

2.1 Introduction to human resource management

The role of human resource management

Human resource management (HRM) is the function of the management to recruit, train, compensate and develop people employed within the business to meet the aims and objectives of the organisation. The human resource department plays different roles within an organisation.

Employees, or the workforce of a business, are one of the most valuable assets of any organisation. HRM ensures that the business has the people it needs to meet its objectives. There are a number of key roles for HRM in a business:

Workforce planning (human resource planning)

Workforce planning involves forecasting how many and what type of employees are needed now and in the future. Two major activities are involved in the workforce planning process.

- The first activity is gathering and analysing data about the needs of the organisation. This includes data about the roles and numbers of employees, labour turnover within the organisation and the business objectives. The human resources department also needs to understand the impact of changes in the external environment on the business and its labour needs.
- The second main activity in the workforce planning process is developing responses to the HR needs that have been identified.

Exam tip

Workforce planning should always be considered when there is an exam question on strategic planning. A strategy can only be successful if a business has the right people to execute it.



Figure 1. Workforce planning needs to be part of any business strategy.

Credit: Hinterhaus Productions, Getty Images

Theory of Knowledge

The workforce planning process includes analysis of data, however there are still organisations in which intuition plays a significant role when projecting future employee needs.

- Should the organisation use intuition or scientific methods, such as data analysis, for determining the future employee needs?
- Can data analysis reliably capture the quality of the employees who currently work in the organisation and their potential to fulfil a job vacancy in the organisation?

HL students will learn more about scientific and intuitive thinking/management in [Subtopic 2.3 \(/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-39554\)](https://study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-39554).

Recruitment and retention

Recruitment is one of the most important roles of HRM. Recruitment is the process of seeking, finding and hiring people for a position in an organisation. Once the right people have been recruited, HRM works to retain them. Labour turnover can mean the loss of valuable skills and a disruption to workflow. So motivating and retaining

workers is a key function of HRM. You will learn more about recruitment in [Subtopic 2.4](#) ([/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-39559](#)).



Figure 2. Recruiting and retaining skilled employees is a key role of human resource management (HRM).

Credit: Sawek Kawila / EyeEm, Getty Images

Training and development

Training involves teaching employees new skills or improving the skills they already have. Trained workers are more productive, motivated and make a business more resilient in the face of change. HRM involves identifying and delivering appropriate training opportunities for employees in a business. You will learn more about training, its importance, the costs involved, and types of training in [Subtopic 2.4](#) ([/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-39559](#)).

Appraisal (performance management)

Appraisal involves an assessment of an employee's performance. Appraisal takes many forms and usually involves steps for continuous improvement of the workforce. You will learn more about appraisal, its importance and types in [Subtopic 2.4](#) ([/study/app/y12-business-management-a-sl-may-2024/sid-352-cid-174703/book/the-big-picture-id-39559](#)).



Figure 3. Appraisal is a part of human resource management.

Credit: maybefalse, Getty Images

Dismissal and redundancies

Employment contracts can be terminated by either the employee or the employer. When the employer decides to terminate an employee's contract, this is called dismissal.

Dismissal can occur for a number of reasons, two of which are:

- **Misconduct.** This covers serious instances such as violence, discrimination, theft or fraud. Unsafe behaviour that threatens lives or equipment would be regarded as serious misconduct, as would confidentiality breaches.
- **Poor performance.** This might include ongoing poor performance after the employer's repeated attempts to help the employee improve.

Redundancy is when an employee is fired because the job they are doing is no longer required, and the business eliminates the position. During times of recession or when facing losses, the business needs to reduce its workforce. Employees being made redundant are often awarded severance pay, depending on their length of service.

Activity

Learner profile: Thinkers

Approaches to learning: Thinking skills (transfer)

Human resource management is one of the most important departments of every business organisation. Every school has one or more employees that are responsible for human resources (all the staff in the school).

Working with a partner and using the list of roles for HRM in this section, explain what human resource managers would do in your school. Make sure you put the theory into appropriate context.