A COMPREHENSIVE REVIEW ON HUMAN RESOURCE MANAGEMENT PRACTICES

B. SWATHI

Research Scholar, JNTU Hyderabad and Associate Professor, Department of Master of Business Administration,

St. Martin's Engineering College, Secunderabad, Telangana, India

ABSTRACT

This paper has been designed to review the existing literature available on HRM Practices. The purpose of this paper is to develop an understanding of HRM Practices and to examine the unique HRM practices implemented by different companies. Human Resource is the most important asset for any organization and it is the source of achieving competitive advantage. Managing human resources is very challenging as compared to managing technology or capital and for its effective management, organization requires effective HRM system. In this paper, an endeavour has been made to provide an overview of various aspects of Human Resource Management practices through the review of existing literature. The sources referred include various journals, books, doctoral thesis, working papers, reports, magazines, internet sites, newspapers etc and has been reflected as references at the end.

KEYWORDS: HRM Practices, Innovative Practices, Effective Management, Human Resource, Competitive Advantage

INTRODUCTION

Several scholars have noted that managing people/human resources is more difficult than managing technology or capital (Barney, 1991; Lado and Wilson, 1994). Human resources are the source of achieving competitive advantage because of its capability to convert the other resources (money, machine, methods and material) in to output (product/service). The effective utilization and management of human resources requires sound Human Resource Management systems. According to Khatri (1999), people are one of the most important factors providing flexibility and adaptability to organizations. Rundle (1997) argues that one needs to bear in mind that people (managers), not the firm, are the adaptive mechanism in determining how the firm will respond to the competitive environment.

HRM enables the companies to improve organizational culture and behavior in such areas as staff commitment, competency and flexibility, which leads to improved staff performance (Koch and McGrath, 1996). HRM practices refer to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals (Schuler & Jackson, 1987; Schuler & MacMillan, 1984; Wright & Snell, 1991). HRM practices may differ from one organization to another and from one country to another.

HUMAN RESOURCE MANAGEMENT DEFINITION

Human resources may be defined as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes, approaches and beliefs of the individuals involved in the affairs of the organization. It is the sum total or aggregate of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the persons employed in the organization. Human Resource Management is the management activity responsible of actions and decisions that affect the relations between the organization and its members.

FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

Human Resource Management (HRM) is the term used to describe formal systems devised for the management of people within an organization. These functions of human resources are generally divided into three major areas of management: staffing, employee compensation, and defining/designing work. Essentially, the purpose of HRM is to maximize the productivity of an organization by optimizing the effectiveness of its employees.

Finally the core roles of human resource management may be grouped into three categories, and the subcategories listed below [3]:

Planning and Organizing for Work, People and HRM

- Strategic perspective

- Organization design

- Change management

- Corporate wellness management

People Acquisition and Development

- Staffing the organization

- Training & development

- Career management

- Performance management

- Industrial relations

Administration of Policies, Programmes & Practices

- Compensation management

- Information management

- Administrative management

- Financial management

TYPES OF HRM PRACTICES

Many researches on HRM practices have been conducted from time to time and researchers have identified different practices by different names. As quoted in (Kok Jan de et al., 2003), researchers variously refer to certain sets of HRM practices influenced by the HRM profession as "best practice," or "high-performance" (Huselid, 1995), "formal" (Aldrich and Langton, 1997; de Kok and Uhlaner, 2001; Heneman and Berkley, 1999), "sophisticated" (Golhar and Deshpande, 1997; Hornsby and Kuratko, 1990; Goss et al., 1994; Wagner, 1998) or as "professional" (Gnan and Songini, 2003; Matlay, 1999). Pfeffer (1994; 1998), argued the most appropriate term is "Best HRM Practices".

Several attempts have been made from time to time by different researchers to identify the type of HRM practices

in different sectors. Initially Pfeffer (1994) identified 16 practices which denote best practice. This was later refined to the following seven practices:

- Employment security

- Selective hiring

- Self-managed teams/team working

- High compensation contingent on organizational performance

- Extensive training

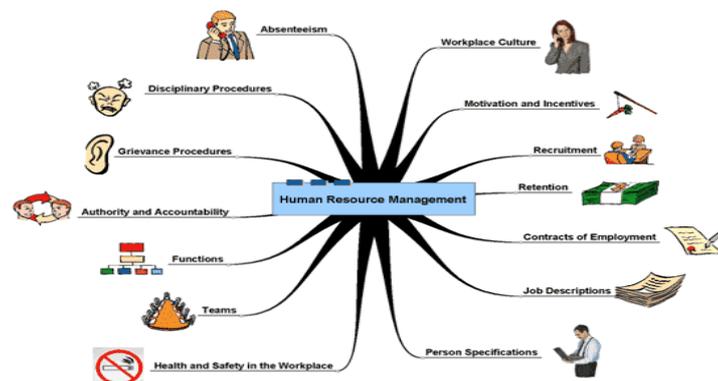- Reduction in status difference

- Sharing information

Figure 1: Functions of Human Resource Management

The above figure 1 depicts the various important functions performed by HRM in an organization which are the most important ingredients for running a successful organization.

PRINCIPLES OF HUMAN RESOURCE MANAGEMENT

The complexity of the human resources management and its ability to be creative and scientific resource, results form its fundamental principles underlying at its foundation. From these principles we underline the most relevant and meaningful [4]:

- The principle of previewing, training/forming and providing human resources in relation to the requirements of scientific and technical revolution and the concrete needs of organizations;

- The principle of continuous training of human resources for the purpose of saving financial resources on the one hand and rapid integration into employment of human resources on the other hand;

- The principle of recruitment, selection and orientation in relation to the needs of ensuring consistency between quantitative and qualitative employment resources and available jobs;

- The principle of personnel assessment, physical energy and mental stress resulting from the assessment of workstations and work performance;

- The principle of motivation of employees, establishment and differentiation of remuneration in relation to the weight and the intensity of the work and the quantitative and qualitative performances, promoting and building professional careers;

- The principle of labor protection facing the risks of illness and accidents work and the social protection facing social risks that cannot be previewed;

- The principle of maximum economic efficiency of utilization of all resources in conditions of security and health protection, highlighting the productivity gains on workstation, individuals or work teams;

- The principle of information, communication, personal negotiation and by representatives (unions, associations, councils, etc.)

- The principle of integration, cooperation and the participation of employees in decision - making and to the achievement of the organization's objectives.

HUMAN RESOURCE MANAGEMENT—KEY RESPONSIBILITIES

Human resource management is concerned with the development of both individuals and the organization in which they operate. HRM, then, is engaged not only in securing and developing the talents of individual workers, but also in implementing programs that enhance communication and cooperation between those individual workers in order to nurture organizational development. The primary responsibilities associated with human resource management include: job analysis and staffing, organization and utilization of work force, measurement and appraisal of work force performance, implementation of reward systems for employees, professional development of workers, and maintenance of work force.

ETHICS IN HUMAN RESOURCE MANAGEMENT

Ethical considerations are becoming increasingly important to HR departments in American industries. A tension often exists between a company's financial goals and strategies to improve profits, and ethical considerations with right-behavior concerns. Since human resources departments are often most focused on employees and employee behavior, it falls to them to define ethical behavior, communicate specialized ethical codes, and update or elaborate on existing right-behavior expectations. Human resource management systems are expected to communicate ethical values and so improve company performance.

In the absence of a fully separate ethics department, HR departments can struggle with this ethical burden. A 2008 study done by SHRM, the Society for Human Resource Management, showed that over 50 percent of employers did not make ethical considerations part of their employee evaluations. About half of employees did not think they had means to find ethical advice within their company, and even 19 percent of human resources professionals felt pressure to compromise their ethical standards, coming from multiple directions within their companies, though the HR department was the primary resource for ethical information in 80 percent of studied companies.

EMPLOYEE SEPARATION AND TURNOVER

One of the most important functions of HRM is to oversee smooth and successful employee separations and turnover. There is always a certain amount of employee turnover at any company, with people voluntarily quitting their

jobs for a host of different reasons. These employee separations differ from normal personnel losses resulting from acquisitions, in which employees are laid off and not replaced. For every separation, HR must use recruitment strategies to find a new employee and make sure that the company workforce does not suffer through less skilled workers or workers who are more likely to quit.

There are three types of external employee movement that concern HR departments. The first consists of pure growth, or acquisitions where the company only gains employees without having an excess to lay off, usually involving the annexation of a department or production line. The second type is pure reduction, or movement that only loses employees, such as a series of layoffs to cut costs. Third is all the possible combinations of the first two.

When HR needs to manage such employee separation (and the collective efforts to replace them with other talented workers), separation is divided into three different components, from which policies toward the change can be formed. The first component is quantity: how many employees are leaving the company? These leaving employees, once quantified, are sometimes separated further into categories based on company branches or position. The second component is the quality of employees leaving the organizations. This can refer to the positions they held, the particular talents they possessed (which may be hard to replace), and how they fit into the company's strategies. The third component consists of the costs to the company (costs involved in losing employees, recruiting new ones, and/or training those acquired during a merger).

SUCCESSION PLANNING

Succession planning is another vital part of the HR planning process. It refers to the way in which a company forms policies for replacing key members of its organization, shifting transfer of authority and responsibility carefully from a leaving member to a new member. Often, this means making sure that an arriving employee has the necessary training and experience to fulfill their functions.

HR PLANNING

HR planning attempts to connect employees to the vision, needs, and strategic plans of the company, including management of all aspects of human resources. Essentially, good HR planning will ensure that the best possible employees (with the right talents, ambitions, and personalities) will find the best possible positions within the organization. HR planning can be done in both the short and long term, although long-term strategies are the most common for HR planning purposes.

When HR planning, the company should tie in all of its HR processes to the company's goal and objectives. If HR planning does not exist to further specific objectives of the country, it is not fulfilling its purpose. This can lead to very wide parameters in HR planning, which can include most activities involving connections between employees and the structure of the business itself.

CONCLUSIONS

The review of the literature on HRM practices have shown that to effectively manage the human resources the organizations have to implement innovative HRM practices. The organizations which implements such practices with dedication, remains ahead of their competitors because such practices affects other variables such as competitive

advantage, job satisfaction, financial performance, employee turnover, service quality, employee commitment etc. in a positive manner and leads to overall corporate performance. While designing and implementing such practices, one important thing is to be kept in mind that the HRM practices should be analysed from time to time and it should be updated accordingly. Line managers should be involved in designing HRM practices and survey should be conducted among employees to know their opinion about HRM practices. This will help the organization to take corrective actions at the right time.

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