducted on Class I Officers as sample during the period of January to August, 2016 to collect the primary data. To evaluate the Human Resources practices, researchers have used the various policies, web sites etc. as secondary source. Survey research findings indicate that strategic integration and development of HRM were practiced to a fullest extent in the Company. From the analysis, the Company performance was mostly at satisfactory level compared with the other industry average. Management efficiency was out-performing the standard in most of the cases. The result presented in this study suggests practicing intensive SHRM so that improved company performance can be asserted to sustain in the competitive environment.

Power Sector reforms in India have gained momentum with the initiative of most of the State Government by restructuring the SEBs. The reforms are expected to change the way the Indian Electricity Supply Industry has been functioning for the few decades and therefore demands major changes in the roles of technical/managerial personnel at various levels. These skills are to be regularly updated to cope with the ever progressing and rapidly advancing technologies.

Keywords: SHRM, Human Resource, Performance, Power Sector Reforms



INTRODUCTION

The recent trend of globalized competitive business era focuses on formulation and execution of strategic human resource management (SHRM) practices and its significant effect on the company's performance. Since its emergence, strategic human resource management (SHRM) has been the focus of debate over whether it exists in reality or is merely rhetoric. SHRM is often measured by the integration of the HR function in the strategic management process, the devolvement of HR practices to line managers, and the influence of these practices on company's performance. The aim of the study is to examine the practices of SHRM in Maharashtra State Electricity Distribution Company Limited and its impact on company's performance. The paper starts with the determination of objectives followed by relevant extensive literature review with a focus on strategic integration and development of HR practices and their links to company's performance.

Human Resource Management (HRM) is the function within an organization that focuses on recruitment and selection and providing direction for the people who work in the organization. It is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training. It is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. HRM is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. It is now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways. The new role of HRM involves strategic direction and HRM metrics and measurements to demonstrate value. To improve company's performance and create competitive advantage, HR must focus on a new set of priorities. These new priorities are more business and strategic oriented and less oriented towards traditional HR functions such as staffing, training, appraisal and compensation. Strategic priorities include team-based job designs, flexible workforces, quality improvement practices, employee empowerment and incentive compensation. Strategic human resource management was designed to diagnose firm strategic needs and planned talent development which is required to implement a competitive strategy and achieve operational goals (Huselid et al., 1997).

LITERATURE REVIEW

Researchers in the areas of Human Resource Management (HRM) seeking to emphasize the importance of effective functioning of organizations have developed the concept into Strategic Human Resource Management (SHRM). To this end, many authors have maintained that strategic human resource management is straightforwardly linked to organizational performance and high-performing work organizations pay special attention to adopting particular HRM policies and linking these to the strategies of their organizations. Rigorous HR planning translates business strategies into specific HRM policies and practices. The key goal of HR planning is to get the right number of people with the right skills, experience and competencies in the right jobs at the right time at the right cost (Breaugh et al, 2000; Anderson, et al, 2008; Hussey 2010). Detailed and robust recruitment and selection policies, such as recruitment and selection procedures, assessing criteria, talents auditing and processing the information about the labour market are important in recruiting and deploying appropriate employees at the right time (Breaugh et al, 2000). Past research shows that the competency level of HR managers has a major influence on recruitment and selection and experienced HR experts within the HR department will not only shorten vacancy duration, but also improve the quality of the applicants. Moreover, effective recruitment and selection is possible only if there is a dedicated and competent HR team (Golden et al, 1985; Buller 1988, Truss et al, 1994). Recruitment and selection also has an important role to play in ensuring worker performance and positive organizational outcomes. There is, therefore, an important sense in which it is the responsibility of all managers, and where human resource departments exist, it may be that HR managers play more of a supporting advisory role to those people who will supervise or in other ways work with the new employee.

This research analyses recruitment and selection as one of the HR practices from the gamut of entire HRM processes and evaluates the flaws that exist in its effective implementation in organisational setup in Maharashtra State Electricity Distribution Company Limited. Although there is wide recognition of the significance of the integration of HRM with business strategies, little research has been devoted on how recruitment and selection strategic integration happens and what might be its effects on organisational performance (Budhwar 2000; Shen 2004). Recruitment and selection strategies flow ultimately from the organisation's mission and strategic objectives (i.e. the strategies and processes of recruitment and selection must be compatible with business strategies) (Nankervis et al, 2002). Social scientists argue that through the integration with business strategies, recruitment and selection help achieve strategic goals and enhance organisational performance (Becker et al, 1996; Youndt, et al. 1996, Lewis 2003). Over the last thirty years or so, the amount of research on recruitment and selection has increased dramatically. Despite this increase, recent reviews (Rodwell et al, 2004, Wright, et al.

2005) of the literature have revealed that past studies mainly focused on the exploration of recruitment and selection practices and not on its relationship to business strategy and performance.

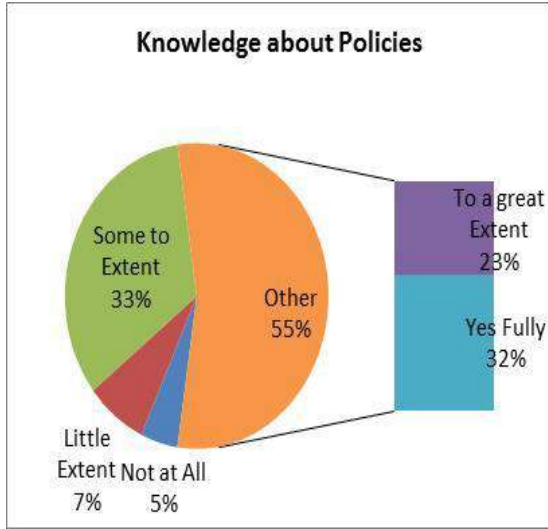
According to Ellen Schall, New York University, the researcher studied about possibility to think strategically about succession in the public sector. The author reviews the *private – sector succession literature for insight and analyses the barriers in the public sector to taking succession seriously. With a case study based on her own experience managing succession at his department, she offers four strategies that the public sector leader who is committed to strategic approach to succession might usefully employ.*

According to the author Democracies offer citizens an opportunity through elections, to signal their preferences, and elected officials have the right to create new directions and change course. Yet both citizens and elected officials must avoid “change for change’s sake”. Not only can that attitude slide all too easily into simple minded government bashing, with the public increasingly losing respect for any government programs and any government worker; it also severely constraints government capacity to go forward and build on the best of its efforts, its capacity to sustain innovation. The author ended with his comments that both the public and those in the government need to learn to honour the past and build upon it. Senior officials whether elected or appointed, must not only think strategically during their tenure but also be oriented beyond their tenure. Developing the willingness and ability to devise an effective approach to succession planning is a crucial step in that process.

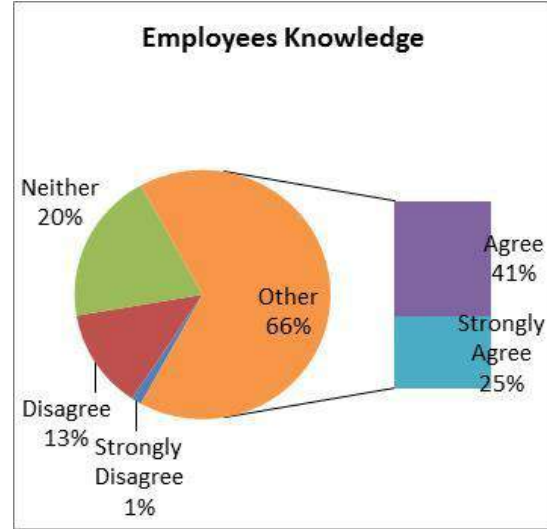
According to David M Akinnusi, suggestions for benchmarking HRM in the public sector, *there are differences in the ethos and cultures of public and private sector organisations; nevertheless the call for the public service to be more results oriented can only be met by understanding and learning from practices of their private sector counterparts and initiating creative and appropriate changes. Benchmarking is no longer the monopoly of the private sector. Public sector institutions in most of the Western countries are using benchmarking to meet the enduring challenge to provide maximum value for money – i.e., highest quality at least cost*

RESEARCH QUESTIONS & RESULTS

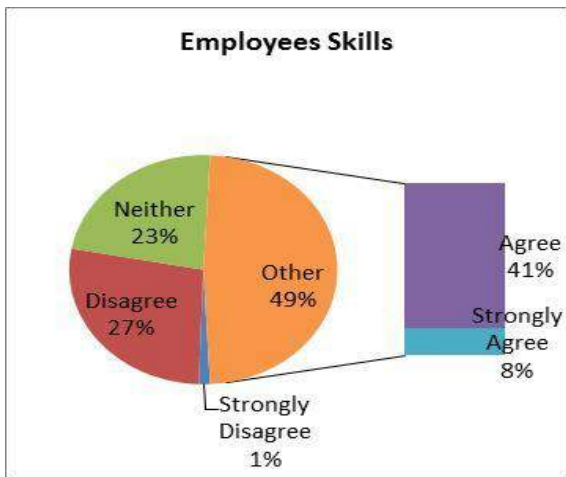
The first objective was to find out whether the employees are familiar with policy and procedure related to direct recruitment. The findings are shown as in Fig.1:



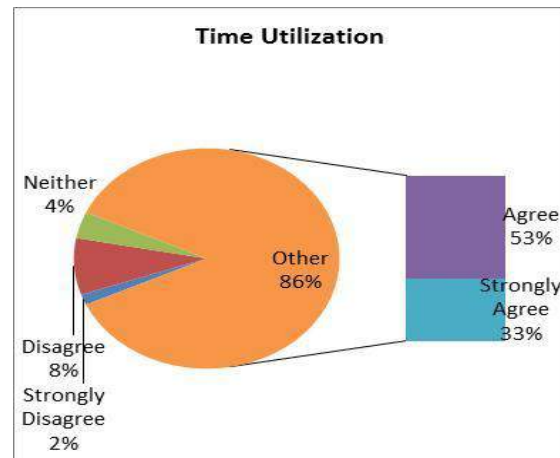
The second objective was to find out whether the employees good ideas are dropped due to paper work and procedures. The findings are shown as in Fig.2:



The fourth objective was to find out whether the employees are occupied for full day. The findings are shown as in Fig.4:

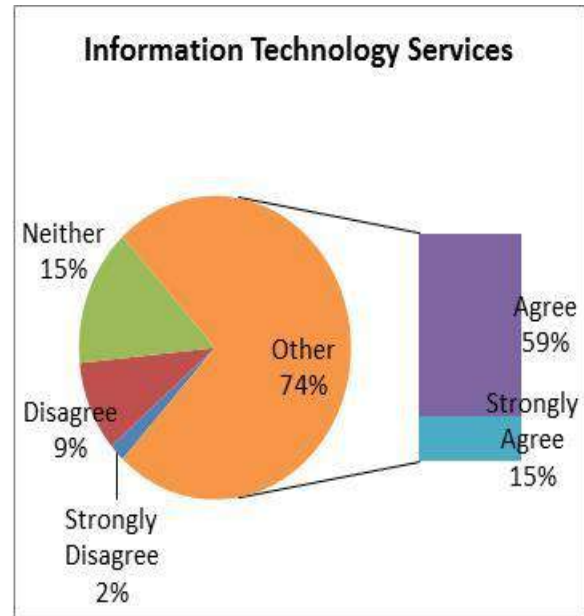
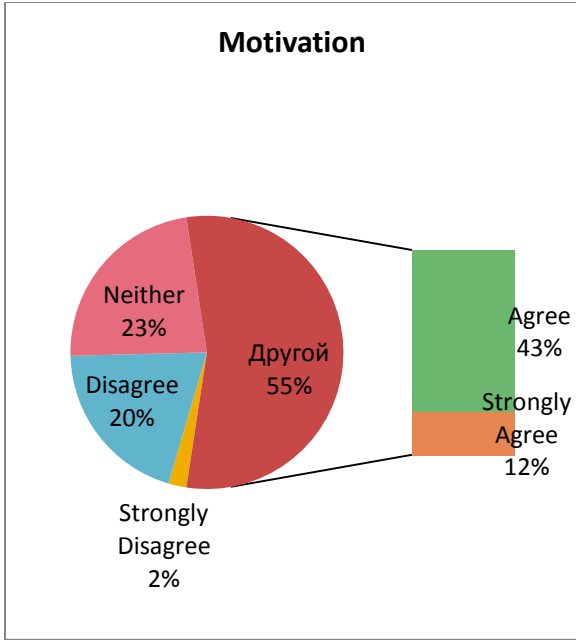


The third objective was to find out whether the employees have adequate freedom to express with new ways of doing things. The findings are shown as in Fig.3:



The fifth objective was to find out whether the superior motivates to do job in a better way. The findings are shown as in Fig.5:

provided to the employees. The findings are shown as in Fig.6:



The sixth objective was to find out whether the information technology enabled services are been

LIMITATION OF THIS STUDY

Human Resource Management Department access to researchers is very restricted because of their company secrets. So, finding out the gaps and exploring the recruitment and selection of the HRD practices is a difficult procedure. To find the results for best practices is to get information from their employees. When we get the knowledge from the employees about their own organization they will not give you the negativity information about their Organization.

KEY STRENGTHS: [excerpts from Ministry of Power, Government of India, State Distribution utilities Third Annual Integrated Rating, August, 2015]

- Continued improvement in AT& C losses in FY 2014 on account of measures such as network strengthening, anti-theft measures and distribution franchisee scheme
- Timely receipt of subsidy support from State Government

MSEDCL is the first utility in the country to successfully demonstrate the implementation of distribution franchisee scheme in 2007, which is also being implemented in other cities in the state.

- Fuel Adjustment cost mechanism with a ceiling is in place
- Compliance with non-solar RPO target level in place to a large extent.

DISCUSSION & CONCLUSION

The figure 1 presents the recruitment policies. Company recruitment principally uses two channels: the internal via promotion and external networking. We believe that these channels offer opportunities to better apprehend candidate's competencies and qualities, before starting the selection process. This selection process is at first based on their domain knowledge and expertise of the employees, but it is also based on the seniority basis. We note that soft skills are rarely tested during the promotion process. The mentoring practices are found absent and frequently in a non-formalized way.

The figure 2 presents the individual components i.e., employees skills. 41% of the employees believe that their good ideas and knowledge are dropped due to paper work and procedures.

The figure 3 presents about the knowledge and freedom to express the ways of doing new things. There is a clear evidence and believe that their good ideas and knowledge are dropped due to paper work and procedures.

The figure 4 presents about the occupancy of full day. 53% of the employees believe that they are fully occupied for a day.

The figure 5 presents about the occupancy of full day. 43% of the employees believe that their superior motivates to do work in a better way.

The figure 6 presents about the information technology enabled services. 59% of the employees believe the information technology enabled services are been provided to the employees of the Company.

In this study we highlighted the human capital components, and their mobilization within the company. Through this analysis, we detected the common characteristics of the emerging HR systems. In this framework, we notice that some practices are fundamental in all cases, particularly those concerning training and development which are implemented with the objective to maintain internal and external employability. These

important development practices do not result in career development plans or formalized talent detection systems. Similarly, no specific emerge in terms of performance appraisal practices related to the promotion and reward system. We hope that this paper will bring additional information in the human conceptualizations and HR practices systems developed in the SHRM literature in general and particularly in the framework of the research.

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