BH Benchmarking

BENCHMARKING: A FRAMEWORK FOR HUMAN RESOURCE MANAGEMENT

Within any organisation, there needs to be a structure around which the human resource management function can operate. For effective HRM, there are six interrelated areas:

- **Human resource planning (HRP):** Human resource planning aims to ensure that people with the right skills and abilities are available in the right numbers to meet the organisational goals and objectives. HRP does this by effectively forecasting and planning for future staffing requirements. HRP is essential for successful strategic planning to occur within an organisation.

- **Staffing practices:** Staffing practices aim to ensure fair and effective procedures and processes for the recruitment, selection, and allocation of people. Through the application of staffing procedures, the organisation ensures that the best use of people who will make the most effective contribution to the organisation and to the community.

- **Remuneration and conditions:** This area aims to ensure the attraction and retention of the best people and to encourage staff performance, commitment and morale, through appropriate remuneration and conditions including safe, harmonious and healthy work environment.

- **Performance management (PM):** Performance management provides the crucial link between individual performance, attitudes, behaviour and the overall goals, objectives, culture, values and philosophy of the organisation.

- **Human resource development (HRD):** HRD aims to improve organisational effectiveness and individual performance by providing staff members with opportunities to develop the competencies required to meet their current responsibilities and to prepare them to meet their future career goals.

- **Team development (TD):** Team development is the development of interdependency among staff members, whatever their level in the hierarchy. TD includes the development of leadership and staff participation, in achieving organisational effectiveness, in encouraging individual performance and in linking individual and organisational goals and aspirations.

These key areas, the specific areas of HRM that they cover, and their relationship with each other and with the overall corporate strategic plan, are set out on the attached table. They form a logical breakdown of the central elements of HRM.

HRM Benchmarking

Benchmarking is a strategic activity aimed at the pursuit of continuous improvement. It is the process of assessing an organisation’s procedures, product and service performance against organisations that have achieved a recognised standard of excellence. Benchmarking is an ongoing, systematic process to search for and introduce best practice into an organisation.

In the HRM context, benchmarking can provide a useful way to identify and assess the contribution of people management practices to an organisation’s corporate performance. By helping organisations learn from other organisations’ high performance standards, benchmarking provides an incentive for organisations to
adapt, where appropriate, that learning to improve the quality of their own people management practices.

Organisations can also use benchmarking techniques to add value to their strategic planning processes. They can be a valuable means of setting appropriate measurable objectives to improve the organisation’s strategic performance. Benchmarking can also help strategically focus an organisation’s HRM performance by providing challenging, yet achievable targets or goals across all key areas of the HRM framework.

**Traditional to Present Focus by Organisations**

Traditionally, within New Zealand organisations, there has been a focus on remuneration and conditions, staffing practices and human resource planning as the essential components of people management — there has been a tendency to concentrate on the people management system.

More recently, the importance of the skills and knowledge of both managers and their staff has been recognised – there has been a move to human resource development.

The current trend is to recognise the importance of culture in supporting the people management system and the skills and knowledge of people. This is reflected in the move towards performance management and teamwork as a basis of achieving performance.

Managers and their people need to understand the system. They and their people need the skills and knowledge to undertake their responsibilities and a culture is needed to support them. The culture needs to be one that recognises the value of peoples’ performance.

The successful integration of the human resource functions and the effective and efficient performance of those functions are critical to the future success of human resource management within organisations. Only if the functions are performed to a ‘Best Practice’ level will the productivity gains that are planned be achieved. Ensuring that the total system and each of the individual components are effectively and efficiently performed means that comparisons need to be made to determine the gap between ‘Best Practice’ and the current level of performance. The vehicle to do this is Human Resource Benchmarking.

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