

Human Resource Management and Its Role in Today Organizations

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Abstract

Human Resource Management is the key instrument in today's business activity. Human Resource Management (HRM) is a significant function in a company. Today in the world, global competition is the basic element to define firms' strategies as a result industrial economy has been experienced to pass toward to knowledge economy. At an age where total quality is of primary importance, efficiency can only be achieved by the successful utilization of human resources. Human resource management is one of the necessary needs of today's business. Human resource management department has a very important role for supply of the human being to main resources of companies. Human resource management department has fundamental role for personnel recruiting, orientation and performance appraisal and so on. Human resource management issues to be addressed at the highest level in the organization and management of strategic decisions are required. This research will inform human resource management, scope and affecting factors on human resource management, human resource management functions and relationship between organizational effectiveness and human resources management.

Keywords: Human Resources Management, Management Functions, Organizational Effectiveness

1. Introduction

A crucial component, HRM touches nearly every aspect of the running of an institution. It aims to create a motivated workforce that is able to complete assigned tasks with the proper amount of expertise, and to establish and maintain desirable working relationships among all the members of the organization and to maintain high employee morale. By providing training and development programs, HRM strengthens and appreciates the human assets continuously. It also creates facilities and opportunities for individual or group development so as to match it with the growth of the organization. To attract and maintain talented employees, HRM provides employees with adequate and equitable salary, other forms of welfare, and necessary measures and recognition for fulfillment of challenging tasks. To boost efficiency and positive competition, it introduces differentiated and competitive wages and incentive bonus. Besides, HRM is also responsible for the provision of fair, acceptable and efficient leadership and favorable entrepreneur culture, and the stability of employment. Today, especially in developing countries, HRM tries to create more employment opportunities to disadvantage groups like women and the middle-age to alleviate inequalities in distribution of income and wealth. In a word, HRM involves creating a workplace that benefits the employees and leaders of a company, and dealing with hiring, benefits and payroll by helping a business or nonprofit organization to meet its general goals, and a favorable environment is created. HRM is a significant function in a company, and great importance and value are being attached to it in modern management. Today, people are specially trained in this field to meet the increasing demand of HRM responsibility, which includes planning, organizing, staffing, etc. In this regard, HRM is playing and will continue to play a significant role in a company or an institution. HRM is the management of human resources. It is designed to maximize employee performance in service of an employer's strategic objectives. HR is primarily concerned with the management of people within organizations, focusing on policies and on systems.

HR departments are responsible for overseeing employee benefits design, employee recruitment, training and development, performance appraisal, and rewarding (e.g., managing pay and benefit systems). HR also concerns itself with organizational change and industrial relations, that is, the balancing of organizational practices with requirements arising from collective bargaining and from governmental laws. As being a competitive market development day by day it's very difficult to enhance sustainable growth for the firms' side. All researchers and practitioners are aware of the advantages and disadvantages of a competitive work environment and try to find ways for adapting to competitive conditions. These efforts have mostly focused on human resource management practices in the last two decades especially with the emergence of strategic human resource management approach. There is a considerable difference between the prospects or prescriptions in favor of the "investment in man", and the practices of the companies. Human resources function is well developed and completely recognized, its importance is increasing, but nothing makes it possible to think that the most traditional constraints and priorities were confused: the control of market, requirements of finance and short-term profitability, surveillance of competitors, the possibility of recruiting a well-educated labor under advantageous conditions: many factors invite to found the idea of "strategy of human resources". The

relationship between perceived sufficiency of Human Resource Management practices, person organization fit, and person-job fit has not been examined before. In the present study, it is hypothesized that perceived sufficiency of HRM practices contributes to actual and perceived person-organization fit and perceived person-job fit. That is, if HRM practices are perceived as sufficient, the employee will have a better sense of fit with the organization and the job. In addition, the other hypothesis asserts that anxiety will influence the positive relationship between perceived sufficiency of HRM practices and person-organization fit and person-job fit. That is, although HRM practices are perceived as sufficient, persons with high anxiety may not have a better sense of fit with the organization and the job.

It is a necessity that the strategic approach to human resources issues to be addressed in modern organizations. Changing internal and external environmental conditions and new problems emerging and complex understanding of management-organization is the most important source of competitive advantage must not forget to give strategic importance to man. Into almost every part of the world as a result of globalization, operations, growth, downsizing, mergers, restructuring and corporate responsibility as the lives in the process, introduced concepts such as active and working every day to try a new technique in the management of human resources in organizations, management is becoming a very big importance and priority. Therefore, human resource management issues to be addressed at the highest level in the organization and management of strategic decisions are required. People in all matters related to the organization as a whole is brought together and integrate in a way compatible with its surroundings. Managers with strategic decisions and practices focus on results and it should reflect the thoughts and actions.

As the technology presents new solutions to the organizations, HRM departments start using cuttingedge technology solutions in the market. Purchasing the best-of-breed tool in the market seems the best solution. However, using tools directly commercial-off-the shelf brought new problems rather than informing the business processes. Human resource management literature has generally focused on the constructs of commitment, job satisfaction, and organizational effectiveness. The fit between persons and organizations, and persons and jobs is a neglected area. However, when one considers the intended goals of HRM practices, a sense of fit may be suggested as an expected target. Thus, it seems worth studying whether the positive views of employees about HRM practices makes a difference in terms of their fit with the organization and the jobs that they undertake. Previous studies have revealed that person-organization fit has significant effects on organizational commitment, performance, positive work attitudes, turnover intention, and the like. But the antecedents of person-organization fit have not been studied as frequent as the outcomes of person organization fit. Among the few antecedents that have been studied, organizational entry and socialization can be mentioned. The present study aims to make a contribution to the literature by examining the perceived sufficiency of HRM practices as an antecedent of person-organization fit.

2. Human Resource Management (HRM)

Human Resources is a business field focused on maximizing employee productivity. Human Resources professionals manage the human capital of an organization and focus on implementing policies and processes. They can be specialists focusing in on recruiting, training, employee relations or benefits. Recruiting specialists are in charge of finding and hiring top talent. Training and development professionals ensure that employees are trained and have continuous development. This is done through training programs, performance evaluations and reward programs. Employee relations deals with concerns of employees when policies are broken, such as harassment or discrimination. Someone in benefits develops compensation structures, family leave programs, discounts and other benefits that employees can get. On the other side of the field are Human Resources Generalists or Business Partners. These human resources professionals could work in all areas or be labor relations representatives working with unionized employees.

Although it was commonly accepted that HRM practices had formally started with industrial revolution, the fact is that the roots of HRM lie deep in the past. Just as the employees who shared the tasks that have to be done in modern organizations, humans in ancient societies also, divided work among themselves. So it can be said that division of labor has been practiced since prehistoric times. Tasks were allocated according to skills such as the ability to find food or plants, track animals or cook (Price, 2007) but the major contribution to the development of the HRM systems is provided by industrial revolution in the 1800's.

The terms of human resource management (HRM) and human resources (HR) have largely replaced instead of personnel management (PM) in the processes of managing people in the organizations. While human resource management is defined as a strategic and coherent approach for the organization's most valued assets behind on the workers, there is no upon description of it. Personnel department is mostly to manage the paperwork around hiring and paying people.

More recently, organizations consider the HR department as playing a major role in staffing, training and helping to manage people so that people and the organization are performing at maximum capability in a highly fulfilling manner (McNamara, 1998). In the global business, HRM is increasingly considered a

contemporary development to reshape employment relationships as a tool that may have effectively replaced other management traditions like Personnel Management (PM) and Industrial Relations (IR) (Marchington & Wilkinson, 2002).

Since the 1980s, human resource management (HRM) strategy has become an important topic for the management area; HRM strategy has achieved its prominence because it provides competitiveness and promotes managerial efficiency in the business area. The rise of human resource management in the 1980s brought managerial scholars to the link between the management of people and performance. A number of attempts were made to put empirical facts with the theoretical bones of the knowledge based firms and the specific HRM views concerning how the systems on HR practice, which can make an increment on the organizational performance. The approach that focuses on individual HR practices and the link with the performance continued since early 1990s (Hendry & Pettigrew, 1990). HRM is used in a global context which contains: “(a) specific human resource practices such as recruitment, selection, and appraisal; (b) formal human resource policies, which direct and partially constrain the development of specific practices; and (c) overarching human resource philosophies, which specify the values that inform an organization's policies and practices (Gilley et.al. 2002).

2.1. Scope of HRM

The Human Resources field evolved first in 18th century Europe from a simple idea by Robert Owen and Charles Babbage during the industrial revolution. These men knew that people were crucial to the success of an organization. They expressed that the well being of employees led to perfect work. Without healthy workers, the organization would not survive. HR later emerged as a specific field in the early 20th century, influenced by Frederick Winslow Taylor (1856-1915). Taylor explored what he termed "scientific management" others later referred to "Taylorism", striving to improve economic efficiency in manufacturing jobs. He eventually keyed in on one of the principal inputs into the manufacturing process—labor—sparking inquiry into workforce productivity. As HRM has tools of a system which attracts, develops, motivates, and retains the effective functioning related with the people managing, the scope of HRM is very wide. Researches in behavioral sciences show that new trends in managing workers and advances in the field of training have expanded the scope of HR function in recent years. 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, creches, 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.

The main aim of the human resources management is using the salaried staff in an organization effectively and salutary for the organization's benefits. Thanks to this productive work environment, organization can reach its goals and continue its functions. Today, operating organizations continue their existence for different goals according to organization's type and aims. These organizations can be classified as private, non-governmental and public establishment. While the preferential aim of the public establishments are fulfilling the public's needs, private establishments' aim is earning profit. Non-governmental (civil) establishments' aim is fulfilling the public's needs and carrying on their business like public establishments (Akçakaya, 2010). These three kind of establishments' common aim is giving quality service. There is an important issue to be considered here: All these three organizations need a common ground. This common ground is human resource. No matter how strong the financial resources of an organization, probability of success will be low if the human resources do not have sufficient activity. Low effectiveness of human resources means that the organization slogs on reaching the targets set for the future and profitability level. Another important matter is the opinions of the employees about the organizations that they work for. In this point, the performance of the employees depends on the their satisfaction of the work (Uyargil et.al., 2010). Employees' salary, communication with their colleagues and managers, social and regal rights provided by the organization, working conditions, and effects of the organization on employees are belong to human resources managements' area to fulfill. Making the necessary arrangements will lead to increased motivation. With increased motivation, employees will connected to their works and at the same time they will be more productive and successful on their works.

Aims of human resource management can change with the definition that you make. Because, as the definition varies from one researcher to another, the aims of HRM can also change in accordance with the researchers' or practitioners' points of view. For example, according to Armstrong (2006, p.8), “the overall purpose of human resource management is to ensure that the organization is able to achieve success through people.” Also, he pointed out that “HRM strategies aim to support programs for improving organizational effectiveness by developing policies in such areas as knowledge management, talent management, and generally creating ‘a great place to work’.

Like Armstrong (2006), Barutçugil (2004) also dealt with the aims of the HRM and he defined these

aims in a similar way. A common point emphasized by these researchers is obtaining organizational goals through the employee. According to Barutçugil (2004), HRM aims (as quoted in Aray, 2008, p.4) to help all employees reach optimal performance and to use fully their capacity and potential:

- To convince employees to exert more effort for reaching organizational goals,
- To use human resources in an optimum way to reach organizational goals,
- To meet employees' career expectations and development,
- To unify organizational plans and HR strategies and create and maintain a corporate culture,
- To offer a working environment stimulating hidden creativity and energy,
- To create work conditions stimulating innovation, teamwork, and total quality concept,
- To encourage flexibility for achieving learning organization.

As it is mentioned above, being interrelated with all departments and external environment makes HRM a much more complex system, and HRM practices increasingly assume new responsibilities that are related with organizations. For that reason, researchers might have emphasized different aims or purposes of the HRM system.

2.2. *Affecting Factors on HRM*

Traditionally, the personnel function centered on control and direction of employees for achievement of predetermined goals. The Human Resources Approach, in direct contrast to this, recognizes the worth of human being in the realization of corporate goals. It takes a supportive and developmental route to achieve results through the cooperative efforts of employees. When opportunities for growth and enhancement of skills are available, people will be stimulated to give their best, leading to greater job satisfaction and organizational effectiveness. The manager's role, too, has undergone a dramatic change over the years. From control and direction of employees, he is expected to move toward clarifying goals and paths and creating a supportive and growth oriented environment, where people are willing to take up assigned roles willingly and enthusiastically (Kumar, 2009). The effective use of people is the most critical factor in the successful accomplishment of corporate goals. To be effective, therefore, Human Resource managers need to understand the needs, aspirations, and concerns of employees proactively, face the challenges head-on and resolve issues amicably. They are expected to successfully evolve an appropriate corporate culture, take a strategic approach to the acquisition, motivation and development of human resources and introduce programs that reflect and support the core values of the organization and its people. This is easier said than done in view of constant changes in environment characterized by the following things (Hendry et al, 1990).

Size of Workforce: Corporate have grown in size considerably in recent years, thanks to global competition in almost all fields. The size of the work force, consequently, has increased, throwing up additional challenges before HR managers in the form of additional demands for better pay, benefits and working conditions from various sections of the workforce constantly. **Composition of Workforce:** The workforce composition is also changing over the years. The rising percentage of women and minorities in the work force is going to alter workplace equations dramatically. Demands for equal pay for equal work, putting an end to gender inequality and bias in certain occupations, the breaking down of glass ceiling have already been met. **Employee Expectations:** "Instead of attempting to force employees to conform to 'corporate mould' future managers may well have to make more allowances for individual differences in people." (Hendry et al, 1990).

3. **Human Resource Management Functions**

In general, human resources management aims to increase contributions of employees in organizations. Those contributions are new ideas, productively working and success. Human resources management should be responsible for social aims. This means human resources managers should behave fairly to social ethical norms and at the same time they should minimize the negative forces on organizations because of their demands from organizations. Human resources management is also responsible for organizations this it can be guessable from the concept. Their aims firstly establish fairly and higher standards of working places for every worker.

Robinson defined HRM role is the provision of assistance in HRM issues to line employees, or those directly involved in producing the organization's goods and services. Acquiring people's services, developing their skills, motivating them to high levels of performance, and ensuring their continuing maintenance and commitment to the organization are essential to achieving organizational goals. The authors proposed an HRM specific approach as consisting of four functions- staffing, training and development, motivation, and maintenance (1997).

In addition, Bratton and Gold (2003) define HRM as the strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving sustainable competitive advantage. This is achieved through a distinctive set of integrated employment policies, programs and practices. The authors presented HRM functions as planning, recruitment and selection, appraisal and performance

management, reward management, development, employee relations, health and safety, and union-management relations (Bratton & Jeffrey, 2003).

According to Dessler and his friends, function of HRM include assisting the organization in attracting the quality and quantity of candidates required with respect to the organization's strategy and operational goals, staffing needs, and desired culture. Helping to maintain performance standards and increase productivity through orientation, training, development, job design, effective communication, and performance appraisal. Helping to create a climate in which employees are encouraged to develop and utilize their skills to the fullest. Helping to establish and maintain cordial working relationship with employees. Helping to create and maintain safe and healthy work environment.

Development of programs to meet economic, psychological, and social needs of the employees. Helping the organization to retain productive employees and ensuring that the organization complies with provincial/territorial and federal laws affecting the work place such as human rights, employment equity, occupational health and safety (Dessler et.al. 1999).

Human resource management that is should be evaluated on the basis of business as a whole and the human resource management functions cannot be considered independent from each other. As it is mentioned before, Human Resource Management in accordance with the organization's culture, accurate and up-to-earth as part of a specific strategy of the organization to continue its activities is an inevitable necessity. Doubtlessly, the basic functions of Human Resource Management should be processed in the context of the strategies because both at the point of corporate sustainability and corporate activities they undertake an active role in the successful sustainability are accepted.

In human resource management, to provide the sufficient number of employees timely a plan should be made considering the organization's present potential, development trend and strategic targets. It is called as human resource management which aims using the present human resources wisely, supplies the future human resource needs in terms of quality and quantity (Akyüz, 2001).

According to Barutçugil, when there is a need in the organization, human resource management is an operation which provides the proper employees for the organization. Human resource planning is a process in which the employees are evaluated from the entrance to the exit of the work. Human resource planning should be determined according to organization's vision, mission and strategies. The required number of the employees, their quality, how and to what extent they should work are connected to the human resource management. With the planning, human resources are prevented from being less or more than the necessary (Barutçugil, 2004).

The quality of human resources in an organization depends on the success in recruiting process largely. In the employee selection process, cannot finding sufficient number of candidates, who have competence with the job, may lead not to fill some empty jobs and recruitment of noncompeting employees in the context of the job. It will result with some negative events such as increase in efficiency as well as increase in wage costs, labor force transfer, job accidents, decrease in motivation and thus in job satisfaction, increase in supervision costs of the business that the employee recruited does not bear the qualities of the job in full. If the candidate's features is not meeting with the qualifications that employees is looking for, then in this situation, it is said to be made wrong employee choice.

Directly related to Human Resources planning is selection and recruitment of right people from internal or external sources. This obviously is another critical issue for HRM as it is directly related to cost and overall performance of the organization. Chawdhury (2002) emphasizes the importance of a talented workforce as "in an era of competition the growth of any organization is proportional to the growth of its talent."

As important as selection and recruitment is to retain good employees and to encourage them to give of their best. Therefore consistent reward systems are interrelated to objective, defined and consistent performance appraisal systems. Taylor (2009) states that four points are important to make the employee "fall in love" with the organization: Reward fairly in line with market place, treat well: i.e. focus in recognition of every employee's contribution, train and improve skills and develop talented people.

Human Resources planning in other words manpower planning is one of the important functions of any organization. According to Savaş (2006) the objectives of human resources planning are:

- To determine the manpower required according to the development plans of the organization,
- To control the manpower costs which have an important effect on profitability,
- To make the human resources work more effectively and efficiently,
- To highlight the career development of the employees as well as cover their needs and improve their work condition to make them work highly motivated,
- To determine the salary norms , to make job appraisals objectively and the wages accordingly,
- To relate manpower supply and organizations manpower demand.

4. Relationship between Organizational Effectiveness and Human Resources Management

Most of the early reviews of the literature were published by notable industrial psychologists as cited in Ferris (et

al., 1999). As a consequence, these reviews tended to emphasize applied individual-level issues, such as employee testing, training and motivation. Gilmer's (1960) discussion of situational variables explicated the importance of matching personnel strategies with organizational strategies. Further, Gilmer invited researchers to design measures to assess the relationship between "individual personalities" and "company personalities" (1960 as cited in Ferris et al., 1999).

Some researchers have proposed that evaluations of effectiveness should be based on financial measures (e.g., profit) and for years, human resources issues have been secondary to such measures. Today, many CEOs agree that profit alone is not enough to hold the enthusiasm and loyalties of employees or to call attention to the vital elements of a business that must receive attention if it is to perform effectively (Watson, 1991 as cited in Zellars & Fiorito, 1999). Under the threat of exit (Hill & Jones, 1992), organizations now recognize that they must fulfill responsibilities to many constituencies (Baumhart, 1968; Clarkson, 1991 as cited in Zellars & Fiorito, 1999), including employees.

Mohrman & Lawler III, (1997) advocates that an organization is created in which the human resource management practices of the past no longer fit. Organizations are faced with a situation that cries out for new solutions to the thorny challenges of integrating business and people needs. Acquah (2004) states that human resource management practices enhance organizational effectiveness and performance by attracting, identifying, and retaining employees with knowledge, skills, and abilities, and getting them to behave in a manner that will support the mission and objectives of the organization. Thus, the effectiveness of HRM practices depends on how it engenders the appropriate attitudes and behaviors in employees, in addition to its implementation. Today, HR departments are expected to contribute to organizational performance (Ettore, et al. 1996; Fitz-enz, 1994; Mathes, 1993), and many organizations now believe that the success of the strategic management process largely depends on the extent to which the HR function is involved (Butler, et al. 1991 as cited in Zellars & Fiorito, 1999).

Studies at the last decade (e.g., Arthur, 1994; Delery & Dory, 1996; Huselid, 1995; Huselid & Becker, 1996; Huselid, Jackson & Schuler, 1997 as cited in Dyer & Shafer, 1998) have reported rather large effects on such outcomes as employee turnover, productivity, quality, profits, and even stock prices. Trouble is, for a variety of methodological reasons - including unreliable measures of HRM and OE, common method variance, poorly specified models, and cross-sectional rather than longitudinal research designs - these estimates strain credibility to the point of incredulity (Becker & Gerhart, 1996 as cited in Dyer & Shafer, 1998). Over time, employees who feel neglected will seek alternatives and may withdraw either through increased absenteeism and turnover or decreased commitment. This may threaten the firm's survival or at least hinder its success as other sources of competitive advantage such as scale economies and protected markets wane - "what remain as a crucial, differentiating factor is the organization, its employees, and how they work" (Pfeffer, 1994, p.14 as cited in Zellars & Fiorito, 1999).

It is important that a firm adopt HRM practices that make best use of its employees. This trend has led to increased interest in the impact of HRM on organizational performance, and a number of studies have found a positive relationship between so-called "high-performance work practices" (Huselid, 1995) and different measures of company performance. Furthermore, there is some empirical support for the hypothesis that firms, which align their HRM practices with their business strategy, will achieve superior outcomes (Bae & Lawler, 1999). Denison (1990 as cited in Schneider et al., 2003) measured employee attitudes in 34 publicly held firms and correlated aggregated employee attitudes with organizational financial performance for 5 successive years after the attitude data were collected. He found that organizations in which employees reported that an emphasis was placed on human resources tended to have superior short-term financial performance. Recent years have witnessed burgeoning interest in the degree to which human resource systems contribute to organizational effectiveness. Pfeffer (1994, 1998 as cited in Datta, Guthrie & Wright, 2005), for example, argued that success in today's hypercompetitive markets depends less on advantages associated with economies of scale, technology, patents, and access to capital and more on innovation, speed, and adaptability. Pfeffer further argued that these latter sources of competitive advantage are largely derived from firms' human resources.

An organization needs to adopt specific HR policies and practices for different strategies. Thus, to be effective, an organization's HR policies must be consistent with other aspects of the organization. By having appropriate HR policies and practices in place, organizations can elicit employee behaviors that are consistent with an organization's strategy (Rose & Kumar, 2006). It is obvious that HR management practices should be an important part of the strategy of any large corporation. Yet researchers basing their views on a behavioral psychology perspective have argued that human resource management practices could contribute to competitive advantage as long as they reinforce the skills, attitudes and behaviors that result in lowering costs and enhancing product differentiation. Therefore, the important role of human resources practices in contributing to a firm's competitive advantage overlaps with the concept of efficiency as a human resources strategy for effective performance (Ozcelik & Ferman, 2006).

5. Conclusion

Corporations are undergoing dramatic changes with significant implications for how human resources are managed and the HR function is best organized and managed. The forces driving change include the rapid deployment of information technology, globalization of the economy, and the increasingly competitive dynamic business environments that corporations face.

There is a growing consensus that effective human capital is critical to an organization's success and that the HR function's focus must be more strategic.

An effective Human Resources Management gives chance employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. In working life, the most important value is employees. That is why Human Resources Management is the key factor for success of a business. Being a global world and being a part of global competitive markets processes force businesses to manage human factor more truly for every level.

A growing number of sources in HRM literature support the change and development of Human Resources perspectives from personnel management to HRM and then to Strategic HRM; they claim that, the human resources are the companies' most important assets, and effective management of these resources will contribute to the sustainable competitive advantage of firms. With the increasing value of employees as individuals, management of human resources with a classical approach is no longer satisfactory. This has led to the necessity of adopting a different administrative approach. As a result, the significance of human resources management has increased among other functions of administration. Nowadays; management of human resources is a rising star and a focus of attention in contemporary managing platform. The main reason for such an attention is the comprehension of the human factor by many institutions. It has been realized that employment of individuals efficiently by force and intimidation is not possible and more emphasis has been placed on methods and opportunities that enable people to work willingly.

At an age where total quality is of primary importance, efficiency can only be achieved by the successful utilization of human resources. Because, information that has given its name to this period is the product of human beings.

There is a consensus in the HRM field that, in order to stay competitive and reach business goals, high level managers must incorporate Human Resource Management strategies into their overall planning. A company's competitive success depends on having well informed and capable HR managers at the highest levels of decision making processes.

Human capital theory aims using HRM to increase the value of the organization's human capital and the value of the anticipated returns, such as productivity gains in the context literature where transaction cost theory has the perspective of economics. While the organizations are developing day by day agency theory appears to be particularly useful for understanding executive and managerial compensation practices and to predict occupation-based differences in job pricing methods.

Human resources with developed talents and creativity who are able to reach and utilize information constitute the main power of competition in the world market. Those companies and institutions that make investments on human resources and attempt to create working conditions that are compatible with their requirements and wishes, are the ones who reach success. The employees are the biggest support that institutions need during renovation periods. Institutions that were able to please their employees in the past and were able to implement loyalty and trust, can endure difficulties more easily. The merit given to humans not only increases personal productivity but it also uplifts the quality of the company and the team. The main purpose of human resources management is the employment of human resources in the most efficient and productive way. Nowadays; the success of institutions is evaluated by their communication. Communication is the power of competition in production and service. Sharing information with the all the employees and managers, production of information, its distribution and reflection to daily life and service constitute the main structure of communication inside the institution. Human resource management is one of the necessary needs of today's business.

Human resource management department has a very important role for supply of the human being to main resources of companies. Human resource management department has fundamental role for personnel recruiting, orientation and performance appraisal and so on. The performance evaluation within this process, it's not only for evaluate of employees performance therewithal it's important to get strengthening of the bond between employee and employer. Performance evaluation is one of the important matters for companies getting successful. If the companies can use to performance evaluation correctly, it's bring to successful performance management and then bring success of the company. The aim of this study to give some information about human resource management and underline important of human resource department is then make prelude to performance evaluation and give some information about performance appraisal process.

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