



# UNIT-7

## Human Resource Management

### Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Explain what is meant by “Human Resource Management”
- ✓ Describe the relationship between HRM and organisational performance
- ✓ Evaluate the objectives of human resource management and responsibilities of the personnel
- ✓ Analyse the relationship between HR practices and their outcomes for the individual and the organisation.

## Unit 7

### Human Resource Management

Human Resources Management has historically been known as personnel management and people management. It deals with the formal systems of managing people within a company or organisation. For this reason, Human Resource Management is considered a fundamental aspect of organisational and managerial life.

'Human resources' in terms of a business organisation means the workforce or, in other words, the skills, ideas, creativity, knowledge, talents and aptitudes of the employees of that organisation. In simpler terms, human resources means the resources a human being possesses within him/herself or the knowledge and experience he/she has acquired over the years.

HRM is that branch of the organisation that is created specifically for the purpose of dealing with workers' issues. The Human Resources Management, or HRM, focuses on recruiting new talents for the company, managing the employees, and guiding and helping them by providing direction when needed.

In an organisation with a vast number of people, it is important to have a functioning part that will focus on staff issues. Employees' issues include compensation, hiring, performance management, organisation development, safety, wellness, benefits, employee motivation, communication, administration, workplace culture, the environment around the office, and the training of employees.

Over the years, Human Resources Management has become an essential part of any organisation. Today, it is mandatory to have this department. This department helps to improve the morale of workers. It constantly works on developing employees' relations with their employers. On the other hand, the HR department contributes to improving employee performance.

Human Resources Management evaluates every department in an organisation or business. It brings together teams working in each department and helps them improve their work.

Human Resources Management intervenes to solve any problems that may interfere in the work. It is mainly concerned with obtaining better results from the workers.

Human Resource Management combined with Performance Management results in a strategic Human Resource Management as it relates to leading, coaching, mentoring, performance appraisal, rewards, punishments, and other labour relations.

A business can create a competitive advantage when it has human resources that are valuable, rare, incomparable, and organised. The following criteria are used in Human Resources Management to create an impact in an organisation or company.

- **Value Building.** People can increase value through their efforts to decrease costs and to provide a service or product unique to customers, or by some combination of the two.

Empowerment programmes, total quality initiatives and continuous improvement efforts are intentionally designed to increase the value brought by employees to the company's output.

- **Rarity.** People are sources of competitive advantage when their skills, knowledge and abilities are not equally available to all competitors. Top companies bank on a great strategy. They hire and train the best and the brightest employees to gain advantage over their competitors. Companies will even go to court to stop other firms from taking away their employees. This shows that some companies recognise both the value and the uniqueness of certain employees.
- **Incomparability.** Employees are sources of competitive advantage when their capabilities and contributions cannot be imitated by others. Corporations such as Disney, Southwest Airlines and Whole Foods are known for creating unique cultures that get the most from employees whose abilities are difficult to imitate.
- For instance, Southwest Airlines is known for rewarding its employees for excellent performance. It also maintains employees' loyalty through free air-fares, profit sharing, and other incentives.
- **Organised.** People are sources of competitive advantage when their talents can be combined and deployed to work on new assignments at a moment's notice. In this context, teamwork and cooperation are two all-encompassing aspects that contribute to an organised workforce.

The above-mentioned criteria highlight the importance of people and show the relationship between Human Resources Management and Performance Management. Furthermore, organisations are realising that their success depends on the knowledge and skills of their employees - **human capital**.

In addition, human capital is the knowledge, skills and abilities of employees that have economic value. Managing human capital to sustain a competitive advantage is perhaps the most important part of an organisation's human resource function.

## Functions of Human Resource Management (HRM)

Functions of Human Resource Management include planning, staffing, selection, training and development, performance appraisal, designing a rewards system, and labour relations. Training and development, performance appraisal, and designing a rewards system will be discussed in the Performance Management Unit of this Course.

- **Human Resource Planning**

Human Resource Planning is a process of meeting an organisation's staffing needs based on the organisation's plans. The process occurs in three stages: planning, programming and evaluating.

- First, the human resource managers need to know the organisation's business plans to ensure that the right number and profile of people are available.

- Second, the organisation conducts the programming of specific human resource activities, such as recruitment, training and layoffs. The company implements its plans during the programming stage.
- Third, human resource activities are evaluated to determine whether they are producing the right results needed to achieve the organisation’s business goal.

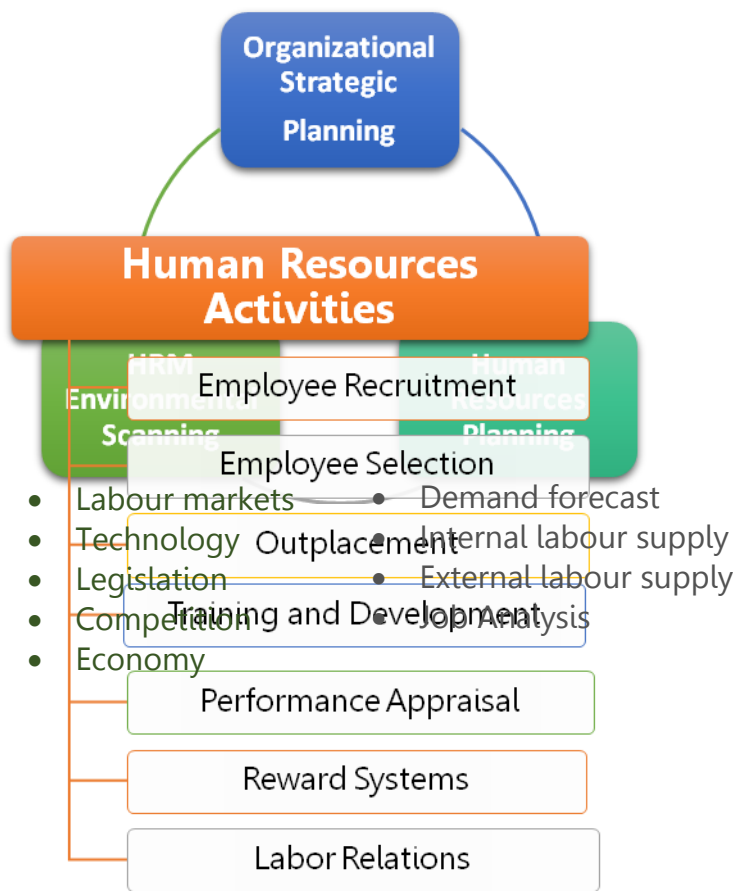
The most difficult part of human resource planning is, perhaps, the conducting of demand forecasts. Demand forecasting involves determining the quantity and the quality of people needed based on the organisation’s plans.

There are paramount factors in determining the demand for different profiles of workers. They include the number of labour-hours required to operate a business, sell the product, distribute it, serve customers, etc. In the same way, one can determine the supply of labour.

Labour supply forecasts involve an analysis of an organisation’s internal and external supply of labour. This includes the determination of the quantity and quality of workers necessary in an organisation’s human resources.

Once managers have a concrete idea of the supply of and demand for various employees, they can start developing tools to reconcile and match the two. For example, an organisation can hire new employees, promote current ones to new positions, outsource work to contracts, and lay off or transfer employees to other areas. The figures below illustrate the entire human resource planning process and its components. Some of these can also be included in other functions of Human Resources Management. Essentially, human resource processes must be holistic and continuous.

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**EVALUATING**



Fig: 7.1

- **Staffing**

Once the human resource planning is completed, the next function to focus on is the staffing of the organisation. The staffing function consists of three interrelated processes: recruitment, selection, and outplacement.

Recruitment activities help increase the pool of candidates who might be selected for a job. It may also be internal or external. Internal recruiting is concerned with promoting and transferring the current employees. External recruiting brings new talents into the company, which can lead to innovation.

At present, the most frequently used sources of new recruits are Internet job postings, company websites, resume banks, employee referrals, newspaper advertisements, and college campus job fairs. Most companies employ all of these methods depending on the nature of the job being offered.

- **Selection**

Selection builds on recruiting and involves decisions on who to accept into the organisation among the pool of qualified applicants. There are many selection methods and instruments available to companies. They include applications and resumes, interviews, reference and background checks, personality tests, drug testing, cognitive ability tests, assessment centres, credit history checks, and integrity tests.

The two most indispensable methods and instruments are applications and resumes followed by interviews. The former provide basic information about the applicants to prospective employers. In the initial selection process, employees review the profiles, educational background, and employment history of various job applicants.

Subsequently, the interview is a face-to-face selection technique which, if so structured, involves asking all applicants the same questions and comparing their responses. Interviews can be structured or unstructured depending on the interviewer's preference and the nature of the job.

- **Labour Relations**

Labour relations constitute the system of interactions between workers and management. It is a system that allows workers to communicate with their authorities. Labour relations include Labour Unions organised by workers. Such Unions are mainly meant to negotiate proposals for wage increments and improved working hours or other working conditions. Primarily, labour unions protect the rights of workers and ensure that they are being treated fairly with respect to wages and working policies.

## Code of Ethics of Human Resources

The key responsibility of HR Professionals is to add value to the organisations they serve and contribute effectively to the ethical success of those organisations.

HR Professionals accept their ethical responsibility, which is rooted in their individual decisions and actions. HR Professionals advocate for the profession by engaging in activities that enhance its credibility and value.

- HR professionals must strive to meet the highest standards of competence and commit to strengthening these competencies on a continuous basis.
- HR professionals are expected to exhibit individual leadership as a role model for maintaining the highest standards of ethical conduct.
- Human Resource professionals are ethically responsible for promoting and fostering fairness and justice for all employees and their organisation.
- HR professionals must maintain a high level of trust for stakeholders. They must protect the interests of all stakeholders as well as their professional integrity. HR professionals should not engage in activities that create actual, apparent, or potential conflicts of interest.
- HR professionals consider and protect the rights of individuals, especially in the acquisition and dissemination of information, while ensuring truthful communications and facilitating informed decision-making.

HRM, just like every other managerial department in a business organisation, works with certain objectives and has certain functions to fulfil.

The objectives of Human Resources Management are as follows:

1. Unlike other departments, this department focuses more on the results than on profit. Although it does help with profit maximisation, it does so via the indirect route of working on the employees, who in turn work on the objectives. In such a way, one of the objectives of HRM is to help the organisation realise its objectives.
2. Along with the company, HRM also ensures that every individual in the company is treated with respect, regardless of their post. It tries to keep the employees happy by recognising their needs and fulfilling them.

3. This department must seek to ensure that all employees are doing their very best in the work assigned to them. It tries to ensure that the talents of the organisation are not going to waste, and that all employees are being utilised to their maximum capabilities.
4. Along with the goals of the company, HRM also seeks to enable employees to achieve any personal goals they may have within the organisation.
5. HRM also conducts interviews and placements camps from time to time in order to recruit new talents for their organisation that will benefit it in the long run.
6. It aims at developing and maintaining the quality of work and the work life of the employees of the organisation.
7. Since HRM is a human resources department, it deals with the people working in the organisation. It has a social responsibility to society as well as to the employees of the organisation and it works to ensure that the employees are treated ethically and given proper treatment by their co-workers, subordinates and employers.
8. It engages in training newly recruited employees and those who have been moved to other departments. It also helps enhance and improve the skills and knowledge of its workers to enable them to perform better in their work fields.
9. It also works at developing, among the workers, a sense of family or belonging, so that every member of the organisation works as part of a team and recognises and appreciates the efforts of others. It works at improving the morale of the workers with efficiency and delivering the promises that have been made.

## Functions of the Human Resources Management

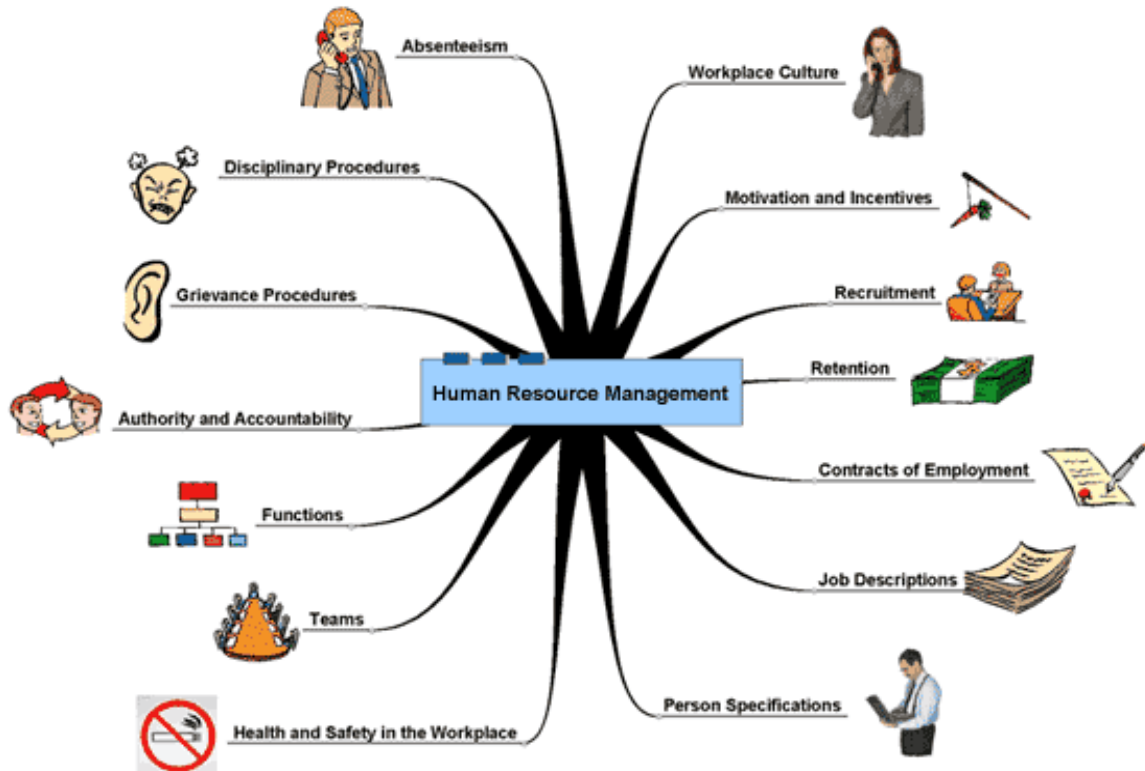


Fig: 7.2

1. It provides incentives to its workers, motivating them to work harder and achieve better results. An HR department must ensure that it satisfies all employees and keeps them happy.
2. It recruits new employees and places them in various departments or organisations around the country.
3. It plans the manpower or human resources required for certain branches or throughout the organisation.
4. It seeks to retain employees by taking steps to transfer them from one job to another or one location to another, and it also works on job rotation.
5. It conducts employee appraisals from time to time, reviewing their performances and making changes to improve the working cycle.

6. It helps employees improve in their fields and encourages them in their specialised fields by training them for the job. This is done by utilising their talents and by delegating work that gives every employee a chance to shine and show his/her abilities.
7. It analyses and calculates the number of people required for a job and the profile that will fit a certain employee within the organisation. It creates teams that will fit well together and work in harmony.
8. It creates and handles the terms of employee contracts. It bargains with them about the salaries and terms of the contract.
9. It handles employees' work-related grievances and helps to solve them, enabling them to work in a better frame of mind. It is responsible for the security and welfare of the people in the organisation.
10. It remunerates the employees and their families for any losses incurred, be they physical or financial, as a result of accidents at the workplace.

The motto of every HR department should be to work to the best of their abilities, to feel with their hearts, and to find solutions by using their intelligence, skills and experience.

HR is the only department in an organisation to deal directly with people. It is important for them to work with proper ethics and not yield to company policies, treating their employees as profit-making machines.

The main function of the Human Resources Management department in every organisation is to plan, hire, distribute manpower effectively in all departments, and improve working standards. It provides work amenities for the employees such as canteens, medical and educational facilities, safety, transportation, entertainment, and relaxation facilities. Finally, the HR department is solely responsible for solving grievances, signing contracts and creating a positive work environment by devising policies and rules that will benefit the organisation.

The Human Resources Department, as stated earlier, is a valuable asset in any organisation, and jobs involving the management of human resources departments are coveted around the world.

### Further Reading:

- ✓ *An Introduction to Human Resources Management*, by Wendy Bloisi