Study unit 1: Preface/ Introduction of Human Resource Management

Introduction

During the last decade, there has been considerable interest and awareness of the importance of employees as a source of a company’s competitive advantage. It is therefore, important for organizations to adopt HRM practices that make the best use of their employees.

For a number of years scholars have argued that the human resource management (HRM) practices aimed at acquisition, development and motivation of firm employees help produce human assets that are valuable, rare, non-substitutable, and difficult to imitate, hence providing a source of competitive advantage.

A range of empirical studies carried out in different countries have shown a positive relationship between the extensive use of high-performance HRM practices and organizational performance. That is why every manager, regardless of his functional area or level in the organizational structures should have the basics in people management.

**Learning Outcomes of Study Unit 1**

By the end of this topic you should be able to:

1.1 Justify the view that HR is an important asset in an organization

1.2 Define the concept of Human resource management

1.3 Identify different features of Human resource management

1.4 Give the scope of HRM

1.5 Describe the objectives of HRM

1.6 Explain the role of Human Resource management

**1.1 Justify that Human Resource is an important asset in an Organization**

***” People are definitely a company's greatest asset. It doesn't make any difference whether the Product is cars or cosmetics. A company is only as good as the people it keeps” -Mary Kay Ash***

Organizations depend on people. All organizations have people. Organizations do what people do. An organization behaves the way its employees behave and the way its managers direct it.

Regardless of the size of an organization or the extent of its resources, the organization survives and thrives because of the capabilities and performance of its people. Therefore, managers need to set up systems, policies and procedures that attract and retain quality human resources.

The' most important resources of any organization are the human resources. These are People who supply the organization with their knowledge; skills, experience and effort to enable the organization achieve its mandate.

Human resources are considered as the true ultimate source of 'competitive advantage because it's the people that plan, design, implement, sustain and end an organization's life (its people that set up the structures, systems and 'strategies to achieve the organization's mandate).

In addition, it is the people who use/organize other resources of the organization to achieve company goals, it is only the human resource' that appreciates overtime (through experience), it is only the human resource that cannot be imitated and lastly, it is the only resource that is creative and innovative, that has energy, that has talent required to achieve organizational goals.

Dealing with people is probably the most difficult thing you will encounter in life. People are very complex creatures. Not a single person thinks/feels, sees, hears, tastes, understands and behaves the same way, we all come from different ethnic, cultural, national; religious and political backgrounds. This makes each and every one of' us unique with different set of morals, beliefs' and values. People characteristics, values, beliefs form attitudes and behaviors that strongly influence their choice of employment.

As it is natural for a dog to bark, it's natural for people to be complex. Never the less, the law of cause and effect states that for every action, there is a reaction, therefore people must be properly managed to influence their actions and reactions.

Thus, the most important function in an organization is the proper management of human resources i.e. their acquisition, development of skills, motivation for higher levels of attainments, as well as ensuring maintenance of their level of commitment are all significant activities.

**1.2 Concept of Human Resource Management**

There is countless definition of HRM and there is no definition that can define what HRM exactly is. There is no 'best way to manage people and no manager has formulated how people can be best managed because managing people is not a straight forward thing. People are complex beings that have complex needs. Effective HRM very much depends on the Causes and conditions that an organizational setting would provide. Some of the definitions of HRM include;

Human Resource Management is a process of bringing people together and organizations together so that the goals of each one are met. It tries to secure the best from people by winning their wholehearted cooperation. It is the art of procuring, developing and maintaining competent workforce to achieve the goals of an organization in an efficient and effective manner.

HRM is a distinctive approach to employment that seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques (Storey, 1995).

HRM is a strategic and coherent approach to the management of an organization's most valued asset - the people working there who individually and collectively contribute to the achievement of its objectives (Armstrong, 2006).

HRM is the effective management of people at work with the aim of creating a satisfied and productive workforce to achieve the organizations ultimate goals.

HRM refers to the process of identifying, deploying, appraising, training and rewarding human resources in an organization.

HRM is the management of entry/stay and exit of human resources into and out of the organization.

From the above definitions, it can be seen that HRM is a combination of people oriented, management practices that view employees as assets, not costs and its main aim is to create and maintain a skillful and committed workforce to gain competitive advantage.

**Box 1.1: Human Resource Management**

Human Resource Management is the process of achieving the best fit between individuals, jobs, organization and the environment.

**1.3 Features of HRM**

**Pervasive force:** HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization. AII managers, in fact, are human resource managers. At KIU, for example, every manager is expected to pay attention to the development and satisfaction of subordinates.

**Action oriented**: HRM focuses attention on action rather than on record keeping, written procedures or rules. The problems of employees at work are solved through employee friendly policies aimed at eliminating tension points, resolving controversies, securing tension points, resolving controversies, securing cooperation with a clear intent to move closer to the hearts of people.

**Individually oriented:** It tries to help employees develop their potential fully. It encourages them to give their best to the organization. Employees are not treated as second class citizens but as valued members of an indispensable team. Every attempt is made to make them feel important.

**People oriented:** HRM is all about people at work, both as individuals and groups. it tries to put people on the assigned jobs in order to produce excellent results. The resultant gains are used to reward people and motivate them toward further improvements in productivity. Ultimately, employees should receive satisfaction equal to that of the company.

**Future oriented:** Effective HRM prepares people for current as well as future challenges, especially working in an environment characterized by dramatic change. It is firmly believed that employees' not the buildings and machinery give a company a competitive advantage.

**Development oriented:** HRM intends to develop the full potential of employees. The reward structure is tuned to the needs of employees, Training is offered to sharpen and improve their skills. Employees are rotated on various jobs so that they gain experience and exposure. Every attempt is made to use their talents fully in the service of organizational goals.

**Integrating mechanism:** HRM tries to build and maintain cordial relations between people working at various levels in the organization. In short, it tries to integrate human assets in the best possible manner in the service of an organization.

**Comprehensive function:** HRM is, to some extent, concerned with any organizational decision which has an impact on the workforce or the potential workforce. lt is basically a method of developing potentialities of employees so that they get maximum satisfaction out of their work and give their best efforts to the organization.

**Auxiliary service:** HR departments exist to assist and advise the line or operating managers to do their personnel work more effectively, HR manager is a specialist advisor. It is a staff function.

**Interdisciplinary function:** HRM is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, sociology, anthropology, economics, etc. To unravel the mystery surrounding the human brain, managers need to understand and appreciate the contributions of all such 'soft' disciplines.

**Continuous function:** According to Terry, HRM is not a one-shot deal. It cannot be practiced only one hour, each day or one day a week. It requires a constant alertness and awareness of human relations and their importance in every day operations.

**1.4 Scope of HRM**

The scope of HRM is very wide. In fact, no organizational activity is completely removed from humans. Even automatic processes and equipment’s are designed and implemented by someone. Capable and motivated people can have a profound impact on everything an organization does. Research in behavioral sciences, new trends in managing knowledge workers and advances in the field of training have expanded the scope of HR function in recent years. The Indian Institute of Personnel Management has specified the scope of HRM thus:

**Personnel aspect:** This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, lay off and retrenchment, remuneration, incentives, productivity, etc.

**Welfare aspect:** It deals with working conditions and amenities such as canteens, crèches, rest and lunch rooms, housing, transport' medical assistance, education, health and safety, recreation facilities, etc.

**Industrial relations aspect:** This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary procedures, settlement of disputes, etc.



**Figure: 1.1 the scope of HRM**

Source: http://www.whatishumanresource.com/scope-of-Human-Resource-Management

**1. 5 Objectives of HRM**

Human resource managers need to get the right people into the right place at the right time and then help them to maximize their performance and future potential. The principal objectives of HRM may be listed thus:

1. To help the organization reach its goals: HR department, like other departments in an organization, exists to achieve the goals of the organization first and if it does not meet this purpose, HR department (or for that matter any other unit) will wither and die.

2. To employ the skills and abilities of the workforce efficiently: The primary purpose of HRM is to make people's strengths productive and to benefit customers, stockholders and employees happy and encourage them to do everything possible to keep customers happy. The results will be truly outstanding like take the case of Southwest Airlines-delivering outstanding results for over three decades - based on its "employees first and customers next" policy.

3. To provide the organization with well-trained and well-motivated employees: HRM requires that employees be motivated to exert their maximum efforts, that their performance be evaluated properly for results and that they be remunerated on the basis of their contributions to the organization.

4. To increase to the fullest the employees job satisfaction and self-actualization: It tries to prompt and stimulate every employee to realize his potential, to this end suitable programmes have to b. designed aimed at improving the quality of work life (QWL).

5. To develop and maintain a quality of work life: it makes employment in the organization a desirable, personal and social, situation. Without improvement in the quality of work life, it is difficult to improve organizational performance.

6. To communicate HR policies to all employees: It is the responsibility of HRM to communicate in the fullest possible sense; tapping ideas, opinions and feelings of customers, non-customers, regulators and other external public as well as understanding the views of internal human resources.

7. To be ethically and socially responsive to the needs of society: HRM must ensure that organizations manage human resource in an ethical and socially responsible manner through ensuring compliance with legal and ethical standards.

**1.6 Importance of Human Resource Management**

People have always been central to organizations, but their strategic importance is growing in today’s knowledge-based industries. An organization’s success increasingly depends on the knowledge, skills and abilities (KSA) of employees, particularly as they help establish a set of core competencies that distinguish an organization from its competitors, with appropriate HR policies and practices an organization can hire, develop and utilize best brains in the marketplace, realize its set goals and deliver results better than others.

Human Resource Management helps an organization and its people to realize their respective goals thus:

***At the enterprise level:***

(i) Good human resource practices can help in attracting and retaining the best people in the organization. Planning alerts the company to the types of people it will need in the short, medium, and long run.

(ii) It helps in training people for challenging roles, developing right attitudes towards the job and the company promoting team spirit among employees and developing loyalty and commitment through appropriate reward schemes.

***At the individual level***: Effective management of human resources helps employees' thus:

(i) It promotes team work and team spirit among employees.

(ii) It offers excellent growth opportunities to people who have the potential to rise.

(iii) It allows people to work with diligence and commitment.

***At the society level:*** Society, as a whole, is the major beneficiary of good human resource practices.

(i) Employment opportunities multiply.

(ii) Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver excellent results,

***At the national level:***

Effective use of human resources helps in exploitation of natural, physical and financial resources in a better way. People with right skills, proper attitudes and appropriate values help the nation to get ahead and compete with the best in the world leading to better standard of living and better employment.