



# UNIT-1

## Introduction to Human Resources Management

### Learning Outcomes

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

- ✓ Understand the objectives of HRM
- ✓ Discuss the Scope of HRM
- ✓ Appreciate what Strategic Human Resources Management involves
- ✓ Recognise and identify the functions of HRM

## Unit 1

### Introduction to Human Resources Management

Human Resources Management was originally known as personnel or people management. In the past, its role was quite limited. Within any company or organisation, HRM is a formal way of managing people. It is a fundamental part of any organisation and its management.

The main responsibilities of the personnel department include hiring, evaluating, training and compensating employees. The human resources department deals with any issues facing the staff in their working capacity within an organisation. HR is concerned with specific work practices and how they affect the organisation's performance.

Today, Human Resources Management deals with:

- Anything related to managing people within a company or organisation. This means decisions, strategies, principles, operations, practices, functions, activities, and the methods used to manage employees.
- The type of relationships people have in their places of employment and anything that affects those relationships in a positive or negative way.
- Ensuring that employees are satisfied with the conditions of their employment. This leads to better services and production of goods and helps boost the company's success.

When we talk about human resources in a business situation we mean the workforce, i.e., the employees of a company and the skills and energy they contribute. This includes any ideas, creativity, knowledge, and talents that employees bring with them and use to help the organisation succeed. In other words, it refers to a person's resources or the knowledge and experience they have developed over the years.

HRM focuses on bringing in (recruiting) new employees with new talents for the company and managing employees. Another of its functions is to guide and help said employees by providing direction when necessary. In a large organisation, it is important to have a department that specifically focuses on staff issues. These issues include hiring, performance management, organisational development, training, occupational health and safety, motivation and incentives, communication, workplace culture, and environment.

Human Resources Management is now a vital part of any organisation. Every company or organisation is

required to have such a department. It helps to increase the morale of workers by maintaining relations between employees and their employers and constantly striving to improve them. The HR department also provides any support required by employees to help them improve their performance.

The HRM function extends to assessing the productivity and/or success of every department in an organisation or business. It assists each department and helps it to improve its work. It also intervenes when necessary to help solve any problems that might arise with regard to employees' work. Achieving better results from the company's workers is another job of HRM.

When a business has valuable, rare and/or unique human resources, it will always have a competitive advantage over other similar organisations.

Below are the criteria used in Human Resources Management - when it uses these effectively, a company can make an impact in its particular field.

- **Value-Building:** People who try hard to decrease costs and to provide a service or product unique to customers can increase their own value as employees and that of the company. Organisations also use empowerment programmes and quality initiatives, and strive for continual improvement in order to increase the value that employees bring to the company.
- **Rarity:** When the skills, knowledge and abilities of employees are not equally available to all companies in the same field, the company that employs the most talented people has a very strong advantage. This is why top companies endeavour to hire and train the best and the brightest employees. In this way they gain an advantage over their competitors. In some cases companies will even go to court to stop other organisations from poaching their valued employees. This proves that some companies have clearly identified the value and the uniqueness of certain employees.
- **Incomparability:** Employees give their companies competitive advantage when their capabilities and contributions cannot be reproduced by others; i.e. the knowledge and skills that they bring to the organisation are unique and not easily found elsewhere. Certain corporations such as Disney, Southwest Airlines, and Whole Foods have, over the years, developed very distinctive cultures that get the most from employees. These cultures are difficult for other organisations to imitate. Southwest Airlines, for example, rewards those employees who perform well. It is also able to maintain employees' loyalty through offering free airfares and profit-sharing in the company.
- **Organised work force:** People with unique talents can help a company achieve a competitive advantage when they can be easily reassigned to work on new projects without much notice. This requires teamwork, co-operation and the creation of an organised system.

The criteria above show the importance of people power and the link between human resources management and performance management. Many highly-functioning organisations now know that their success depends on the knowledge and skills of their employees, or, their human capital.

Human capital is aligned with the economic value of employees with the right knowledge, skills and abilities. Their knowledge and skills have economic value. Managing human capital properly is imperative for any organisation wanting to maintain a competitive advantage. In some ways it is the most important part of an organisation's human resources function.

### The Objectives of HRM

The objectives of HRM are the goals of an organisation. Individual or group activities are then organised in a way that will achieve those objectives or goals. Organisations and companies aim to secure and manage certain resources, including human resources, to achieve the specified goals.

Human resources must therefore be managed in a way that uses their resources to achieve the organisational objectives/goals. Essentially, the objectives of HRM come from and contribute to the achievement of organisational objectives.

1. To establish and use a workforce that is able and motivated in order to achieve the goals of an organisation.
2. To create the desired organisational structure and working relationships among all the members of the organisation.
3. To integrate individuals and/or groups within the company by matching their goals with those of the company.
4. To ensure individuals and groups have the right opportunities to develop and grow with the organisation.
5. To use the company's human resources in the most effective way to achieve organisational goals.
6. To ensure wages are fair and adequate and provide incentives and benefits, thereby satisfying both individuals and groups; also, to develop ways of allowing recognition for challenging work, prestige, security and status.
7. To maintain continuous high employee morale and good human relations by establishing and improving conditions and facilities within the organisation.
8. To improve the human assets by providing appropriate training programmes on a continuous basis.
9. To try to effect socio-economic change in areas such as unemployment, under-employment and inequality by distributing income and wealth. In this way, society might benefit. Additional employment opportunities for women and the disadvantaged will also have a positive impact.

10. To offer opportunities for expression.
11. To ensure that the organisational leadership works in a fair, acceptable and efficient manner.
12. To ensure a good working atmosphere and employment stability by having proper facilities and working conditions.

### Primary Objectives

HRM's primary objective is to guarantee the availability of a competent workforce. However, there are other objectives too. The main objectives fall into four categories: societal, organisational, functional and personal.

#### Societal Objectives

The societal objectives are established to attach some ethical responsibility for certain societal challenges. This has to be done in a way that does not negatively impact the organisation. These objectives would include fair deals for workers, supply of quality goods, fair returns to investors, keeping noise levels low, etc. Organisations' failure to use their resources to assist society may affect human resource decisions and limit them to laws that affect hiring and discrimination, safety, or other such areas.

#### Organisational Objectives

The organisational objectives must be framed to recognise the role of human resources management and how it can achieve organisational effectiveness. Human resources management is a means of assisting organisations in their key objectives.

#### Functional Objectives

Functional objectives are set for every department and are devised to suit the organisational needs. Human resources must be assessed and modified to suit the demands of the organisation. The department's service level must be adapted to suit the organisation it serves.

#### Personal Objectives

Personal objectives contribute to employees achieving their personal work goals which in turn contribute to the organisation and its success. It is important that employees' personal objectives are met if the employees are to be retained and motivated. Otherwise, employees' satisfaction and performance may deteriorate, leading to high employee turnover.

| HRM objectives                      | Supporting functions                                                                                                                                 |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Societal Objectives</b>       | 1. Legal Compliance<br>2. Benefits<br>3. Union-management Relations                                                                                  |
| <b>2. Organisational Objectives</b> | 1. Human Resources Planning<br>2. Employee Relations<br>3. Selection<br>4. Training and Development<br>5. Appraisal<br>6. Placement<br>7. Assessment |
| <b>3. Functional Objectives</b>     | 1. Appraisal<br>2. Placement<br>3. Assessment                                                                                                        |
| <b>4. Personal Objectives</b>       | 1. Training and Development<br>2. Appraisal<br>3. Placement<br>4. Assessment                                                                         |

**Tab: 1.1 Source:** William B. Werther, Jr. and Keith Davis, Human Resource and Personnel Management.

## The Scope of HRM

The scope of Human Resources Management has expanded hugely since its inception. HRM activities were originally limited to administration and arranging company parties. The range of management’s and personnel’s responsibilities has changed considerably. It now covers more areas. HRM can include many different things. Each organisation will determine the areas it considers the most important. The American Society for Training and Development (ASTD) has identified nine broad areas of HRM activities.

- Human Resources Planning
- Design of the Organisation and Job
- Selection and Staffing
- Training and Development
- Organisational Development
- Compensation and Benefits
- Employee Assistance
- Union/Labour Relations
- Personnel Research and Information System.

## What is Strategic Human Resources Management?

The word 'strategic' is now often used in conjunction with the term 'human resource management.' So, what is Strategic Human Resources Management? It is a term used to describe the process of identifying current and future human resource needs for an organisation.

The word 'strategic' is used firstly in relation to the human resources management practices with regard to employees. The second way in which the term 'strategic' has been applied to human resources management concerns the organisational level at which key, relevant decisions are made. It is at the organisational level that the major decisions are made.

There are three different levels involved here:

1. The strategic area of management, which focuses on making policies and setting goals for the organisation;
2. The managerial level, which concentrates on how the organisation can obtain appropriate resources and distribute them accordingly to achieve its strategic objectives; and
3. The operational level, which is focused on the daily job of managing the organisation.

About twenty years ago, the focus turned to strategy and the importance of HR systems as a major factor in business. Many kinds of HR models are used today. They are strategic assets on different levels.

**The personnel perspective:** The company hires and pays people but doesn't concentrate on hiring the very best or training outstanding employees.

**The compensation perspective:** Companies use methods such as incentives and meaningful bonuses in pay to reward high and low performers accordingly. This is one way of using employees as a source of competitive advantage. However, it doesn't make full use of the advantages of HR as a strategic asset.

**The alignment perspective:** Senior managers may view employees as strategic assets, but they don't always devote time and resources to changing HR's role. Therefore, the HR system can't make full use of management's perspective.

**The high-performance perspective:** High-performance work practices are carefully planned procedures. They are specifically aimed at enhancing employee and, therefore, organisational performance.

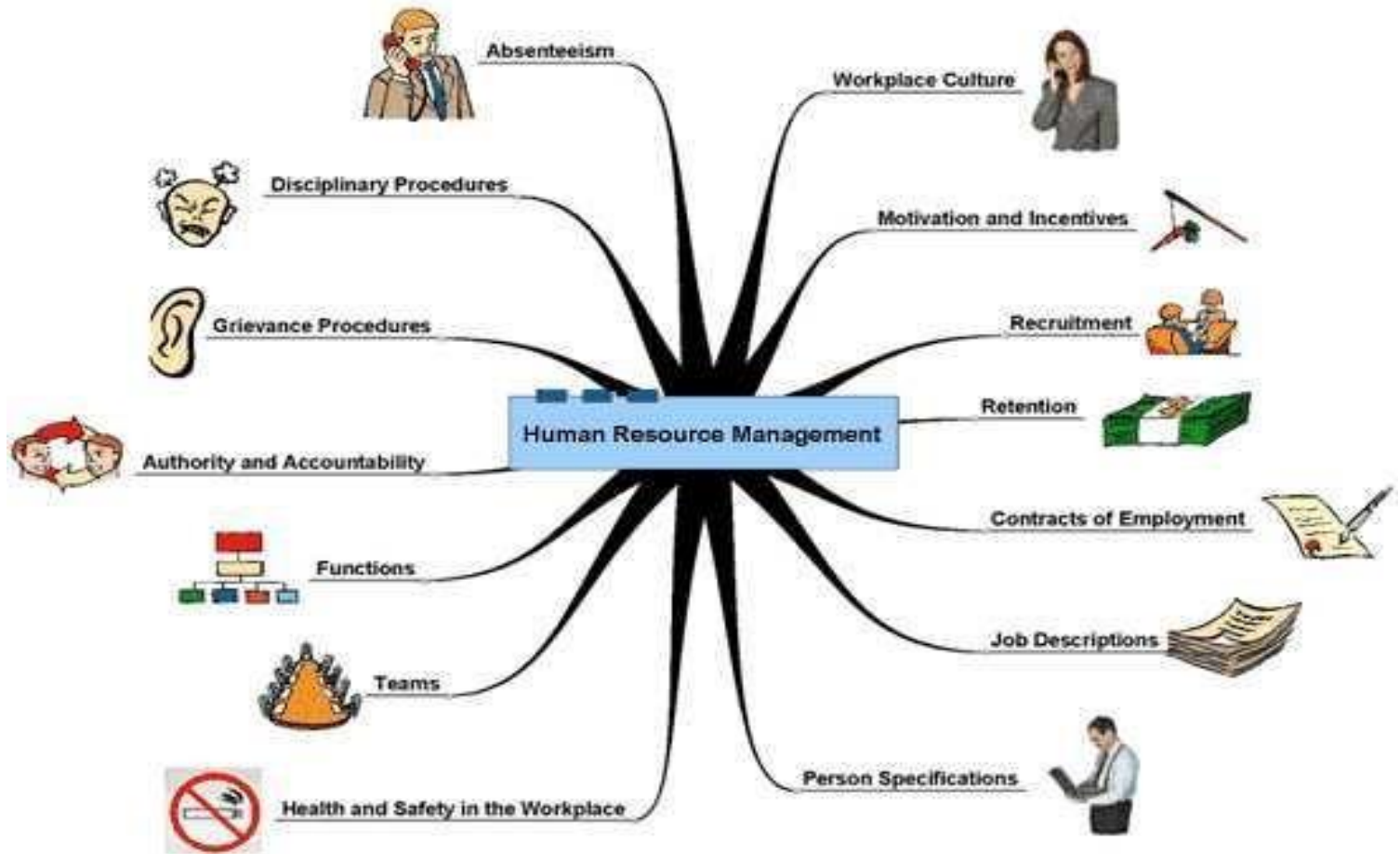
More and more companies are aiming to combine strategic HRM with national, social, economic and environmental demands. Many factors are involved here such as changes in demographics and the global marketplace, rapid technological innovation, and the changing role of women in modern industrial society. This has forced managers to rethink their individual organisation's practices and policies. For this reason the role of HRM has moved towards a more strategic function. The rise of information technology has resulted in employees now needing new skills. This, as well as an increased participation by women in the workplace, has required many organisations to restructure and adapt their practices. Resource planning and work-related programmes have become a major focus of HRM. With this improvement, corporate productivity and employee enterprise can be enhanced.

HR planning is applied in order to acquire, improve, preserve and make proper use of an organisation's human resources. It is used to specify job requirements or the qualities that are needed for those jobs. It is also used to determine the number of people an organisation needs and to discover the sources of manpower supply. The goal of HR planning is to ensure that the organisation can achieve its goals by developing ways of increasing the contributions of human resources in the foreseeable future. Other considerations need to be taken into account including a demand for a specific type of manpower. The organisation may need manpower for various market situations. The human resources strategy must be constantly revised and adapted to the changing environment in the marketplace.

### Functions of Human Resources Management (HRM)

Human resources management must plan develop and administer policies and programmes that can make the best use of an organisation's human resources. This part of management's role deals with people at work and their relationships within the organisation. Its aims are:

1. To use human resources as effectively as possible;
2. To ensure the best possible working relationships among all members of the organisation; and
3. To assist individuals to reach their highest potential.



Human Resource Management comprises four major areas:

- 1) Planning
- 2) Staffing
- 3) Employee development
- 4) Employee maintenance.

These four areas and any associated functions share a common aim: to have sufficient competent employees with the skills, abilities, knowledge and experience needed to achieve further organisational objectives. Each human resources function (above) can be appointed to one of the four areas of personnel responsibility but there are other functions that are designed for different purposes. For example, performance evaluation processes provide a stimulus and guide employee development. They are also valuable for salary administration purposes. The purpose of the compensation function is to act as a stimulus to keep valuable employees and to attract potential employees. Below is a description of the typical human resources functions.

## Planning

The human resources planning function serves to determine the number and type of employees needed to achieve the company's goals. Research is performed in this function because planning requires information to be collected and analysed for the forecasting of human resources supplies and the prediction of future human resources needs. Staffing and employee development are key human resources planning strategies.

### Job Analysis

Job analysis is about deciding on the job description and the human requirements needed for said job. The job description should include the skills and experience needed to perform the job. A job description clearly sets out work duties and activities that employees will be expected to perform. Job descriptions are essential because the information they provide to employees, managers and personnel staff influences personnel programmes and practices.

## Staffing

Staffing is mostly concerned with the recruitment and selection of human resources (people). Human resources planning and recruiting is carried out before people are selected for positions. Recruiting is the personnel function of finding and hiring the best qualified applicants to fill job vacancies.

The selection function is used to choose the most qualified applicants from those attracted to the organisation by the recruiting function. During the selection process, human resources staff are involved in helping managers decide which applicants to select for the given jobs and which ones to reject.

### Orientation

Orientation is carried out in order to introduce a new employee to the new job and the employer. It is a way of familiarising new employees with the more intimate aspects of their jobs, including pay and benefits, working hours, and company policies and expectations.

## Employee Development

### Training and Development

Training and development is used as a means of providing employees with the skills and knowledge to do their jobs well. It must be provided to all employees. In addition to providing training for new or inexperienced employees, organisations often provide training for experienced employees. This may be because their jobs are undergoing change or the company needs them to work more effectively.

Development programmes are also provided to equip employees for higher-level responsibilities. Training and development programmes are ways of ensuring that employees are capable of handling the stresses of their jobs and performing well.

## Employee Maintenance

### Performance Appraisal

Performance appraisal is an evaluation of an employee and his/her performance to ensure that said employee is working well and at acceptable levels. Human resources personnel are usually responsible for developing appraisal systems. The actual assessment of employee performance is carried out by supervisors and managers. Performance appraisal is necessary because the results of the appraisal can be used to motivate and guide employees' performance. It also provides a basis for pay, promotions, and any disciplinary action, if necessary.

### Career Planning

Career planning is a process through which an employee explores his/her interests and abilities and strategically works towards job goals. It has arisen partly because many employees feel the need to grow in their jobs and to advance in their careers.

### Compensation

It is the HR department that determines how much employees should be paid for certain jobs, using a system of assessment. Compensation is often a heavy burden to companies and therefore needs serious attention in the human resources planning stage. Compensation affects staffing because people generally want to work for an organisation that offers more pay in exchange for the work done. It provides an important motivation for employees to achieve more in their jobs and reach higher levels. As such, it is related to employee development.

### Benefits

Work benefits, also referred to as fringe benefits, are non-wage compensation received by employees in addition to their usual wages. Benefits are legally required items but employers may provide more at their discretion. The cost of benefits is so high that they have become a huge consideration in human resources planning. Benefits are mostly related to the maintenance area because they provide for many basic employee needs.

### Labour Relations

Labour relations relate to the practice of managing employees who are members of a union. Unions

provide employees with strength in numbers and have representatives who can advocate on their behalf, if necessary, to deal with any discrepancies in pay, benefits, working conditions, and other work aspects. HR personnel are responsible for negotiating with unions and resolving any disputes.

### Record-keeping

Record-keeping is essential and is the most basic function of HR. Recording, maintaining and retrieving employee information when needed is carried out by the HR personnel. The type of records kept are related to the employees and include employment history, CVs, medical records, promotions, transfers, working hours and lateness, etc. Keeping up-to-date records is a vital HR function. Employees today want to know what is in their personnel records and why certain things are included or excluded.

Personnel records provide the following:

- i) Up-to-date information about employees.
- ii) Procedures for comparing employees and their work to other employees.
- iii) Procedures for recruiting new employees, e.g. by showing the rates of pay.
- iv) Record of previous action taken regarding employees.
- v) Statistics which check and guide personnel policies.
- vi) Information regarding legal requirements and how to comply with them.

### Personnel Research

Research activities are an essential function of HR personnel. Research is undertaken with the aim of obtaining personnel-specific information in order to develop programmes that work for an organisation. Planning and reviewing are vital functions. Areas such as recruitment, employee turnover, training and terminations are all important subjects of research. Employee opinions are also very important and can be obtained through surveys on wages, promotions, welfare services, conditions, job security, etc. Even though research is so important, many companies neglect it because personnel staff are too busy dealing with other more immediate problems.

Research is carried out not to deal with problems but to prevent them from occurring in the first place. The responsibility for research lies initially with the HR department but line supervisors and executives at all levels of management should assist. Trade unions and other organisations may also provide some assistance, and this should be utilised.

HR functions also include managing change and introducing new technology, innovation and diversity. Regular social audits of HR functions are necessary due to the large role played by HR in organisations. HR's ultimate goal is to provide a link between the organisation and the employees because the

organisation needs employees' commitment. Employees should be made aware of things such as sales growth, restructuring plans, sharp price movements and any challenges facing the country and their organisation in particular. This can be achieved via videos, films, lectures and booklets.

The main responsibilities of a human resource manager are:

- To fully develop knowledge of corporate culture, plans and policies.
- To initiate change where necessary and act as a facilitator.
- To actively participate in formulating company strategy.
- To be a consultant to change.
- To ensure communication remains open between the HR department and individuals and groups inside and outside the organisation.
- To identify and advance HR strategies that match the company's business strategy.
- To develop particular organisational teams and assist in the effective working relationships between the teams and individuals.
- To ensure the organisation's goals are achieved by effective co-operation of employees.
- To identify any problems, particularly in the HR area, and to find effective solutions.
- To contribute to the co-ordination and support services for HRD programmes.
- To assess the effectiveness of HRD programmes and to do research in order to find out how the HRD has affected (improved or otherwise) individual or organisational performance.

Pat McLagan is an award-winning author, speaker and coach of leadership development and management. She has identified nine new roles of HR.

- 1) To bring the issues and trends concerning an organisation's external and internal staff to the attention of decision-makers, and to recommend long-term strategies to support organisational excellence and endurance.
- 2) To design and prepare HR systems and actions for implementation to enable them to have maximum impact on organisational performance and development.
- 3) To facilitate the development and implementation of strategies for transforming one's own organisation by pursuing values and visions.
- 4) To create the smoothest flow of products and services to customers; to ensure the best and most flexible use of resources and competencies; and to create commitment among the people who help meet customers' needs, whether those people work directly for the organisation or not.
- 5) To identify learning needs and then design and develop structured learning programmes and materials to help accelerate learning for individuals and groups.
- 6) To help individuals and groups work in new situations and to expand and change their views to enable the people in power to participate in leadership.

- 7) To help people assess their competencies, values, and goals to enable them to identify, plan, and implement development actions.
- 8) To assist individuals to add value in the workplace and to focus on the interventions and interpersonal skills required to help people change and sustain change.
- 9) To assess HRD practices and programmes and their impact and to communicate results so that the organisation and its people can accelerate their change and development.

In recent years, Human Resources Management has received increasing attention. Its importance has been recognised and its role has changed from the traditional personnel management role to a more human resources management role.

### The Code of Ethics of Human Resources

Another responsibility of HR is to add value to organisations and contribute effectively to their ethical success.

The ethical success lies with the decisions and actions taken by HR personnel. HR professionals should only engage in activities that improve an organisation's credibility and value. In this way they also promote their profession.

- HR professionals must maintain the highest levels of competence and continuously work to strengthen competencies.
- HR people must maintain the highest standards of effective leadership.
- HR personnel must work in the most ethical ways and make proper decisions that exhibit fairness and justice for everyone in the organisation.
- Stakeholders must feel that HR people are trustworthy and that their interests are protected. HR personnel must never engage in any activities that can be viewed as a conflict of interest.
- HR personnel must always protect the rights of individuals, especially with regard to employees' private information. They must be honest in all their dealings and make informed decisions in all situations.

### Further Reading:

- ✓ *John Stredwick (2018), An Introduction to Human Resource Management*
- ✓ *Nick Wilton (2019), An Introduction to Human Resource Management.*