

# Human Resource Management

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# Learning Objectives

- Define human resource management (HRM)
- Explain goals of HRM
- Explain HRM objectives
- Describe HARM activities

# What is Human Resource Management?

- Human implies it has something to do with people. Resource is a person who works to make products or services. Management places it in the domain of business and organization
- Human resource management (HRM) is managing people in an organization to achieve its goals.
- HRM is management of people from recruitment to retirement.
- HRM is the application of management functions and principles related to employees.
- HRM Involves the productive use of people in achieving the organization's objectives and the satisfaction of individual employee needs.

# What is Human Resource Management? (cont.)

- HRM is the staff function performed in organizations that facilitates the most effective use of people to achieve organizational and individual goals.
- HRM is a philosophy of people management based on the belief that human resources are uniquely important to sustained business success (Alan Price, 2007).

# Human Resources

- Employees working in an organization are human resources.
- Human resources can be grouped into two: 1) managerial employees who are making decisions and 2) non-managerial employees who are implementing decisions
- Efficient utilization HR means optimum use of employees by minimizing wastage.
- Effective utilization refers to utilization of employees to achieve the organizational goals.

# Strategic Goals of HRM

1. Improve employee productivity – The ratio of employee outputs to employee inputs within a certain period of time.
2. Enhance employee development – It includes provision of opportunities to accomplish employees' personal objectives, improvement of their career development and increasing competencies
3. Ensure legal compliance- Adoption of various laws imposed by the government related to managing people.

## Strategic Goals of HRM (cont.)

4. Increase quality of work life- This refers to the opportunity of presenting employees' ideas, suggestions and options before making decisions affecting them.
5. Ensure customer compliance- This means reaction to the customer requests regarding human resource management

# Objectives of HRM

1. Employ right people at right time to do the right job
2. Retain the most appropriate employees
3. Improve the organizational commitment of the employees
4. Enhance job involvement and organizational citizenship of the employees
5. Motivate employee
6. Enhance the job satisfaction of the employees
7. Control the cost of employees



# HRM Activities /Functions

- Human resource management is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies.
- HRM includes seven activates.

# 1) Human resource planning

It has four basic aspects.

- I. Planning for future needs – Deciding how many people with what skills are required for the organization
- II. Planning for future balance – Comparing the number of needed employees to the number of present employees
- III. Planning for recruiting or laying off employees
- IV. Planning for the development employees

## 2. Recruitment

It is the development of a pool of job candidates in accordance with a human resource plan.

- Job analysis (JA) is an early step in the recruitment process. It includes Job description (JD) and job specification (JS)
- JD is a description about duties and responsibilities. Example for Sales Manager duties include hiring, training, and supervising sales staff and administration of sales department; responsible for performance of department ; report to Division Manager

## 2. Recruitment (cont.)

- JS defines the education, skills and attitudes to perform the job. JS for sales manager includes BBA degree, five year experience in sales and two year supervisory experience; energetic, motivated individual with well-developed interpersonal skills.

## 2. Recruitment (cot.)

- Sources of recruitment includes internal source and external source.
- Internal source is finding potential employees within the organization. It has number of advantages: 1) familiar with organization, 2) motivation of employees and 3) low cost. Disadvantages are limit the pool of available talent and reduction of new comers to enter the organization.
- External source is finding potential employees within the labour market. The organization's ability to recruit from the labour market depends on organization's reputation, attractiveness of its location and nature of the job. Advantages are ability to increase potential employee and new comers but cost is high.

## 3.Selection

- Selection is to decide to offer the job to the candidate.
- Selection process includes screening, interview schedules, conducting interview and offering a job.

## 4. Orientation

- It is designed to provide new employees with the information needed to function comfortably and effectively in the organization.
- Information covers work routing and organization.

## 5. Training and Development

- Training programmes are designed to improve current job performance while development programmes seek to develop education, skills and attitudes for future jobs.
- Non-managers are trained and managers are developed.
- Before planning a training programme a need assessment is conducted to indentify the areas for training. In this regards, performance appraisal, job analysis, organizational analysis and employee survey can be used.



## 6. Performance appraisal and compensation

- Compare individual job performance to standards or objectives for individual's position.
- Low performance may need corrective actions such as additional training while high performance may provide a reward such as raise, bonus, promotion and appreciation.
- Although immediate supervisor performs the appraisal, HRM department is responsible to establish the policies that guide all performance appraisals.

# Performance Appraisal and Compensation (cont.)

- Compensation represents the rewards employees received for performing their job.
- It includes pay, rewards and benefits.
- Pay includes salary scales depending on the employee category.
- Rewards include bonus, awards, recognition, new job assignments etc.
- Benefits comprise health plans, retirement, plans, accommodation, transport, paid training etc.

# Promotions, Transfers, Demotions and Separations

- High performers may be promoted or transferred to help them develop their skills while low performers may be demoted or transferred to less important positions or even separated.

# Success of Japanese companies

“There is no magic in the success of Japanese companies in general and Sony in particular. The secret of their success is simply the way they treat their employees”

- Akio Morita, Founder of Sony Corporation –

Sony management philosophy is that employees should be treated as colleagues and helpers, not merely as means to profit.

# Importance of HRM

- Human resource is unique resource among other resources due to its nature: active, living, animate, reactive, creative, innovative etc.
- Due to its characteristics, human resource is the most important resource to achieve organizational goals.
- Human resource is required to use other resources. Other resources make things possible but only human resources make things happen.

## Importance of HRM (cont.)

- According to Davar (1991) management is not anything else other than HRM. He analyzed the term management as manage –men – tactfully. Tactfully means utilizing carefully without hurting feelings and expectations.
- HRM is a very important for every manager.
- Management of employees is more difficult than managing other resources.

# Human resource approaches

1. Human resource approach – consider as unique resource
2. Management approach – responsibility of every manager
3. Systems approach – interrelated functions
4. Proactive approach – acting before a problem occurs
5. Strategic approach – enhance competitive advantage
6. Soft approach – managing people with kindness
7. Hard approach – managing people with rules and regulations