

## ABSTRACT

The concept of Human Resource Management has been receiving increasing attention in recent times. It is seen as a *value added function* to the organisational products and processes. Yet there is a great deal of skepticism about the performance of the HR department in organisations. The review of literature indicates that most of the indicators used to assess the effectiveness of the HR department were outcome based indicators. In recent years, researchers (Tsui, 1987) are advocating the usage of the **constituency approach** to assessing the effectiveness of the HR department. This view holds that the HR department being a support function, interacts with a network of constituencies. The constituencies are 'those parties that exert a hold on it. That is, they either affect or are affected by an organisation's actions, behaviours and policies'. The HR department will be seen as effective if it is able to satisfy the demands of most of these constituencies.

A preliminary study revealed that most of the constituencies appeared to be using **process** related indicators to assess the effectiveness of the HR department. The process refers to the *manner in which a particular activity* is being performed. Significant differences emerged between production and non production departments at the two research sites chosen for the preliminary study.

The objectives of the final study was to understand the patterns of interactions between the HR department and the constituencies (departmental and hierarchical) , the perceptions held by the HR respondents and the constituencies about the present functioning of the HR department and the expectations held by the constituencies about the future contributions of the HR department. Based on these aspects, the indicators of effectiveness of the HR department were inductively derived.

The study used the qualitative research methodology. Semi structured interviews were conducted with 144 respondents from two manufacturing organisations. The data was analyzed using the coding procedures from the grounded theory.

The study revealed that most of the interactions between the constituencies and the HR department were at the initiative of the constituencies and were focussed on *maintenance related matters*. The HR department did not appear to be involved in the mainstream initiatives like Total Quality Management and manufacturing redesign. The non involvement of the HR department appeared to arise out of two factors- role ambiguity of the HR managers and the lack of expertise in areas beyond their functional competence. The perceptions held by the constituencies varied based on the task characteristics of the department and the degree of professionalism of the employees in the department. The indicators used by the HR department to assess their performance and the indicators which emerged from the constituencies varied significantly. While the indicators used by the HR department were *outcome based and quantitative*, the indicators that emerged from the constituencies were primarily *process based and qualitative*. This difference has implications for HR managers in performing their roles effectively.

The functional managers in both the sites performed a range of HR activities, but there was no consistency in their performance. The linkage across HR practices and the involvement of the HR department in the strategic planning process was low in both the sites. The role of the HR professional has emerged as a significant determinant of the state of HRM in an organisation.

The findings have implications for the managerial audience and the academic community. The task characteristics of the departmental constituencies could be used as a basis to evolve an alternate structure for the HR department. There would be a HR specialist attached to a group of departmental constituencies which exhibit similar task characteristics. This would enable a single HR specialist to be responsible for the functioning of the entire constituency. This provides job enrichment to the HR specialist since his/her contribution is directly discernable at the level of the constituency. This also provides opportunity for the HR specialists to becoming a 'business partner' to the functional managers.