

Chapter 36

Applicability of Six Sigma in Human Resource Management

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ABSTRACT

The role of HR has become like that of a firefighter, remembered only in emergencies. Their presence is felt only in their absence. HR is seen as a reactive staff function and a cost centre. The message is clear. Despite its best effort to keep organization together with uniform policy, norms, and values, HR is compelled to prove its financial worth to the organization. HR is under constant pressure for showing their results in quantifiable and financially measurable terms. Introducing Six Sigma in processes of HRM functions seems to be a solution to this problem. However, in some of “Total Six Sigma Organizations,” the human resources department has been practically untouched by Six Sigma. The main reason being the difficulty in quantifying and measuring the financial returns of HR processes. But, some others feel that this is as easy as identifying the gaps and using the right formula. The real problem therefore lies in the perception of an individual HR professional. It takes an HR manager to think statistically and analyze how a process can be quantified.

PREAMBLE

Excellence is doing common things uncommonly well - Orison Swett Marden (1850-1924) American spiritual author in the ‘New Thought Movement’ and founder of ‘Success Magazine’

Perfection is an endless dream. Man’s quest for flawless performance in all his work is leading him to the pursuit of constant improvement. Defects are dangerous as they have consequences much worse than earlier times. Modern times have compelled businesses to explore ways to improve their processes and work to ensure defect-free as their products and services to the extent possible. This exploration has led them to the discovery of many methods to improve the quality of their work.

DOI: 10.4018/978-1-6684-3873-2.ch036

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Six Sigma is one such revolutionary concept that has transformed manufacturing industry in quality and excellence aspects. Six Sigma, which started as a process improvement tool to enhance quality perception of customers towards products and services, has transformed into a management philosophy for many organizations. It has changed the paradigm of excellence in every process and activity performed by industries. Most importantly, it has converted the qualitative aspect of 'Quality' into a 'measurable' variable.

BACKGROUND OF THE STUDY

Personnel Management - the earlier Avatar of Human Resource Management – used to be considered – perhaps rightly - only as a staff function. However, HRM is playing a multiplicity of roles, responsibilities, and more significantly, taking part in the strategic management process of a business. Nevertheless, HRM has not been given its rightful place in strategic management literature. Tacitly, in many organizations, it is still considered only a staff function. HR function itself is considered as a cost centre rather than a strategic unit.

The role of HR has become like that of firefighter, remembered only in emergencies; presence is felt only in their absence. In one of their case study of process improvement initiatives in an organization, Wyper & Harrison (2000, p. S720) observe that

prior to introduction of Six Sigma, the HR function did not enjoy a desirable reputation in the company. HR was seen as reactive, uncoordinated, over-manned and unprofessional, delivering poor, slow and non cost-effective services.

The message is clear. Despite its best effort to keep organization together with uniform policy, norms, and values, HR is compelled to prove its economic worth to the organization. The case of HR is similar to the controversy over the outcome of Government of India's 2001 Census where Indian housewives were considered as 'economically non-productive' as they are not generating any revenue. That is, HR is under constant pressure for showing their results in quantifiable and 'financially measurable' terms. Introducing Six Sigma in processes of HRM functions seems to be solution to this problem.

The participation of HR is indispensable for the successful implementation of any Six Sigma project in the organization. "Six sigma increases HR participation in employee, company, and customer development by integrating its function into management decisions, company strategy, as well as employee development" (DeFeo, 2000, pp. 1-6). But when it comes to applying Six Sigma to HR functions per se, the answer is not encouraging.

Some larger corporations have integrated Six Sigma so well into the corporate culture that it can be considered the DNA of the company. However, even in such companies, the human resources department, has been practically untouched by Six Sigma. (Gupta, 2005, pp. 1-2).

Some questions that arose in this regard were: 'How can HR be measured?'; 'How can you apply 3.4 defects per million opportunity rule to HR when no organization would have a million employees?' etc.

But this perception that Six Sigma cannot be applied to HR processes, for reasons whatsoever, is not shared by all.

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