Human resources is the set of the people who make up the workforce of an organization, business sector, industry, or economy. A narrower concept is human capital, the knowledge which the individuals embody. Similar terms include manpower, labor, personnel, associates or simply people.

A human-resources department (HR department) of an organization performs human resource management, overseeing various aspects of employment, such as compliance with labor law and employment standards, administration of employee benefits, organizing of employees files with the required documents for future reference, and some aspects of recruitment (also known as talent acquisition) and employee offboarding.[1]

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HR responsibilities

Human resource managers are in charge of every aspect of the employee life cycle in an organization. The responsibilities of HR include preparing or updating employment records related to hiring, transferring, promoting, and terminating. The duties include planning, recruitment and selection process, posting job ads, evaluating the performance of employees, organizing resumes and job applications, scheduling interviews and assisting in the process and ensuring background checks. Another job is payroll and benefits administration which deals with ensuring vacation and sick time are accounted for, reviewing payroll, and participating in benefits tasks, like claim resolutions, reconciling benefits statements, and approving invoices for payment.[2] HR also coordinates employee relations activities and programs including but not limited to employee counseling.[3] The last job is regular maintenance, this job makes sure that the current HR files and databases are up to date, maintaining employee benefits and employment status and performing payroll/benefit-related reconciliations.[2]

Activities

A human resources manager has various functions in a company[4]

Determine needs of the staff.

Determine to use temporary staff or hire employees to fill these needs.

Determine Do's & Don'ts.

Recruit the best employees

Train employees. Upgrade their learning knowledge.

Supervise the work.

Evaluate the work.

Establish 'Discipline work culture' in the organization.

Avoid Politics in office.

Apply 'HR Software' for the ease of work in the organization.

Manage employee relations. If there are unions perform collective bargaining.

Prepare employee records and personal policies.

Manage employee payroll, benefits and compensation.

Ensure equal opportunities.

Deal with discrimination.

Deal with performance issues.

Ensure that human resources practices conform to various regulations.

Motivate employees

Mediate disputes

Disseminate information in the organization so as to benefit its growth.

Managers need to develop their interpersonal skills to be effective. Organizations behavior focuses on how to improve factors that make organizations more effective.

History

Human resource management used to be referred to as "personnel administration." In the 1920s, personnel administration focused mostly on the aspects of hiring, evaluating, and compensating employees. However, they did not focus on any employment relationships in an organizational performance level or on the systematic relationships in any parties. This led to a lacked unifying paradigm in the field during this period.[5]

According to an HR Magazine article, the first personnel management department started at the National Cash Register Co. in 1900. The owner, John Henry Patterson, organized a personnel department to deal with grievances, discharges and safety, and information for supervisors on new laws and practices after several strikes and employee lockouts. This action was followed by other companies; for example, Ford had high turnover ratios of 380 percent in 1913, but just one year later, the line workers of the company had doubled their daily salaries from $2.50 to $5, even though $2.50 was a fair wage at that time.[6] This example clearly shows the importance of effective management which leads to a greater outcome of employee satisfaction as well as encouraging employees to work together in order to achieve better business objectives.

During the 1970s, American business began experiencing challenges due to the substantial increase in competitive pressures. Companies experienced globalization, deregulation, and rapid technological change which caused the major companies to enhance their strategic planning - a process of predicting future changes in a particular environment and focus on ways to promote organizational effectiveness. This resulted in developing more jobs and opportunities for people to show their skills which were directed to effective applying employees toward the fulfillment of individual, group, and organizational goals. Many years later the major/minor of human resource management was created at universities and colleges also known as business administration. It consists of all the activities that companies used to ensure more effective utilization of employees.[7]

Now, human resources focus on the people side of management.[7] There are two real definitions of HRM (Human Resource Management); one is that it is the process of managing people in organizations in a structured and thorough manner.[7] This means that it covers the hiring, firing, pay and perks, and performance management.[7] This first definition is the modern and traditional version more like what a personnel manager would have done back in the 1920s.[7] The second definition is that HRM circles the ideas of management of people in organizations from a macromanagement perspective like customers and competitors in a marketplace.[7] This involves the focus on making the "employment relationship" fulfilling for both management and employees.[7]

Some research showed that employees can perform at a much higher rate of productivity when their supervisors and managers paid more attention to them.[6] The Father of Human relations, Elton Mayo, was the first person to reinforce the importance of employee communications, cooperation, and involvement.[6] His studies concluded that sometimes the human factors are more important than physical factors, such as quality of lighting and physical workplace conditions. As a result, individuals often place value more in how they feel.[6] For example, a rewarding system in Human resource management, applied effectively, can further encourage employees to achieve their best performance.

Origins of the terminology

Pioneering economist John R. Commons mentioned "human resource" in his 1893 book The Distribution of Wealth but did not elaborate.[8] The expression was used during the 1910s to 1930s to promote the idea that human beings are of worth (as in human dignity); by the early 1950s it meant people as a means to an end (for employers).[9] Among scholars the first use of the phrase in that sense was in a 1958 report by economist E. Wight Bakke.[10]

In regard to how individuals respond to the changes in a labor market, the following must be understood:

Skills and qualifications: as industries move from manual to more managerial professions so does the need for more highly skilled staff. If the market is "tight" (i.e. not enough staff for the jobs), employers must compete for employees by offering financial rewards, community investment, etc.

Geographical spread: how far is the job from the individual? The distance to travel to work should be in line with remuneration, and the transportation and infrastructure of the area also influence who applies for a position.

Occupational structure: the norms and values of the different careers within an organization. Mahoney 1989 developed 3 different types of occupational structure, namely, craft (loyalty to the profession), organization career path (promotion through the firm) and unstructured (lower/unskilled workers who work when needed).

Generational difference: different age categories of employees have certain characteristics, for example, their behavior and their expectations of the organization.[11]

Concerns about the terminology

One major concern about considering people as assets or resources is that they will be commoditized, objectified and abused. Human beings are not "commodities" or "resources", but are creative and social beings in a productive enterprise. The 2000 revision of ISO 9001, in contrast, requires identifying the processes, their sequence and interaction, and to define and communicate responsibilities and authorities. In general, heavily unionized nations such as France and Germany have adopted and encouraged such approaches. Also, in 2001, the International Labour Organization decided to revisit and revise its 1975 Recommendation 150 on Human Resources Development, resulting in its "Labour is not a commodity" principle. One view of these trends is that a strong social consensus on political economy and a good social welfare system facilitate labor mobility and tend to make the entire economy more productive, as labor can develop skills and experience in various ways, and move from one enterprise to another with little controversy or difficulty in adapting.

Another important controversy regards labor mobility and the broader philosophical issue with usage of the phrase "human resources". Governments of developing nations often regard developed nations that encourage immigration or "guest workers" as appropriating human capital that is more rightfully part of the developing nation and required to further its economic growth. Over time, the United Nations have come to more generally support the developing nations' point of view, and have requested significant offsetting "foreign aid" contributions so that a developing nation losing human capital does not lose the capacity to continue to train new people in trades, professions, and the arts.

Development

Human resource companies play an important part of developing and making a company or organization at the beginning or making a success at the end, due to the labor provided by employees. Human resources is intended to show how to have better employment relations in the workforce. Also, to bring out the best work ethic of the employees and therefore making a move to a better working environment.[12]

Planning

Administration and operations used to be the two role areas of HR. The strategic planning component came into play as a result of companies recognizing the need to consider HR needs in goals and strategies. HR directors commonly sit on company executive teams because of the HR planning function. Numbers and types of employees and the evolution of compensation systems are among elements in the planning role.[13] Various factors affecting Human Resource planning Organizational Structure, Growth, Business Location, Demographic changes, environmental uncertainties, expansion etc. Additionally, this area encompasses the realm of talent management.