



# UNIT-3

## Human Resource (HR) 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 3

### Human Resource (HR) Management

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

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

HRM is that branch of the organization 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, guiding, and helping them by providing direction when needed.

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

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

Human Resources Management evaluates every department in an organization or business. It comes between teams working in each department and helps them improve their work.

Human Resources Management intervenes to solve any problem that comes in the way of their work. It is mainly concerned with getting better results from its workers.

Human Resource Management combined with Performance Management results with 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 they have human resources that are valuable, rare, incomparable, and organized. The following is a criterion used in Human Resources Management to create an impact in an organization 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 some combination of the two. Empowerment programmes, total quality initiatives, and continuous improvement efforts in companies are intentionally designed to increase the value that employees bring to the output of the company.
- **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 its employees. This shows that some companies recognize 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 that are difficult to imitate.
- For instance, Southwest Airlines is known for rewarding its employees for excellent performance. It also maintains employees' loyalty through free airfare, profit sharing, and other incentives.
- **Organized.** People are sources of competitive advantage when their talents can be combined and deployed rapidly 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 organized workforce.

The above-mentioned criteria highlight the importance of people and show the relationship between Human Resources Management and Performance Management. Furthermore, organizations are realizing that their success depends on the knowledge and skills of its 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 organization's human resource function.

## Functions of the 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 shall be discussed in the Performance Management Unit of this Course.

- **Human Resource Planning**

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

- First, the human resource managers need to know the organization’s business plans to ensure that the right number and profile of people are available.
- Second, the organization conducts the programming of specific human resources 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 produce the right results needed to achieve of the organization’s business goal.

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

There are paramount factors in determining the demand for different profiles of workers. They include 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 organizations internal and external supply of workforce. This includes the determination of quantity and quality of workers necessary in an organization’s human resources.

Once the managers have a concrete idea of the supply and demand of the various employees, they can start developing tools for reconciling and matching the two. For example, an organization can hire new employees, promote current employees to new positions, outsource work to contractors, layoff 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 the other functions of Human Resources Management. It is vital to realize that human resource processes must be holistic and continuous.

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- Labour markets
- Technology
- Legislation
- Competition
- Economy

- Demand forecast
- Internal labour supply
- External labour supply
- Job Analysis

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**EVALUATING**



Fig: 3.1

- **Staffing**

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

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

At present, the frequently used sources of new applicants 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 organization among the pool of qualified applicants. There are many selection methods and instruments a company may require. 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 and interviews. The former provides 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.

Moreover, the latter is a face-to-face selection technique that involves asking all applicants the same questions and comparing their responses if it is structured. Interviews can be structured and unstructured depending on the preference of the interviewer and nature of the job being applied to.

- **Labour Relations**

A labour relation is the system of interactions between workers and management. It is a system that allows workers to communicate to their authorities. Labour relations include Labour Unions organized by workers. Such Unions are mainly meant to negotiate proposals of wage increments, improving working hours, or other working conditions. Primarily, labour unions protect the rights of the 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 organizations they serve and contribute effectively to the ethical success of those organizations.

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 strengthen our 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 organization.
- 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 conflict of interests.
- 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 organization, works with certain objectives and has certain functions to fulfil.

The objectives of the Human Resources Management are as follows:

1. Unlike other departments, this department focuses more on the results than on profit. Although it does help in profit maximization, it does so in 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 organization realize its objectives.
2. Along with the company, HRM also makes sure that every individual of the company is treated with respect, regardless of their post. It tries to keep the employees happy by recognizing their needs and fulfilling them.

3. This department is there to ensure that every employee is putting in their very best within the work assigned to them. It tries to ensure that the talents of the organization are not going to waste, and that every employee is being utilized to their maximum capabilities.
4. Along with the goals of the company, HRM also ensures that employees can check off any personal goals that they have for themselves within the organization.
5. HRM also conducts interviews and placements camps from time to time in order to recruit new talents for their organization that would benefit them in the long run.
6. It aims at developing and maintaining the quality of work and the work life of the employees of the organization.
7. Since HRM is a human resources department, it deals with the people working in the organization. It has a social responsibility to the society as well as the employees of the organization and it works to ensure that the employees are treated ethically and given proper treatment by their co-workers, subordinates, and employers.
8. It works for training the employees who are newly recruited, and also the employees that have been shifted to other departments. It also helps enhance and improve the skills and knowledge of its workers so that they can perform better in their work field.
9. It also works at developing, among the workers, a sense of family, or belonging, so that every member of the organization works as a team, and recognizes and appreciates the effort 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

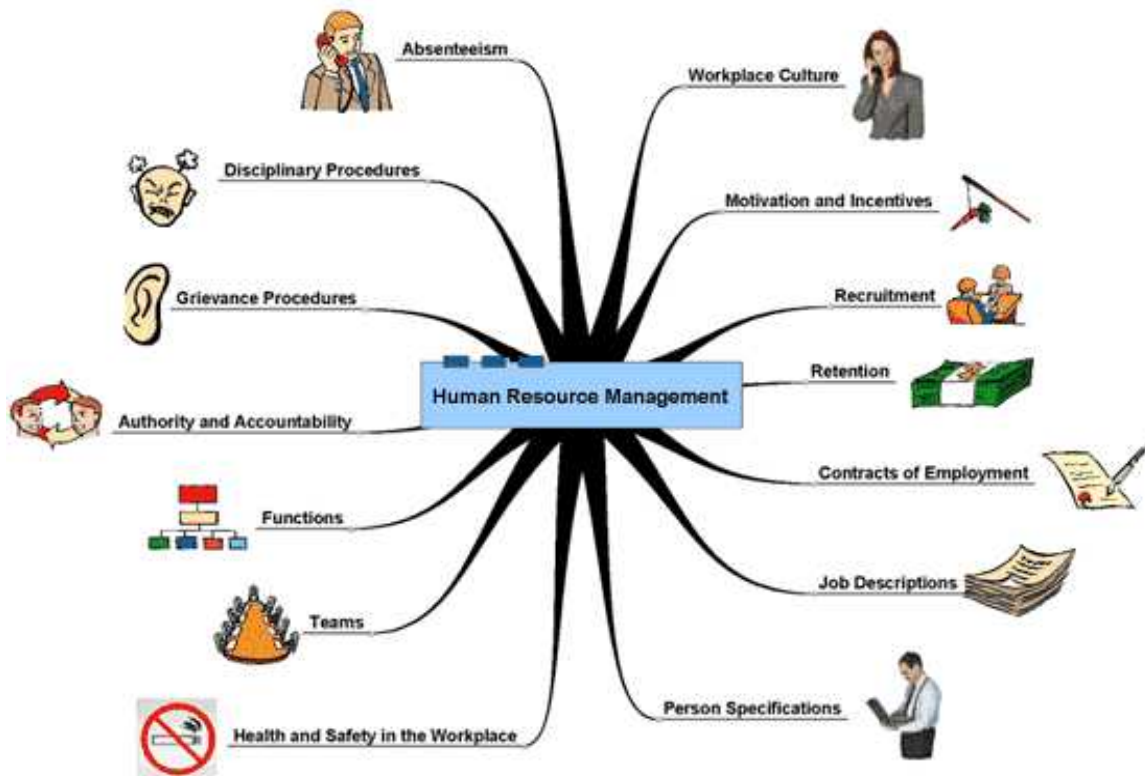


Fig: 3.2

1. It provides incentives to its workers so that they would be motivated to work harder and provide better results. A HR department must make sure that it satisfies and keeps every employee happy.
2. It recruits new employees and places them over various departments or organizations around the country.
3. It plans the manpower or the human resources required for certain branches or throughout the organization.
4. It works at the retention of employees by taking steps to transfer from one job to another or one location to another, and also works at job rotation.
5. It conducts appraisals of the employees from time to time, reviews their performances and makes changes to improve the working cycle therein.
6. It helps the employees improve in their fields or the fields of their choice, and aids in the improvement of their specialized field by training them for the job. This is by utilizing their

talents and by delegating work that would give every employee a chance to shine and show their abilities.

7. It analyses and calculates the people required for a job and the profile that would fit a certain employee within their organization. It creates teams that would fit well together and work in harmony.
8. It creates and handles the terms of the contracts of the employees. It bargains with them about the salaries, and terms of the contract.
9. It handles the grievances of the employees that are work related, and helps to solve them so they could work with a better frame of mind. It is responsible for the security and welfare of the people in their organization.
10. It remunerates the employees and their families for any losses incurred whether physical or financial by accidents at the work place.

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

It is the only department in an organization that deals directly with people. It is important for them to work with proper ethics and not give in to company policies and treat their employees as profit making machines.

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

The Human Resources Department, as stated before is a valuable asset to any organization, and the jobs in the management of human resources departments are also quite coveted around the world.

### Further Reading:

- ✓ *An Introduction to Human Resources Management (By Wendy Bloisi)*