



IMPACT OF THE HUMAN RESOURCES ON THE RISK MANAGEMENT AND COMPETITIVENESS OF THE COMPANY PERFORMANCE

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Abstract

The paper describes the Lithuanian transport sector companies operating in human resource managements research processes. According to the recent studies the human resource is the most important source and head the company on the right trail to achieve the aims, this paper led to study some factors which its impacting on the human resource existence in the company and their impact on the risk management and the total performance as well, these factors are education, skilled, and the expert human. By using the sample from USIM University and using the regression analysis, have found that there is a huge impact for these factors on the risk management and the company final performance. And that's reflecting the positive relationship between the study hypothesis and the results. The article analyzes the human resource management impact of competitiveness of transport companies. According to the scientific literature article discusses human resource management, Competitive advantage and competitive analysis concepts, evaluated modern human resource management models and theories of the relationship between companies and the allocation of human resources and competitiveness.

Keywords: Human resources; Human capital; Risk management; Company performance, strategic management.

1. Introduction

This topic has two of parties, and both of them are so important matter in any company. If we

noted recently most of CEO for the huge operation they talked about the risk. How we can do with the risk around? And they tried to avoid it, especially after the last crisis which many corporations in the worldwide they closed defiantly. And they focused to know what the risk sources exactly are? How to control, be ready and in the suitable position? While the weak company they left the market to find new industry or for bankruptcy, the other part is the human resource which is the power of this entire world so it's the engine for the operations, manufacturing, managing, and improving the company performance. The human mind is always the gold worth for the company because, any business in this world based on notions and the notions source is the human mind and the human skills, also its having golden touch on the processing. Which it gives high performance and add value on the outcome by different characteristics in the different minds. The education level and the experience years also its have big turn to help in this processing. In addition the human resource flexible so we can guide and control it as we like and improve it also by training. As narrated by Lengnick-Hall, et al. [1], the impact of the human component in organizations is described to understand the importance and the critical role of the human resource in organizational success studies from the 1970s show the need to overhaul the traditional human resource management (HRM) which has led to the significant changes and the concentration on the strategic value of human resources. The risk management and human resource, how they support each other so this research will mention for issues of how we can

prepare the risk management by using the human resource and if that have any relationship to reflect on the risk management, what is the technique for the protection mechanism from the risks, this is the issue what this study going to find the clear answer for it, which it is the value of the human resource for the risk management? The term “human resources” is used both – in business environment and in reference to people working in organizations. Human resources (employees) are the most important assets and valuable resources in company’s performance. Employees are important, since their knowledge, experience and skills increase the value of an organization in the market.

The human resource

The human whom they are pillar of the corporations as the worker and manager, and those people who control the production processing and all of the corporation outcomes and results which it must be checked by the human resource (human) and have influence on this progress, of course it’s controlled by the human resource [6]. So always they must oversee each particular small thing even some of the authors they called it performance management which it means and show the huge turn for the human resource on the performance, it considered the engine for the transactions, decisions, controlling, organizing, operations, hiring, organizations as all, and the organizations culture [7].

The educated employee

The company workers those whom they have advance certificate and those whom they are keeping on touch with the technology and development and they are knowing about the modern manners to treat the crisis and risk may it will face the business based on science, knowledge, and education.

The skilled employee

The employee whom they are discovering and created employee they can exploit their skills to work so well, and run the company by their notions and make differentiate value for the company so we need them to find the solution when we face a trouble, they can find it during short time and by simple tools. As mentioned by Clutterbuck and Hirst [8], a sign of a competent leader or a manager is his ability to communicate, being good at communication will enable such manager to have a better understanding of the objectives, expectations

and goal. Team members whom communicate will have a better understanding of what they want to be and where they at.

The experts’ employee

The existence of the experience for the employee is so important for decision making and supporting the company plans based on the last years circumstances and situation, and find the optimal plans and solutions almost, because they have background about the same status before, they can defend about the company market share and growth rate as well as when they know the alternative and available resources for them company, so they can control and manage the environmental factors surround.

Underpinning Theories

According to Wright and Snell, [9] for the corporations to be a competitive advantage creator, they suppose to invest in the human capital, combine and employ their most important strength which its (skills, knowledge, and experience). Recently managers as well as have been seriously attempting to employ and manage the real competitive advantage- human capital- to more effective and efficient.

To develop the company we have to change the corporation vision and develop the knowledge which it must mix with culture to work together and change the process to reach the company for the objective and cover all the corporation needs. The human resource management by whole or its aspect as the strategies, practices, role, political and the impact it studied often in large entities. The human resource risk management service line leader in the United States of America (USA) they agree and support that huge importance for the risk management during the human resource stage, and its effected matter for the international executives [10]. The not sure happen occur is what we called it the risk management so it’s an experience taken through previous happens to be used to support the future, so it’s still unhappy and probably it will have bad impact and prevent the corporation from covering the goals [11].

The human resource staff must have and gather data base about the persons whom in charge for the governance, the acquiescence matters and the risk. Even the human resource managers have to show the corporation managers with whole statements of human research acquiescence and the processing risks. In addition the bespoke works, and agrees with the duty of deducting them. The human resource

can offer help for the committee in same or near field like supporting the development committee and management services, and improving the rewarding committee too [12].

2. The concept of human resource management strategy

Human resource management in an organization is a strategic, consistent and comprehensive approach towards company's human resource management and training [2]. Human resource management can also be defined as practical work with people encompassing employee performance analysis, planning the needs of the labour force and candidate recruitment, candidate selection, new employee orientation and training, wage and salary administration, educating employee commitments, as well as creating a fair and safe work environment [3]. Human resource management – is a coordinated approach to managing people that seeks to integrate the various personnel activities so that they are compatible with each other [4].

The provided definitions of human resource management enable to distinguish the so-called “hard” and “soft” cases of human resource management [5]:

- 1) “Soft” approach to human resource management is used to increase employees' loyalty, quality and flexibility.
- 2) “Hard” approach to human resource management emphasizes a strategy in which human resources are distributed in order to obtain business results [1]. However, “hard” approach to human resource management is more linked to cost minimization strategies (e.g. low pay, minimal training) and frugal production (dismissals, work intensity).

To summarize, human resource management is very important in a company as performance results in a market largely depend on personnel (employees). The importance of human resource management lies not only in hiring of personnel, maintaining social security or dismissing an employee. Human resource management is a deployment of employee resources enabling companies to attain their strategic objectives. Human resource management is an effective deployment of employee resources to obtain company's strategic objectives.

The aim of human resource strategy – is to find means that facilitate and contribute to personnel management and attainment of organizations' objectives. The preparation of human resource management strategy starts with management philosophy and essential values that highlight the importance of employees as the source of the competitive advantage [6].

According to Strategic objective process model of human resource management, HRM strategies are integrated into business strategies and personnel management so that they are compatible with each other. In this case, internal personnel management systems and employee characteristics, as well as the analysis on the internal and external threats and opportunities are of equal importance.

To summarize human resource management strategy, it is possible to claim that strategy is integrated into each company's profits and objectives.

3. Models of strategic human resource management

Scientific literature lacks a comprehensive explanation on applied in practice strategies of employee management, thus the following models of strategic human resource management are analysed:

- ✓ *Resource-based model.* This model is linked to SWOT analysis. Model enables (after completing HR and SWOT analysis) to focus on the application of a bundle of valuable resources to develop organization's competitiveness in the market [7].
- ✓ *Sustainable Competitive Advantage Model.* The following characteristics of human resources are the most important in the development of competitive advantage: economic value, exclusivity, uniqueness, irreplaceability [8]. The model is a multidirectional scheme in which dynamic nature of strategies is emphasized and manifestations of conflicts induced by different forces are considered. The exclusivity of each organization is determined by its history, depending on environmental factors, causal uncertainty, social complexity and substitutes prevalent in an organization or environment. Diversity of resources and stability in an organization are indirect. Therefore, retention of competitive advantage is inseparable from

competitive development of human resources.

✓ *The most important components of human resource management strategy* – are management links to strategic tasks and objectives of an organization to improve performance results and establish innovation-based culture [2]. The model reveals a relation established between strategic plans of an employee and performance results. Results are implemented by combining labour force planning, employee selection, training and motivation. The model facilitates implementation of the strategy, mission and objectives.

✓ *Model of Human Resource Management Strategy*. Formulation process of human resource management strategy is divided into the following steps: analysis, strategy formulation, implementation [9]. Formulation process involves identification of threats and opportunities, its compatibility with existing resources, which is expressed by organizations' opportunities with remaining resources and adequate levels of risks. Devanna [10] provides strategic model which indicates that human resource management comprises human resource system and organizational structure. On the basis of this model, human resource management, strategy and structure impacts one another and is thus influenced by external environment. This connection affects organizations' competitive advantage over its competitors.

In summary, it is possible to claim that models of strategic human resource management are focused on personnel activities.

Hypothesis

The hypothesis would be tested are:

H1: the skilled staff has appositive impact with the risk management.

H2: the education qualified worker or educated employee they have positive relationship with the risk management performance.

H3: the experts members in the risk management they have the highest capability to increase the quality of risk management performance.

Now need to test that if the hypothesis its right or wrong, have to choose sample in proper environment to make the survey for these hypothesis.

Measures and instrumentation

In this descriptive research which it describe the managers education level, experience, and skills specifically and how they are effecting on the risk management and they have turn to organize, expect and control the risk and the data was collected by using the questionnaire. Which the education aspect will measure the level of the education diploma, bachelor, and master. And measure the different impact for that level on the performance for the risk management; secondly measure the experience years, type (major) which it's identify the impact of the experience factor on the risk management and managers. Thirdly measure the skills if its mind (manager), hand (IT, software) skills to know the type of the skills and the impact on the risk management performance, and measure the plan, solutions and experience for the risk managers how the independent factors can effect on.

Hypotheses testing-regression

The study proposes three hypotheses to test the relationships between the four factors (educated, experts, skilled) human resource on the risk management. The mean values of variables within the constructs or factors were calculated and regression analysis was conducted on these values.

The coefficient of determination (R^2) measures the proportion of the total variance of the dependent variable about its mean that is explained by the independent or predictor variables. The higher the value of R^2 , the greater the explanatory power of the regression model. It is found that the regression model R^2 value for the dependent variable risk management is 0.522, meaning that 5.22% of the total variance in students' risk management are explained by the regression model. This value is considered high and thus the power of the regression model is good. This implies that the model is statistically significant ($F=11.263$, $p<0.001$). The values of the regression coefficients and

their significance determine the factors included in the model.

In short, referring to the data in Table 1, the regression model supports the following hypotheses:

- ✓ H1: skills --- risk management there is a positive relationship between skills and risk management (SIG= 0.033<0.05).
- ✓ H2: education --- risk management there is a positive relationship between service quality and risk management (SIG =0.028<0.05).
- ✓ H3: experience --- risk management there is a positive relationship between culture factor and risk management (SIG= 0.005<0.05).

The three factors got results but we found the experience factor has the highest significant, and the experience years has influence to judge the impact for the labors on the risk management performance, and sometime the experience even help to measure the skills because it's effected by the years of work to acquire more skills.

4. Human resource management to impact competitiveness

In order to maintain a competitive advantage among their counterparts, organizations must establish a dedicated and competent labour force. Transport companies may gain a competitive advantage by offering clients better and greater value than the ones promoted by competitors [11]. Organizations that seek to be superior over their competitors, may offer products/services at a lower price or higher quality. Aaker [12] provides two sources of the competitive advantage:

1. Exceptional abilities – pertaining to exceptional competencies of companies' personnel;
2. Exceptional resources – the ones that other organizations do not have.

A competitive advantage can be achieved with a qualified labour force in an organization that encourages competition considering market changes, production and service quality.

5. Research results on the impact of human resource management to obtain a competitive advantage in transport companies

The questionnaires of human resource management strategy to impact a competitive advantage were distributed among executives, HR managers and personnel managers of Lithuanian transport services sector. The research was carried-out by sending questionnaires via e-mail. The companies were randomly selected from the Internet. The principles of confidentiality, privacy, anonymity, voluntary participation and goodwill were followed.

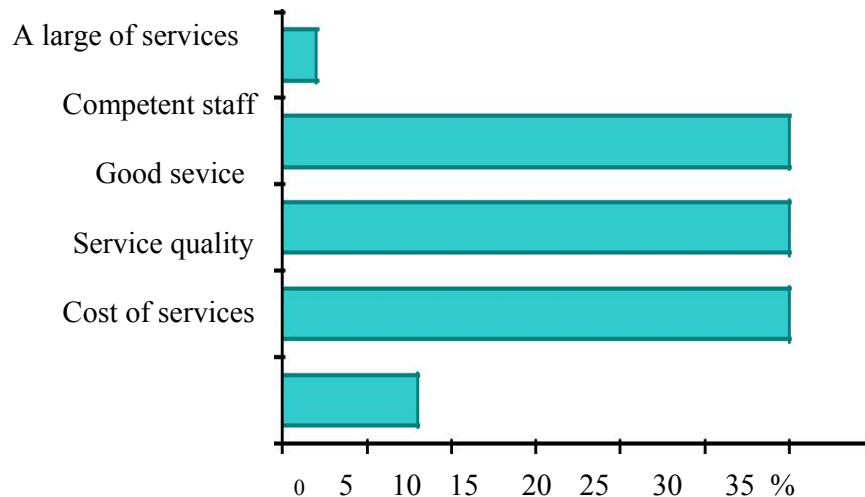
In the questionnaire survey method, the scope of the research is important – it is the part of the general set of observed units. V. I. Paniott formula was used in order to establish sample size [14]. In accordance with this formula, the number of transport companies to be surveyed was established in order for a questionnaire to be representative and reliable with a 5% margin of error. Considering the provided data by *Lithuanian Department of Statistics*, there are approximately 6700 companies that are engaged in the provision of transport services in Lithuania. Therefore, in order to obtain statistically reliable data, 363 companies should be surveyed. However, to increase the reliability of data and taking into consideration that certain part of the questionnaires may not be returned, 375 questionnaires were sent via e-mail, of which only 183 came back. The survey was carried-out in 183 companies operating in Lithuanian transport market. Respondents were asked to indicate activities in their companies. Companies that took part in the survey are involved in the following activities: transport services, transport and freight forwarding services, transport and customs brokerage services, transportation, logistics and warehousing services. To divide companies in accordance with the ownership, it was determined that both – foreign (3 percent) and Lithuanian (97 percent) owned companies took part in the research. It was determined that companies' experience in transport sector varies:

- a) Up to 1 year (2 pct.);
- b) 1–5 years (10 pct.);
- c) 6–10 years (30 pct.);
- d) 11–15 years (45 pct.);
- e) 16–20 years (11 pct.);

f) 21 and more years (2 pct.).

The majority of companies that took part in the research operate in Lithuanian market for more than 11 years. One of the most important factor determining company's competitiveness in the market is human resources and its selection. It was aimed to determine which candidate search practices are applied in organizations. The research results have shown, that most frequently candidate search in Lithuanian

transport sector is carried-out via media, connections and recommendations. In very rare cases, employment agencies are involved in this process. One of the reasons why do companies rarely make use of employment agencies is insufficient budget. It is thus important to define organizations' advantages over their competitors in assessing the competitive situation in the market (see Fig).



6. Conclusions

1. The role of human resource management determines organizations' performance results and its position in the market, i.e. it enables to achieve greater income and take a good position in the market.
2. Models of strategic human resource management are oriented towards personnel activities. In all models of strategic human resource management, employees are the main link between organization's strategy and its implementation results.
3. A systematic approach towards management system is required in order to understand the impact of human resource management on the competitive advantage. Additionally, attention should be paid to internal and external factors.
4. Research have shown that executives of transport companies understand the importance of strategic human resource management, however, inability of the same executives to manage the existing human capital poses certain difficulties to remain in the competitive market.
5. In accordance with the obtained results, it is possible to claim, that all employees

should participate in the establishment and implementation of company's strategy. Employees should work together as a team and thus ensure company's success and personal well-being.

6. In order to eliminate problems, certain measures should be taken: to improve general economic situation; to reduce bureaucracy and bribery; to perfect the overall efficiency of transport system, etc.

The company performance development is based on selecting employees with highly specialized skills and on developing their skill base through off-the-job trainings whenever they need it. The educated, skilled, experts committee for the risk management has the heavy weight to impact on the performance; Give the risk management strong force if it has the qualified, skilled, experts' human resources. This study starts with a description of the research problem, research questions, research objective, and its significance. The literature reviews of literatures are discussed to support the research carried out. The research model and

the hypotheses were developed based on the inputs from preliminary study, previous research, and theories, during this stage the hypothesis tested already and got the results which it were position. In brief, the experts, educated, and the skilled managers are impacting on the risk management department in the company which it's improving the company performance at all.

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