



## Introduction to Human Resources Management

### Learning Outcomes

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

- ✓ Understanding the objectives of HRM
- ✓ Discussing the Scope of HRM
- ✓ Learning what Strategic Human Resources Management entails
- ✓ Recognising and identifying the functions of HRM

## Introduction to Human Resources Management

Human Resource 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 compensation of 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 the company's success.

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

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

Human Resource Management is now a vital part of any organisation. Every company or organisation is required to have this department. It helps with increasing the morale of workers by working on relations between employees and their employers and constantly striving to make them better. The HR department also provides any support employees need to assist 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 them improve their work. It also intervenes when necessary to help solve any problems that might arise with regards to employees' work. Getting 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 Resource Management - when using 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 programs, 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 has these people, has a very strong advantage. This is why top companies endeavour to hire and train the best and the brightest employees. This way they gain advantage over their competitors. In some cases companies will even go to court to stop other organisations from taking away 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. That is, 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 the 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 easily be reassigned to work on new projects without much notice. In order for this to happen teamwork and co-operation are needed and the creation of an organised system.

The criteria above show the importance of people power and also the link between human resources management and performance management. Many high-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 resource function.

## The Objectives of HRM

The objectives of HRM are the goals of an organisation. Individual or group activities are then organised in such a way so as to 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. Basically the objectives of HRM come from and contribute to achieving organisational objectives.

### Objectives of HRM:

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 desirable 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 what human resources a company has 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 ensure ways of allowing recognition for challenging work, prestige, security and status.
7. To have continual 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 continual basis.
9. To try to effect socio-economic change in areas such as unemployment, under-employment and inequality by distributing income and wealth. This way society can benefit. Added employment opportunities for women and the disadvantaged will also be impacted in a positive way.
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 objectives are 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 there to attach some ethical responsibility for certain societal challenges. This has to be done in such 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,

and the like. If organisations fail to use their resources to assist society it 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 formed so as to recognise the role of human resources management and how it can achieve organisational effectiveness. Human resource management is a means of assisting the organisations with their key objectives.

## Functional Objectives

Functional objectives are set for every department and are made to suit the organisational needs. Human resources need to be looked at 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 for employees' personal objectives to be met if the employees are to be retained and motivated. If this doesn't occur, employees' satisfaction and performance may deteriorate leading to high employee turnover.

| HRM objectives                      | Supporting functions                                                                                                                                |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Societal Objectives</b>       | 1. Legal Compliances<br>2. Benefits<br>3. Union-management Relations                                                                                |
| <b>2. Organizational Objectives</b> | 1. Human Resource 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                                                                        |

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

## The Scope of HRM

The Scope of Human Resource Management has expanded enormously since its beginning. HRM activities were originally limited to administration and arranging company parties. The range of management and personnel's responsibilities has changed a lot. It now covers more areas. HRM can include many different things. Each organisation will decide on what are the most important areas. American Society for Training and Development (ASTD) has identified nine broad areas of HRM activities.

- Human Resource 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 Resource Management?

The word 'strategic' is now often used 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 resource management practices with regards to employees. The second way in which the term 'strategic' has been applied to human resource management concerns the organizational level at which key, relevant decisions are made. It is at the organisational level that the major decisions are made.

There is a difference between three major factors.

These are:

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 that include 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 fully make use of the advantages of HR as a strategic asset.

**The alignment perspective:** Senior managers may view employees as strategic assets, but they sometimes don't devote time and resources in 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.

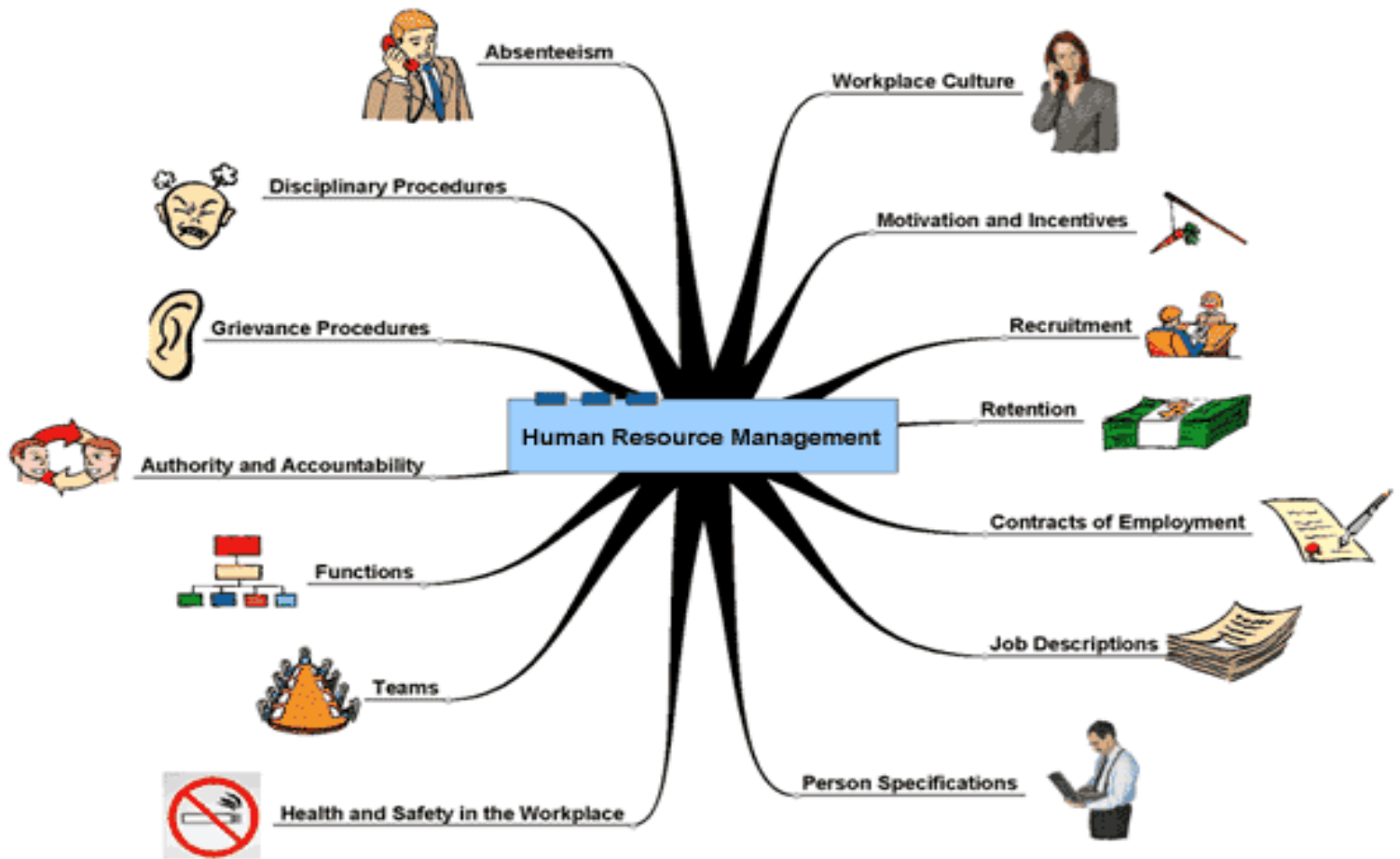
More and more companies are aiming for combining strategic HRM with national, social, economic and environmental demands. Many factors play into this such as changes in the demographics and the global marketplace, fast technological innovation, as well as the changing role women play in modern industrial society. This has forced a rethink by managers of 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 means that there have been changes to what skills employees now need. This, as well as an increased participation of women in the work place, 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 achieved.

HR planning is applied in order to acquire, use, improve, preserve and make proper use of an organisation's human resources. It is used to specify job requirements or what qualities are needed for the jobs. It is also used to determine the number of people an organisation needs and to discover the sources of manpower supplies. The goals of HR planning are to ensure the organisation can achieve its goals by developing ways to increase 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. It may need manpower for the different market situations. The human resources strategy must be constantly revised and adapted to the changing environment in the marketplace.

## Functions of Human Resource Management (HRM)

Human resource management must plan, develop, and administer policies and programmes that can make the best use of an organisation's human resources. This is the part of management's role which 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.



In Human Resource Management, there are four major areas:

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

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

## Human Resource Planning

The human resource 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 resource supplies and the prediction of future human resource needs. Staffing and employee development are key human resource planning strategies.

## Job Analysis

Job analysis is deciding on the job description and the human requirements that are 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 people influences personnel programmes and practices.

## Staffing

Recruitment and selection of human resources (people) is what staffing is mostly concerned with. Human resource planning and recruiting is done before selecting people 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 for hiring from those attracted to the organisation by the recruiting function. During the selection process, human resource staff are involved in assisting managers to decide which applicants to select for the given jobs and which ones to reject.

## Orientation

Orientation is done in order to introduce a new employee to the new job and the employer. It is a way for new employees to get to know more intimate aspects of their job, including pay and benefits, working hours, and company policies and expectations.

## 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 as well. This may be because their jobs are undergoing change or the company needs them to work more effectively. Development programmes are also done to equip employees for higher level responsibilities. Training and development programmes are ways of making sure that employees can handle the stresses of their jobs and perform well.

## Performance Appraisal

Performance appraisal is an evaluation of an employee and his/her performance to make sure that said employee is working well and at acceptable levels. Human resource personnel are usually responsible for developing appraisal systems. The actual assessment of employee performance is done 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 where an employee explores his/her interests and abilities and strategically works towards job goals. It has come about 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 costs companies a lot so it is something that needs serious attention in the human resource 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 are also referred to as fringe benefits. They are non-wage compensation that employees get in addition to their usual wages. Benefits are legally required items but employers can also 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 relates 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 the most basic function of HR. Recording, maintaining and retrieving employee information when needed is done 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 records up-to-date is a vital HR function. Employees today want to know what is in their personnel records and why certain things are there or not there.

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 done with the aim of obtaining personnel specific information in order to develop programmes that work for an organisation. Planning and reviewing is vital. Areas, such as recruitment, employee turnover, training, and terminations are all important areas to be researched. Employee opinions are also very important and can be obtained through surveys about wages, promotions, welfare services, conditions, job security and the like.

Even though research is so important, many companies neglect it because personnel people are too busy dealing with other more immediate problems.

Research is not done 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 can give some assistance also and it should be made use of.

HR functions also include managing change, introducing new technology, innovation and diversity. Regular social audits of HR functions are necessary because of the large role HR plays within any organisation. HR's ultimate goal is to provide a link between the organisation and the employees because the organisation needs employees' commitment. Employees need to be made aware of things like sales growth, restructuring plans, sharp price movements and any challenges facing the country and their organisation in particular. This can be done by 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 people 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 so that they can produce 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 us to 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 so that people in power can participate in leadership.
- 7) To help people assess their competencies, values, and goals so that they can 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 for helping 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 accelerate their change and development.

In recent years, Human Resource 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 resource management role.

## The Code of Ethics of Human Resources

Another responsibility of HR is to add value to the organisations and effectively contribute 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 continually 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.
- The personnel must always protect the rights of individuals especially with regards to employees' private information. They must be honest in all their dealings and make informed decisions in all situations.

### Further Reading:

- ✓ *John Stredwick, (2013), An Introduction to Human Resource Management*
- ✓ *Nick Wilton, (2011), An Introduction to Human Resource Management.*