



Introduction to Human Resource Management

INTRODUCTION

Human Resource management is concerned with the development and implementation of people strategies which are integrated with corporate strategies, and ensures that the culture, values and structure of the organization, and the quality, motivation and commitment of its members contribute fully to the achievement of its goals.



KEY LEARNINGS

- Introduction to HRM
- Human Resource Management Vs Personnel Management
- Importance of HRM
- The strategic value of Human Resource Management for employees and the organization
- Features of HRM
- HRM's Contribution to the workplace



HRM – OVERVIEW

Human resource management (HRM or HR) is the management of human resources. It is designed to maximize employee performance in service of an employer's strategic objectives. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems. HR departments are responsible for overseeing employee benefits design, employee recruitment, training and development, performance appraisal, and rewarding (e.g., managing pay and benefit systems). HR also concerns itself with organizational change and industrial relations, that is, the balancing of organizational practices with requirements arising from collective bargaining and from governmental laws.

HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. It was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advances, and further research, HR as of 2015 focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

Human Resources is a business field focused on maximizing employee productivity. Human Resources professionals manage the human capital of an organization and focus on implementing policies and processes. They can be specialists focusing in on recruiting, training, employee relations or benefits. Recruiting specialists are in charge of finding and hiring top talent. Training and development professionals ensure that employees are trained and have continuous development. This is done through training programs, performance evaluations and reward programs. Employee relations deals with concerns of employees when policies are broken, such as harassment or discrimination. Someone in benefits develops compensation structures, family leave programs, discounts and other benefits that employees can get. On the other side of the field are Human Resources Generalists or Business Partners. These human resources professionals could work in all areas or be labor relations representatives working with unionized employees.

In start-up companies, trained professionals may perform HR duties. In larger companies, an entire functional group is typically dedicated to the discipline, with staff specializing in various HR tasks and functional leadership engaging in strategic decision-making across the business.

Businesses are moving globally and forming more diverse teams. It is the role of human resources to make sure that these teams can function and people are able to communicate cross culturally and across borders.

Due to changes in business, current topics in human resources are diversity and inclusion as well as using technology to advance employee engagement. In the current global work environment, most companies focus on lowering employee turnover and on retaining the talent and knowledge held by their workforce. New hiring not only entail a high cost but also increases the risk of a newcomer not being able to replace the person who worked in a position before. HR departments strive to offer benefits that will appeal to workers, thus reducing the risk of losing corporate knowledge.



HUMAN RESOURCE MANAGEMENT VS PERSONNEL MANAGEMENT

Human resource management has changed a lot for the past 100 years.

Human resource management has been widening with the increase of importance of employees who are core for running any business. HRM has evolved from personnel administration or personnel management, which deal with the staff or workers who were not looked as most valuable assets and investment for an organisation.

Personnel management was mainly concerned with the administrative tasks that did with organizing an organisation, such as record keeping and dealing with employee wages, salaries and benefits. The personnel officer, in charge of personnel management used to look after labor relations such as problems with trade unions or difficulties between employers (those who employ workers) and their employees. Besides the functions of personal officer, the major role was to ensure the factory or organisation followed all the labor laws applicable to them.

No doubt today's HR managers are also following the footsteps of the then personnel officers but the approach towards the employees has changed. Today human resource has become the foremost criteria and fundamental resource for setting up any business. Unlike in personnel management, today HR managers are focusing on the training and development of the employee so as to develop the skills and knowledge to match with organisation's needs.

Personnel management emphasised on seniority of worker and working hours in order to decide remuneration whereas in today's context, talent and skills are given equal importance with seniority for deciding the value of the job.

IMPORTANCE OF HRM

It is a fact that, to thrive in the chaotic and turbulent business environment, firms need to constantly innovate and be “ahead of the curve” in terms of business practices and strategies. It is from this motivation to be at the top of the pack that HRM becomes a valuable tool for management to ensure success.

The Evolving Business Paradigm

One of the factors behind organizations giving a lot of attention to their people is the nature of the firms in the current business environment. Given the fact that there has been a steady movement towards an economy based on services, it becomes important for firms engaged in the service sector to keep their employees motivated and productive. Even in the manufacturing and the traditional sectors, the need to remain competitive has meant that firms in these sectors deploy strategies that make effective use of their resources. This changed business landscape has come about as a result of a paradigm shift in the way businesses and firms view their employees as more than just resources and instead adopt a “people first” approach.



STRATEGIC MANAGEMENT AND HRM

In modern day HRM practices, there is a need to align HR strategy with the organizational goals to ensure that there is alignment of the people policies with that of the management objectives. This means that the HR department can no longer be viewed as an appendage of the firm but instead is a vital organ in ensuring organizational success.

The aims of strategic management are to provide the organization with a sense of direction and a feeling of purpose. The days when the HR manager was concerned with administrative duties is over and the current HRM practices in many industries are taken as seriously as say, the marketing and production functions.



IMPORTANCE OF HRM FOR ORGANIZATIONAL SUCCESS

The practice of HRM must be viewed through the prism of overall strategic goals for the organization instead of a standalone tint that takes a unit based or a micro approach. The idea here is to adopt a holistic perspective towards HRM that ensures that there are no piecemeal strategies and the HRM policy enmeshes itself fully with those of the organizational goals. For instance, if the training needs of the employees are simply met with perfunctory trainings on omnibus topics, the firm stands to lose not only from the time that the employees spend in training but also a loss of direction. Hence, the organization that takes its HRM policies seriously will ensure that training is based on focused and topical methods.

In conclusion, the practice of HRM needs to be integrated with the overall strategy to ensure effective use of people and provide better returns to the organizations in terms of ROI (Return on Investment) for every kobo spent on them. Unless the HRM practice is designed in this way, the firms stand to lose from not utilizing people fully.



THE SCOPE OF HRM

The scope of HRM is very wide. It consists of all the functions that come under the banner of human resource management. The different functions are as follows:

Human Resources Planning

It is the process by which a company identifies how many positions are vacant and whether the company has excess staff or shortage of staff and subsequently deals with this need of excess or shortage.

Job Analysis Design

Job analysis can be defined as the process of noticing and regulating in detail the particular job ties and requirements and the relative importance of these duties for a given job. Job analysis design is a process of designing jobs where evaluations are made regarding the data collected on a job. It gives an elaborate description about each and every job in the company.

Recruitment and Selection

With respect to the information collected from job analysis, the company prepares advertisements and publishes them on various social media platforms. This is known as recruitment. A number of applications are received after the advertisement is presented, interviews are conducted and the deserving employees are selected. Thus, recruitment and selection are yet another essential area of HRM.

Orientation and Induction

After the employees are selected, an induction or orientation program is organized. The employees are updated about the background of the company as well as culture, values, and work ethics of the company and they are also introduced to other employees.

Training and Development

Employees have to undergo a training program, which assists them to put up a better performance on the job. Sometimes, training is also conducted for currently working experienced staff so as to help them improve their skills further.

Performance Appraisal

After the employees have put in service for a defined period, performance appraisal is organized in order to check their performance. On the basis of these appraisals, future promotions, incentives, and increments in salary are decided.

Compensation Planning and Remuneration

Under compensation planning and remuneration, various rules and regulations regarding compensation and related aspects are taken care of. It is the duty of the HR department to look into remuneration and compensation planning.

FEATURES OF HRM

Human Resource Management as a discipline includes the following features –

- It is pervasive in nature, as it is present in all industries.
- It focuses on outcomes and not on rules.
- It helps employees develop and groom their potential completely.
- It motivates employees to give their best to the company.
- It is all about people at work, as individuals as well as in groups.
- It tries to put people on assigned tasks in order to have good production or results.
- It helps a company achieve its goals in the future by facilitating work for competent and well-motivated employees.
- It approaches to build and maintain cordial relationship among people working at various levels in the company.

Basically, we can say that HRM is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, economics, etc.

HR STRATEGY AS BUSINESS STRATEGY

In real world, no margin in the sand is drawn between human resources strategy and business strategy. A successful business owner understands the strong connection between the two. Progressing human capital is essential to the longevity and success of a business. Human resources strategy today includes executive leadership teams conferring with human resources experts to improvise complementary goals for human resources and the complete business.

HR Strategy and Business Productivity

The recruitment and selection process in human resources department is paramount to creating a productive workforce. Maintaining a workforce where employees enjoy high levels of job satisfaction and job security converts into a workforce that assists in achieving business goals.

Trends Affecting HR and Business Strategy

Presently, we can say that HR technologies have become an integrated engine in advancing the broader needs of businesses, supporting far more than the basic transactions, and advancing HR and business agenda for future. Human resources information system (HRIS) is integral to the progress of performance management, recruitment, selection. It also plays a vital role in the rejection of candidates, their promotions and postings, etc.

Interaction among Executive Leadership

The best way to cultivate a relationship between HR and C-level executives is by demonstrating the return on investment (ROI) in human resources activities and practices. This may include explaining the link between reduction in employee turnover and improvement in job satisfaction that improves the bottom line.

Example

Till now, we are very clear about integration of HR strategy with business strategy, business productivity, their interdependencies and the way their relationship influences the organization as a whole.

Let us now take an example to understand the concepts better.

Company X functions from the northeast of Nigeria. Its functions are limited to the local area only and they have projected their income and gains on that basis. Due to the prevailing restrictions and insurgency in the area, the Company has to hire its staff from the local population who are not professionally qualified. However, the Company ropes in the services

of a professionally qualified experienced CEO, who is a techno-commercial man and has the duty to manage the organization centrally.

The CEO interacts with almost all the staff and arranges for on-the-job training for them. As the employees are not professionally qualified, there is little fear that they will change the job after getting trained. In this case, lack of local competition goes in the Company's favor. The Company however ensures that it recruits hard working, focused and committed personnel. The salary policy of the Company is such that each candidate is able to earn enough to meet the basic needs.



HRM - PLANNING

Human Resource Planning (HRP) is the process of foreseeing the requirement of human resources in an organization. The objective is also to determine how the existing human resources best fit in their jobs. Thus, it focuses on the basic economics concept of demand and supply in the context of the human resource capacity of an organization.

Components of HRP

The following are the components of human resource planning:

Current HR Supply

It involves a comprehensive study of human resource strength in the organization with respect to the numbers, skills, talents, competencies, qualifications, experiences, age, tenures, performance ratings, designations, grades, compensations, benefits, etc.

At this stage, the consultants may organize extensive interviews with the managers to understand the critical HR issues they face and basic workforce abilities as crucial for various business processes.

Future HR Demand

All the known HR variables like attrition, lay-offs, foreseeable vacancies, retirements, promotions, pre-set transfers, etc. are considered while selecting future HR demand. Further, specific unknown workforce temporaries like competitive factors, resignations, abrupt transfers or dismissals are also involved in the scope of analysis.

Demand Forecast

It is important to understand the business strategy and the objectives of the organization in the long run so that the workforce demand forecast is aligned to the organizational goals.

HR Sourcing Strategy and Implementation

Sourcing strategy and implementation may involve conducting interaction programs with employees, relocation, talent acquisition, recruitment and outsourcing, talent management, training and coaching, and revision of policies. The plans are then executed taking into confidence the managers so as to make the process of execution smooth and efficient.

Even though HR Planning sounds quite simple as a process of managing the numbers in terms of human resource needs of the company, the actual exercise may include the HR manager to face many roadblocks owing to the effect of the current workforce in the company, pressure to meet the business objectives and prevailing workforce market condition.

Thus, a properly conducted process of HR Planning by an HR Consulting company helps the company in meeting its aims and objectives in a timely manner with the right HR strength in action.

