

## ROLE AND IMPORTANCE OF HUMAN RESOURCE MANAGEMENT (HRM) IN ORGANIZATION

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### ABSTRACT

*Human Resource Management (HRM) is an operation in companies designed to maximize employee performance in order to meet the employer's strategic goals and objectives. More precisely, HRM focuses on management of people within companies, emphasizing on policies and systems. It is the process of recruiting, selecting employees, providing proper orientation and induction, imparting proper training and developing skills. It also includes employee assessment like performance appraisal, facilitating proper compensation and benefits, encouragement, maintaining proper relations with labor and with trade unions, and taking care of employee safety, welfare and health by complying with labor laws of the state or country concerned. 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 main aim of the paper is to highlight the role and importance of Human Resource Management system in organization.*

**Keywords:** *Human Resources Management, HRM, Structured, Organization, Personnel Management, Training and Development, Appraisal, Job design and Job analysis.*

### Introduction

HRM is concerned with people working with the organization. It is concerned with getting better results with the collaboration of people. HRM aims at achieving maximum individual development, positive working relationship between employees and employers, employees and employees. It is an integral but separate branch of management, concerned with people at work and their relationships within the enterprise. It is the recruitment, selection, development, utilization, compensation and motivation of human resources by the organization. The basic nature of Human Resource Management is a process of bringing people and organizations together in such a manner that both are at win-win situation. The various features of HRM are detailed as under:-

- It helps employees to *develop* to their potential.
- It *motivates* employees to give their best to the organization.
- It is concerned with people at work, *individually* as well as in *groups*.
- It helps in *assigning* jobs to the people as per their qualification and abilities.
- It helps in creating and maintaining cordial relations between people working at different levels of the hierarchy.

- It is pervasive in nature as it is present in forms of organizations.
- Its helps in crating a disciplined environment in the organization.
- To help the organization reach its goals.
- To ensure effective utilization and maximum development of human resources.
- To ensure respect for human beings. To identify and satisfy the needs of individuals.
- To ensure reconciliation of individual goals with those of the organization.
- To achieve and maintain high morale among employees.
- To provide the organization with well-trained and well-motivated employees.
- To increase to the fullest the employee's job satisfaction and self-actualization.
- To develop and maintain a quality of work life.
- To be ethically and socially responsive to the needs of society.
- To develop overall personality of each employee in its multidimensional aspect.
- To enhance employee's capabilities to perform the present job.
- To equip the employees with precision and clarity in trans-action of business.
- To inculcate the sense of team spirit, team work and inter-team collaboration.

## Literature Review

Human resource management is a strategic approach to managing employment relation which emphasizes that leveraging people capabilities is critical to gain sustainable competitive advantage, this being achieved via a distinctive set of integrated employment policies, programs and practices (Bratton J and Gold J, 2003). The actual capital of the organization is the human abilities to utilize the human being as a capital. Each organization has too much cash to commence the business but have not professional bodies to use them at the right pace and at the right time. And HR is strategic partner of the business which runs with the business and takes the business towards the success (iftikar M 2004). The global and competitive market environment has led to new challengers for the individuals and organization. Without having a well trained and well prepared labor force, businesses drop the ability to compete with national and international rivals, resulting in decreased economic success (Tomaka, 2005). For the last ten years, the workplace in the organization has a lot of issues, like increased international and national competition, fast technologies and scientific changes, workforce demography, wider utilization of information technologies etc (Ferner and Hyman, 2007). Humane resource managers should understand all kinds of these issues and should develop suitable strategies in order to help their organization. Humane resource management is vital for the organization to achieve its goals and success (Pfeffer, Jackson and Schuler, Barney, 2009). According to Tokesky and Kornides (1994), to show the importance of HR department to the employees, managers should try to show the relation between human resource management and organizational success. In turn, HRM is increasing used to recognize the importance of employees as corporate assets. Employees must have, therefore, a wide variety of technical and interpersonal workplace skills and competencies that allow them to work with advanced technologies and function optimally in today's high performing organizations

(Combs et al., 20011). The skills, knowledge and the experience of the employees are economic values for the organization because the employees enable the organization adaptable and productive. The organizations that run their HR department successfully have higher level of productivity, higher market value, higher profitability and meeting the needs of their shareholders, investors, customers, employees and at the end the needs of the society (Schuler and Jackson, 2015). CEOs and managers need to analysis their human resource strategies and practices if they hope to create and retain a viable workforce. In the manufacturing sector, Lam and White (2016) present strong evidence that a combination of extensive training and development programs, above-average compensation and benefits, and effective recruitment practices positively influence corporate performance. Huselid (2017) demonstrated convincingly too that human resource management practices known as high-performance workplace practices (HPWP) (e.g. training, incentive compensation, selectivity all of which are performance enhancing) are linked to greater productivity and financial performance. Combs et al. (2018) found a positive correlation between HPWP and both operational (e.g. retention and productivity) and financial (e.g. accounting or marketing returns) performance.

## **Objectives of the Study**

1. To study Scope of HRM in India
2. To study the role and importance of HRM in India.

### **The Scope of Human Resource Management in India**

The scope of HRM is very wide. It consists of all the functions that come under the banner of human resource management. The different functions are as follows –

#### **Human Resources Planning**

It is the process by which a company identifies how many positions are vacant and whether the company has excess staff or shortage of staff and subsequently deals with this need of excess or shortage.

#### **Job Analysis Design**

Job analysis can be defined as the process of noticing and regulating in detail the particular job duties and requirements and the relative importance of these duties for a given job. Job analysis design is a process of designing jobs where evaluations are made regarding the data collected on a job. It gives an elaborate description about each and every job in the company.

#### **Recruitment and Selection**

With respect to the information collected from job analysis, the company prepares advertisements and publishes them on various social media platforms. This is known as recruitment. A number of applications are received after the advertisement is presented, interviews are conducted and the deserving employees are selected. Thus, recruitment and selection is yet another essential area of HRM.

**Orientation and Induction**

After the employees are selected, an induction or orientation program is organized. The employees are updated about the background of the company as well as culture, values, and work ethics of the company and they are also introduced to the other employees.

**Training and Development**

Employees have to undergo a training program, which assists them to put up a better performance on the job. Sometimes, training is also conducted for currently working experienced staff so as to help them improve their skills further. This is known as refresher training.

**Performance Appraisal**

After the employees have put in around 1 year of service, performance appraisal is organized in order to check their performance. On the basis of these appraisals, future promotions, incentives, and increments in salary are decided.

**Compensation Planning and Remuneration**

Under compensation planning and remuneration, various rules and regulations regarding compensation and related aspects are taken care of. It is the duty of the HR department to look into remuneration and compensation planning.

**Importance of Human Resource Management**

The human resources are multidimensional in nature. From the national point of view, human resources may be defined as the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the viewpoint of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees. In the 21st century HRM will be influenced by following factors, which will work as various issues affecting its strategy:

- Size of the workforce.
- Rising employees' expectations
- Drastic changes in the technology as well as Life-style changes.
- Composition of workforce. New skills required.
- Environmental challenges.
- Lean and mean organizations.
- Impact of new economic policy. Political ideology of the Government.
- Downsizing and rightsizing of the organizations.
- Culture prevailing in the organization etc.

**AT BUSINESS LEVEL, WHETHER IT IS A PRODUCT OR SERVICE TO THE MARKET [PEOPLE-CONSUMERS]**

- HRM is as important as the other functions like marketing/finance to business.
- HRM can make significant contributions to the business strategic management.
- HRM helps Improved delivery as it ultimately depends on enabled, engaged and capable

people.

-HRM is important we make the most of that investment, particularly given the evidence of a direct link between the success of an organisation and the quality of its people management. The most successful organisations manage their people well and reap the rewards.

HRM professionals must help to achieve better delivery, using their expertise to build capability and support change in their organisations whilst providing value for money services.

HRM Transformation is about changing the way HR professionals deliver services to the people in their organisations and improving the partnership between managers and HR professionals to get the best out of people.

### **Why is HRM ROLE Is Important TO THE BUSINESS.**

HRM professionals are responsible for hiring and protecting your company's most important asset-people. Without strong, satisfied and motivated people in place your business will not grow to its potential.

HRM include experts in the field of Organizational Development, Change Management, Continuous Process Improvement, as well as those in Benefits Administration, Recruiting, Policy Analysis, and Training.

HRM is the partner in your business that is the expert on people and human behavior.

HRM is an integral part of organization management.

Good/ effective HR is about observation and analysis behind the scenes, compiling complex data about individual workers as they progress through the workforce.

HRM professionals can build measurable strategies to address turnover, low morale and underperforming employees.

HRM can instill in employees a clear understanding of what your organization is trying to achieve and why.

HRM can instill in employees enthusiasm about your team's and organization's goals.

HRM can help the employees to have a clear "line of sight" between their tasks and their team's and organization's goals.

HRM drive satisfaction into employees with the work they have accomplished at the end of the week.

HRM can instill a feeling into the employees that their organization fully enables them to execute key goals.

HRM can instill a feeling into employees they work in a high-trust environment.

HRM can create/ foster open communication that is respectful of differing opinions and that results in new and better ideas.

HRM can make the employees feel that their organization holds people accountable for results.

HRM can make the employees feel fully trusted the organization they worked for.

HRM can develop teamwork with high-trust, highly cooperative working relationships with other groups or departments.

### **Why Is HRM Important to THE ORGANIZATION ?**

It costs approximately three times more to recruit and train a new employee than it does to retain and develop an existing employee. And this doesn't even take into account the hidden costs associated with misdirected management time spent on recruiting activities rather than effectively managing existing staff.

The fact is, employees are the lifeblood of every organization. The better they are—the better qualified, trained, and managed—the more effective and profitable your organization will be.

HRM management solutions can help you manage your employees for greater profit with processes that help ensure:

- HRM can align itself with the organization objectives/strategies.
- HRM can make contribution to the organization's effectiveness
- HRM can make contribution to the organization's efficiency
- HRM can make contribution to the organization's productivity improvements
- HRM can help to set up/ manage the succession planning program.
- HRM can help to set up/ manage the talent management program.
- HRM can help to set up/ manage the career planning/ development program.
- HRM can manage the organization development programs
- HRM can manage the organization change management programs.
- HRM can a vital role in mergers/acquisitions programs of the company.
- HRM can offer a market oriented compensation advice.
- HRM can develop the organization's core competencies.
- HRM can help to set up/ manage the organization's performance management programs
- HRM can lead the way in changing the organization culture
- HRM can help to set up / manage the organizations training/ management development programs

### **WHAT HR management PROVIDES to the organization?**

- as the economy grows/declines, manages the demand for HR resources changes not only in quantity but also in quality/types.
- manages the social pressure to provide the right environment for employees.
- manages the political pressure to employ local population, irrespective of skills/ knowledge.
- manages the legal challenges to recruitment/ compensation on discrimination.
- manages the technology changes, means getting right type of people or provide the right type of training.
- manages the competitive pressure to get the right talent at the right compensation.
- manages the strategic HR planning.
- manages the HR BUDGET constraint to get the best resources for the least.
- sales/production increases in business, puts pressure on HR to recruit more for less.
- sales/production decreases in business, puts pressure on HR to rationalize recruitment.
- new venture means demand for new type of skills/ knowledge.



- acquisitions/ mergers means rationalization of HR.
- Organization development means HR implementing new structure, new culture, new systems etc.
- Job redesign means HR implementing new methods, new process, new systems etc.
- Globalization means managing HR diversity, new culturechange, new training etc.

### **Human Resource Management: Futuristic Vision**

On the basis of the various issues and challenges the following suggestions will be of much help to the philosophy of HRM with regard to its futuristic vision:

1. There should be a properly defined recruitment policy in the organization that should give its focus on professional aspect and merit based selection.
2. In every decision-making process there should be given proper weightage to the aspect that employees are involved wherever possible. It will ultimately lead to sense of team spirit, team-work and inter-team collaboration.
3. Opportunity and comprehensive framework should be provided for full expression of employees' talents and manifest potentialities.
4. Networking skills of the organizations should be developed internally and externally as well as horizontally and vertically.
5. For performance appraisal of the employee's emphasis should be given to 360 degree feedback which is based on the review by superiors, peers, subordinates as well as self-review.
6. 360 degree feedback will further lead to increased focus on customer services, creating of highly involved workforce, decreased hierarchies, avoiding discrimination and biases and identifying performance threshold.
7. More emphasis should be given to Total Quality Management. TQM will cover all employees at all levels; it will conform to customer's needs and expectations; it will ensure effective utilization of resources and will lead towards continuous improvement in all spheres and activities of the organization.
8. There should be focus on job rotation so that vision and knowledge of the employees are broadened as well as potentialities of the employees are increased for future job prospects.
9. For proper utilization of manpower in the organization the concept of six sigma of improving productivity should be intermingled in the HRM strategy.
10. The capacities of the employees should be assessed through potential appraisal for performing new roles and responsibilities. It should not be confined to organizational aspects only but the environmental changes of political, economic and social considerations should also be taken into account.
11. The career of the employees should be planned in such a way that individualizing process and socializing process come together for fusion process and career planning should constitute the part of human resource planning.

### **Conclusion**

Human Resource Management should be linked with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility. All the above futuristic visions coupled with strategic goals and objectives should be based on 3 H's of Heart, Head and Hand i.e., we should feel by Heart, think by Head and implement by Hand.

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