
The Role of Human Resource Management in Organizations

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Abstract

The human resource function has gone from the traditional hire and fire role to a strategic partner at the table with finance, operations and other business centers that are not centers of profit for the organization. The job of HR, as is the job of all such departments, is to ensure that the business gets the most out of its employees. Another way to put this is that the human resource management needs to provide a high return on the business's investment in its people. This makes it a highly complex function - because it deals with not just management issues but human ones as well. In this article, we discuss the reasons for organizations to have a HRM strategy as well as the business drivers that make the strategy imperative for organizational success. It is a fact that to thrive in the chaotic and turbulent business environment, firms need to constantly innovate and be "ahead of the curve" in terms of business practices and strategies. It is from this motivation to be at the top of the pack that HRM becomes a valuable tool for management to ensure success.

Key Words: Organization, Business, Environment, Human Resource, Management.

Introduction:

Human Resource Management includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels. Examples of core qualities of HR management are extensive knowledge of the industry, leadership, and effective negotiation skills, formerly called personnel management.

Any organization, without a proper setup for HRM is bound to suffer from serious problems while managing its regular activities. For this reason, today, companies must put a lot of effort and energy into setting up a strong and effective HRM. Aristotle told us that 'the whole is more than the sum of its parts', this is certainly true when it comes to having all managers fully understanding the organization's documented Business Plan and ensuring the alignment of management thinking... simply the process of ensuring that all managers are working and driving the organization in the same direction.

Meaning: Before we define HRM, it seems pertinent to first define the term 'human resources'. In common parlance, human resources means the people. However, different management experts have defined human resources differently.

Definition: Michael J. Jucius has defined human resources as "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components".

According to Flippo "Personnel management, or say, human resource management is the planning, organizing, directing and controlling of the procurement development compensation integration, maintenance, and separation of human resources to the end that individual, organizational and social objectives are accomplished".

Objective of Study

1. To study the need of Human Resource Management
2. To study the functions of Human Resource Management
3. To study the History of Human resource Management
4. To study the importance of Human Resource Management

Research Methodology: The study mainly relies on secondary data. The sources of data include Books, Magazines, Research Articles, News Papers, Conference Proceedings, Research Journals etc.

Review of Literature: Review of literature identified nine essential HRM practices namely; recruitment and selection, training and development, performance appraisal, career planning, Job definition, compensation and reward, and employee participation. Recruitment and selection primarily aims at attracting maximum number of highly talented applicants and selecting the best to achieve competitiveness.

Training and development generate tangible outcome (improved productivity, quality of products and services, and resource optimization), and intangible results in terms of enhanced self esteem, high morale, and satisfaction of employees due to acquisition of additional knowledge, skills, and abilities. Kun (2000) stressed that companies should invest heavily in training the workforce for implementation of customer focused strategy. Blair and Sisakhti (2007) found that expenditures on training and development yield enormous benefits. Researchers have concluded that investment in training yields strategic advantage to the organizations (Bitner and Zeithmal, 2001).

Performance appraisal is based on demonstrated achievement of performance objectives established pertaining to a specified job within a given time period (Arthur, 1994; Fey et al., 2000). This process plays a vital role in influencing the perception of employees about self and about their contribution toward organizational goals. The system should be based on fairness, objectivity, inclusiveness, ethicality, standardization, and widely communicated. Regular monitoring of the performance and constant feedback about performance is essential to get the desired results.

performance appraisal that contributes toward superior performance by workforce Compensation includes all forms of monetary returns and allied services provided to employees (Milkovich and Newman, 1999). A comprehensive compensation mix augmented by an effective system of disbursement plays an effective role in attracting the best candidates, shaping employees, behaviour and performance outcome, and facilitates retention of talents. Application of competencies enhances performance and improves effectiveness.

Need for HRM:

Human Resource Management is needed to achieve the following objectives.

- To provide, create, utilize and motivate employees to accomplish organizational goals.
- To create opportunities, to provide facilities, necessary motivation to individual and group for their growth with the growth of the organization by training and development, compensation etc.
- To employ the skills and ability of the workforce efficiently, i.e., to utilize human resources effectively
- To create a sense and feeling of belongingness team-spirit and encourage suggestions from employees.
- To help maintain ethical policies and behavior inside and outside the organization.
- To maintain high moral and good human relation within the organization.
- To secure integration of individual and groups in securing organizational effectiveness
- To manage change to the mutual advantage of individuals, groups, the organization and the society.
- To ensure that, there is no threat of unemployment, inequalities, adopting a policy recognizing merit and employee contribution, and condition for stability of employment.
- To increase to the fullest the employee's job satisfaction and self-actualization; it tries to prompt and stimulate every employee to realize his potential.



An organization cannot build a good team of working professionals without good Human Resources. The key functions of the Human Resources Management (HRM) team include recruiting people, training them, performance appraisals, motivating employees as well as workplace communication, workplace safety, and much more.

The beneficial effects of these functions are discussed here:

Recruitment and Training: This is one of the major responsibilities of the human resource team. The HR managers come up with plans and strategies for hiring the right kind of people. They design the criteria which is best suited for a specific job description. Their other tasks related to recruitment include formulating the



obligations of an employee and the scope of tasks assigned to him or her. Based on these two factors, the contract of an employee with the company is prepared. When needed, they also provide training to the employees according to the requirements of the organization. Thus, the staff members get the opportunity to sharpen their existing skills or develop specialized skills which in turn will help them to take up some new roles.

Performance Appraisals: HRM encourages the people working in an organization, to work according to their potential and gives them suggestions that can help them to bring about improvement in it. The team communicates with the staff individually from time to time and provides all the necessary information regarding their performances and also defines their respective roles. This is beneficial as it enables them to form an outline of their anticipated goals in much clearer terms and thereby, helps them execute the goals with best possible efforts. Performance appraisals, when taken on a regular basis, motivate the employees.

Maintaining Work Atmosphere: This is a vital aspect of HRM because the performance of an individual in an organization is largely driven by the work atmosphere or work culture that **prevails at the workplace:** A good working condition is one of the benefits that the employees can expect from an efficient human resource team. A safe, clean and healthy environment can bring out the best in an employee. A friendly atmosphere gives the staff members job satisfaction as well.

Managing Disputes: In an organization, there are several issues on which disputes may arise between the employees and the employers. You can say conflicts are almost inevitable. In such a scenario, it is the human resource department which acts as a consultant and mediator to sort out those issues in an effective manner. They first hear the grievances of the employees. Then they come up with suitable solutions to sort them out. In other words, they take timely action and prevent things from going out of hands.

Developing Public Relations: The responsibility of establishing good public relations lies with the HRM to a great extent. They organize business meetings, seminars and various official gatherings on behalf of the company in order to build up relationships with other business sectors. Sometimes, the HR department plays an active role in preparing the business and marketing plans for the organization too.

Milestones in the History of HRM:

1890-1910	Frederick Taylor develops his ideas on scientific management. Taylor advocates scientific selection of workers based on qualifications and also argues for incentive-based compensation systems to motivate employees.
1910-1930	Many companies establish departments devoted to maintaining the welfare of workers. The discipline of industrial psychology begins to develop. Industrial psychology, along with the advent of World War I, leads to advancements in employment testing and selection.
1930-1945	The interpretation of the Hawthorne Studies' begins to have an impact on management thought and practice. Greater emphasis is placed on the social and informal aspects of the workplace affecting worker productivity. Increasing the job satisfaction of workers is cited as a means to increase their productivity.
1945-1965	In the U.S., a tremendous surge in union membership between 1935 and 1950 leads to a greater emphasis on collective bargaining and labor relations within personnel management. Compensation and benefits administration also increase in importance as unions negotiate paid vacations, paid holidays, and insurance coverage.
1965-1985	The Civil Rights movement in the U.S. reaches its apex with passage of the Civil Rights Act of 1964. The personnel function is dramatically affected by Title VII of the CRA, which prohibits discrimination on the basis of race, color, sex, religion, and national origin. In the years following the passage of the CRA, equal employment opportunity and affirmative action become key human resource management responsibilities.
1985-present	Three trends dramatically impact HRM. The first is the increasing diversity of the labor force, in terms of age, gender, race, and ethnicity. HRM concerns evolve from EEO and affirmative action to "managing diversity." A second trend is the globalization of business and the accompanying technological revolution. These factors have led to dramatic changes in transportation, communication, and labor markets. The third trend, which is related to the first two, is the focus on HRM as a "strategic" function. HRM concerns and concepts must be integrated into the overall strategic planning of the firm in order to cope with rapid change, intense competition, and pressure for increased efficiency.

Significance of HRM:

The significance of HRM can be discussed under the following headings.

Organization Significance: HRM is of vital importance to the individual organization as a means for achieving their objectives.

It contributes to the achievement of organizational objectives in the following ways:

- Good human resource practice can help in attracting and retaining the best people in the organization.
- Developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc.
- Securing willing cooperation of employees through motivation, participation, grievance handling, etc.
- Effective utilization of available human resources.
- Ensuring that enterprise will have in future a team of competent and dedicated employees.

Social Significance: Social significance of HRM lies in the need satisfaction of personnel in the organization. Since these personnel are drawn from the society, their effectiveness contributes to the welfare of the society. Society, as a whole, is the major beneficiary of good human resource practice.

i. Employment opportunities multiply.

ii. Eliminating waste of human resources through conservation of physical and mental health.

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

Professional Significance: Professional significance of HRM lies in developing people and providing healthy environment for effective utilization of their capabilities. This can be done by:

1. Developing people on continuous basis to meet challenge of their job.
2. Promoting team-work and team-spirit among employees.
3. Offering excellent growth opportunities to people who have the potential to rise.
4. Providing environment and incentives for developing and utilising creativity.

Why is a Human Resources Department Important?

The question of whether a company needs a Human Resources (HR) department is not a simple one to answer. If we ask the question to a variety of entrepreneurs, CEOs, and HR professionals and we are likely to get a variety of answers. For instance, many experts will tell us that the number of employees in a company is the determining factor. A lot of companies with total employees under 20 assume that they don't need an HR department. But size isn't the only issue to think about. Other considerations include:

- The scope of HR services needed
- Whether requirements are limited to transactional services
- Are strategic services mandatory
- Will the department operate as a cost or profit center

In reality, HR functions must be conducted for every company—no matter how small or large. So properly framed, the question to ask is: “What is the most effective way that HR services can be delivered by a Company?” Is it better to have an in-house HR department doing the job or is it better to partner with outside HR experts, using a variety of vendors or even to a single source? For example, many organizations find that it's more convenient, and more cost effective, to outsource transactional services such as payroll, tax, and benefits administration, while partnering with a strategic HR partner to deliver high value consultation.

If it is a small- to mid-sized company with an employee base of blue-collar or unskilled workers and it only requires transactional services, outsourcing coordinated by a single in-house employee may work best. When a growing professional services business like the one mentioned earlier needs both transactional and strategic HR services, a single-source professional employer organization (PEO) may be the way to go. A PEO can provide a comprehensive menu of HR services, including robust benefits packages that will allow it to attract top talent. On the other hand, if it is a large manufacturing company with over 300 workers, its size gives the



clout to negotiate competitive rates with benefits providers—therefore an in-house HR department may work for it.

Importance of HRM:

Ten Reasons Why the Human Resources Department Is Important:

- 1. Human Capital Value:** Having an in-house human resources function is important. An in-house human resources staff or a human resources expert on staff can increase the understanding of how important human capital is to the company's bottom line. For small businesses, in particular, human capital is critical because so many smaller firms have employees who perform cross-functional duties. With a smaller workforce, if just one person leaves, it leaves the company with a huge gap to fill and a potential threat to the company's profitability.
- 2. Conflict Resolution:** Workplace conflict is inevitable, given the diversity of personalities, work styles, backgrounds and levels of experience among employees. A human resources manager or a staff person specially trained to handle employee relations matters can identify and resolve conflict between two employees or a manager and employee and restore positive working relationships.
- 3. Budget Control:** Human resources curbs excessive spending through developing methods for trimming workforce management costs, which includes negotiating better rates for benefits such as health care coverage. In addition, human resources ensures competitive and realistic wage-setting based on studying the labor market, employment trends and salary analysis based on job functions. As some small businesses have budget constraints, this human resources function is especially helpful.
- 4. Training and Development:** Human resources conducts needs assessments for the organization's current workforce to determine the type of skills training and employee development necessary for improving skills and qualifications. Companies in the beginning or growth phases can benefit from identifying training needs for existing staff. It's much less expensive than the cost to hire additional staff or more qualified candidates. In addition, it's a strategy that also can reduce turnover and improve employee retention.
- 5. Employee Satisfaction:** Human resources specialists usually are charged with the responsibility of determining the level of employee satisfaction -- often an ambiguous measurement at best. With carefully designed employee surveys, focus groups and an exit interview strategy, human resources determines what underlies employee dissatisfaction and addresses those issues to motivate employees.
- 6. Performance Improvement:** Human resources develops performance management systems. Without a human resources staff person to construct a plan that measures performance, employees can wind in jobs that aren't suitable for their skills and expertise. Additionally, employees whose performance falls below the employer's expectations can continue on the payroll, thereby creating wasted money on low-performing employees.
- 7. Cost Savings:** The cost to hire new or replacement workers, including training and ramp-up time, can be exorbitant for employers, especially small businesses. With a well-constructed recruitment and selection process, the human resources function can minimize expenses regarding advertising job postings, training new employees and enrolling new employees in benefits plans.
- 8. Sustaining Business:** Through succession planning that human resources develops, the company identifies employees with the promise and requisite capabilities to eventually transition into leadership roles with the company. This is an important function as it can guarantee the organization's stability and future success.
- 9. Corporate Image:** Businesses want to be known as the "employer of choice." Employers of choice are the companies that receive recognition for the way they treat employees; they are the companies for whom people want to work. Becoming an employer of choice means human resources balances recruiting the most qualified applicants, selecting the most suitable candidates and retaining the most talented employees.
- 10. Reliability:** Human resources ensures the workforce embraces the company's philosophy and business principles. From the perspective of a small business, creating a cohesive work environment is imperative. The first opportunity human resources has to accomplish this is through wise hiring decisions that identify desirable professional traits, as well as orientation and on-boarding programs.



Conclusion: The practice of HRM must be viewed through the prism of overall strategic goals for the organization instead of a standalone tint that takes a unit based or a micro approach. The idea here is to adopt a holistic perspective towards HRM that ensures that there are no piecemeal strategies and the HRM policy enmeshes itself fully with those of the organizational goals. For instance, if the training needs of the employees are simply met with perfunctory trainings on omnibus topics, the firm stands to lose not only from the time that the employees spend in training but also a loss of direction. Hence, the organization that takes its HRM policies seriously will ensure that training is based on focused and topical methods.

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