

Human Resource Management, the main important part in business activities

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Abstract

Globalization in nowadays is part of everyday life for individuals and for companies. In focus of this issue, is the unification of Human Resource Management (HRM) between practices and countries politics. Human resource management (HRM) is the process of employing people, training them, motivating them, developing good policies relating to them, and developing strategies to promote them. As "Achilles heel", HRM has undergone many changes over the last twenty years, giving it the main important power in today's performance organizations. In the past, HRM meant processing payroll, sending birthday gifts to employees, arranging company outings, and making sure forms were filled out correctly—in other words, more of an administrative role rather than a strategic role crucial to the success of the organization performance. Jack Welch, former CEO of General Electric and management guru, sums up the new role of HRM: "Get out of the parties and birthdays and enrollment forms.... Remember, HR is important in good times, HR is defined in hard times" (Frasch, et. al., 2010). (<https://open.lib.umn.edu>). This article is a theoretical article with human resource management concepts. This paper is a literature review one and has in focus the identification of factors of HRM practices and in the same time focuses in HRM as an important part for management as a whole.

Keywords: globalization, multinational companies, HRM practices.

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1. Introduction

The first definition of HRM is that it is the process of managing people in organizations in a structured and thorough manner. This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities. This is the traditional definition of HRM which leads some experts to define it, as a modern version of the personnel management function that was used earlier.

The second definition of HRM encompasses the management of people in organizations from a macro perspective i.e. managing people in the form of a collective relationship between management and employees. This approach focuses on the objectives and outcomes of the HRM function. What this means is that the HR function in contemporary organizations is concerned with the notions of people enabling, people development and a focus on making the "employment relationship" fulfilling for both the management and employees.

In the literature regarding the field of Human Resource Management (HRM) have been debates more like its contents, practices and applications and its extents and limitations. Similarly, in recent past, there have been many controversies concerning the responsibilities and duties of Human Resource Management departments in organizations. The foremost and earliest role of Personnel Managers in the 1970s was not to manage employees and the issue of welfare was not of great importance to the Management but rather they play the role of fierce and tough negotiators always prepared to be hard on unions. This, however, had created a barrier between management and their employees. The employees are compelled to look in the direction of the unions for their welfare in terms of financial and professional concerns. Evidently, employees were left with no other choice than to follow the leadership of their union and go contrary to the management, which results to low productivity and thereby makes the organizational goals unachievable. Guest (1989) proposed four major policy goals that distinguish the new concept of Human Resource Management from the 'personnel' management; these are:

- Encourage the commitment of employees to increase their performance and also be loyal to the organization as a whole;
- Emphasis on the quality of employees engaged in organizations goes a long way in producing quality goods and services, which is of great benefit both to the customers and the organization;
- Ensuring flexibility plays an important part in the way employees are organized, this makes them to be adaptive and receptive to all forms of changes in all aspects of their jobs such as work hours; working methods and;

• Integrating organizational goals into strategic planning in order to make these policies cut across ranks and files of organization and ensuring that they are gladly accepted and implemented on daily routine by line managers. The concern regarding employees welfare in organizations came on board in the 1990s in order to make employees increase their commitments to the organizations and also increase the level of their job satisfaction. Human Resource Management as a field of study is presently passing through a transformational stage. Therefore, this book tends to equip students with rich and current discussions regarding the concept and activities of HRM. Contributions from the renowned scholars in the field are brought into fore for analysis and conclusions were drawn. In this article we provide a concise outline of the content. Human Resource Management HRM are defined that has been argued to be a replacement of the term personnel management in organizations. In this light, experts like Armstrong (1987) sees HRM as ‘old wine in new bottles’; while Guest (1987) argued that human resource management is not a replacement but somehow differs from personnel management. Practically, it suggests that Human Resource tasks are majorly concern with the administrative activities such as recruitment, reward systems, promotion, and so on. However, it does not make HR administrators ‘having a seat at the table’ meaning that HR administrators is not regarded as a strategic business partner, therefore does not contribute to the success of the business. Storey (1995) defines HRM as “a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques”; while Byars& Rue (2004) see HRM as “activities designed to provide for and coordinate the human resources of an organization.” In addition, Boxall & Purcell (2000) argue that “HRM includes anything and everything associated with the management of employment relationships in the firm.” The words anything and everything in the definition explains the wider range of issues comprising policies such employment contract and ways in which employees may be involved and participate in areas not directly covered by the employment contract thus ensuring suitable work life. Further, it goes beyond employment relations or industrial relations, which personnel management would not have been able to render in organizations. However, the four key dimensions to HRM as postulated by Guest (1987) include;

- Commitment- It is expected of employees to identify the interests and goals of the organizations and be aligned and committed in achieving these goals.
- Flexibility- Employees are expected to adapt willingly to change within the organizational structure, without any strife or prejudice.
- Quality- High levels performance attainment of organization depends on the quality of members of staff and management of such organization.
- Integration It involves the matching of human resources strategies to the needs of the business strategy .(Guest, 1987).

Human capital management as human capital is one of the four types of assets managed in organizations that includes;

- physical assets such as land, buildings, equipment etc;
- financial asset such as stocks, securities etc;
- human assets are competent individuals with capacity to render services to the organizations;
- intangible assets like patents, designs etc.

These assets are essential and vital at varying degrees in the operations of any organization however, human assets operate at the pivot of the operations. Human assets in organizations control, guides and manage the use of other assets in order to achieve organizational goals. It is important to emphasise that human capital is not basically individuals in organizations; rather it is what they have to contribute in achieving organizational goals. Robert & Elizabeth (2003) define Human Capital as “the collective value of the capabilities, knowledge, skills, life experiences and motivation of an organizational workforce.” It is also referred to as “intellectual capital to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute” (Mathis & Jackson, 2006).

HR in organizations and generally all managers in organizations are regarded as HR managers. College Dean, matron, sales managers and supervisors are all assumed to engage in HR management, but their effectiveness and efficiency depend on how HR system is being organized and managed in organizations. Essentially, it is inappropriate to engage a Matron (Head nurse) or an Engineering manager in designing and administering HR activities such as pay system and reward, human resource planning, recruitment and selection, employment regulations etc. Therefore, medium and large organizations create HR department and equip it with HR specialists that can conveniently handle these activities. However, smaller organizations do engage in some of these activities, where the owner usually handles them. And in some other small businesses, clerical assistant is employed to handle the payroll systems, record keeping and other clerical work. Supervisors and Managers

(irrespective of their departments) are involved in recruiting, selecting and training prospective employees, as a result these activities tend to shift their attention away from their primary assignments and reduce the time they spend on their core and other business areas.

2. Operational & Employee Advocate role of HR

Large private and commercial organizations usually have HR Director or Manager, who sees to the smooth running of every aspect of employees in the organization from recruitment to dismissal or retirement. In such organizations HR department is at the pivot of decision making reporting directly to the CEO/Managing Director and also involve in policy making. However, the potential, business nature, culture and resource of organization will determine if HR Manager/administrator would be involved in performing such role. Some organizations would only require regulatory HR task, which is referred to as operational HR management, where HR sees that employees are well resourced and functional. In performing operational role, HR specialists are expected to identify and implement required policies in collaboration with operating managers. HR practitioners are seen as “welfare officers & advocate”, who see to the betterment of the employees in organizations, who do not care about business realities and neither contribute to the attainment of the organizational goals. It is important noting that HR practitioners spend quality time in managing “organization crisis” regarding employees both work and non-work related challenges, without which could have resulted to lawsuits and complaints. Welfare/advocate role is important to make organizations better place to work and employees receive fair and equitable treatment irrespective of their circumstances.

3. Strategic role of HR

For HR practitioners to perform their strategic role in organizations; they must be ready to contribute their quota to the development and growth of their organizations. In other words, they should be ready to add tangible value to organization effectiveness and efficiency. There is a clarion call advocating for HR Managers to become strategic contributors to the organization success, by managing human resources in a business-like approach. HR practitioners would require being proactive in dealing with organizational policies and being futuristic regarding human resource planning, compensation strategies, and add value to the management of their organizations.

4. Organizational Performance & HRM

The primary objective of HRM in organizations is to fast track the achievement of organizational performance. However, the HR practitioners look for evidence to prove that people are the most important asset in organizations so good HR practice will surely deliver this evidence. Effective people management is seen as more critical and essential than other policies such as quality, technology, competitive strategy, etc., in terms of influence on the organizational performance (Patterson 1998). Byars& Rue (2004) point out that organizational performance can be enhanced by increasing productivity. Peter Drucker defines productivity as “that balance between all factors of production that will give the greatest output for the smallest effort”. Eatwell and Newman (1991) define productivity as a ratio of some measure of output to some index of input use. Put differently, productivity is nothing more than the arithmetic ratio between the amount produced and the amount of resources used in the course of production. This concept of productivity goes to imply that it can indeed be perceived as the output per unit input or the efficiency with which all factors of production such as capital, materials & energy are utilized (Samuelson and Nordhaus, 1995). Essentially, HR practitioners have limited impact on resources such as capital & materials, but have greater impact on the labour component. They can influence the employees commitment, raise their morale and motivate them. Emphasis has been placed on pay or reward systems in order to achieve high level performance outcomes. Organizations therefore, engage in some practices such as bonus schemes for employees in the production unit, performance related pay for managers and administrative staff, incentive systems for sales and service employees, etc. Further, employees commitment is therefore encouraged by aligning reward system with organisational performance, which could be in form of profit sharing employee stock options, payment of 13th month pay or gain sharing. It is therefore important to state that HR managers have unique opportunity to increase productivity, which has direct link with organizational performance.

5. Conclusion

HR functions also include managing change, introducing new technology, innovation and diversity. Regular social audits of HR functions are necessary because of the large role HR plays within any organization. HR’s ultimate goal is to provide a link between the organization and the employees because the organization needs employees commitment. Employees need to be made aware of things like sales growth, restructuring plans, sharp price movements and any challenges facing the country and their organization in particular. This can be done by videos, films, lectures and booklets.

The main responsibilities of a human resource manager are:

- To fully develop knowledge of corporate culture, plans and policies.
- To initiate change where necessary and act as a facilitator.
- To actively participate in formulating company strategy.
- To be a consultant to change.
- To ensure communication remains open between the HR department (HRD), individuals and groups inside and outside the organization.
- To identify and advance HR strategies that match the company's business strategy.
- To develop particular organizational teams and assist in the effective working relationships between the teams and individuals.
- To ensure the organization's goals are achieved by effective co-operation of employees.
- To identify any problems, particularly in the HR area and to find effective solutions.
- To contribute to the coordination and support services for HRD programs.
- To assess the effectiveness of HRD programs and to do research in order to find out how the HRD has affected (improved or otherwise) individual or organizational performance.

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