

# Importance of hrm for the function of organisations



The functioning of modern organizations is highly dependent on the effectiveness of human resource management, which affects consistently the organizational development. In actuality, human resources comprise important assets of any organization. In such a situation, many organizations are concerned with the improvement of the performance of human resources through motivating employees and developing effective approaches to human resource management. Traditionally, human resource management played an important role in the effective functioning of an organization. At the same time, the present epoch is characterized by the development of numerous human resource challenges which were practically unknown in the past. In such a situation it is extremely important to clearly identify the problem or problems and their major causes in order to be able to cope with the HR challenges and maintain normal functioning of organizations. In this respect, it should be said that the wide implementation of new technologies is one of the main HR challenges many organizations working in different fields, including healthcare, face since they create serious problems caused by the gaps in the professional qualification of the personnel and the wide implementation of new technologies. In such a context, it is obvious that human resource management affects consistently the performance of organizations and the improvement of the organizational process that can be achieved through effective motivation of employees and effective leadership. In the contemporary business environment, human resources play an extremely important role because the development of organization occurs on the ground of the introduction of innovations. The introduction of innovations helps companies to take a leading position in the market and get

competitive advantages over their rivals. In fact, the potential of human resources may be the major source of innovations because employees are able to generate new knowledge and introduce innovations. In this regard, the improvement of the organizational performance occurs due to the effective human resource management that can stimulate employees to innovative activities. At the same time, the effective human resource management may be a serious challenge for organizations.

On analyzing the major HR challenges caused by the implementation of new technologies, it should be pointed out that probably the most serious problem is the lack of experience and essential skills of the personnel to work with new equipment and apply new technologies in practice. To put it more precisely, the current development of new technologies turns to be faster than the professional training of the personnel. What is meant here is the fact that professionals simply do not have knowledge, skills and experience to practically implement new technologies (Notorantonio, 2006). As a result, new technologies that could be very perspective and could increase substantially the work of the personnel and the performance of the organization at large are used only partially or, at any rate, their potential is not fully used.

At the same time, the implementation of new technology and the lack of essential skills and knowledge engender another serious challenges - the necessity of the professional training of the personnel in order to increase the qualification of professionals and prepare them to work effectively with new technologies. However, it should be said that the organization of training courses and implementation of some educational programs may be <https://assignbuster.com/importance-of-hrm-for-the-function-of-organisations/>

viewed only as a partial solution of this problem because in the modern, rapidly progressing world it is practically impossible that professionals could maintain the high professional level only with the help of special training or some educational programs (Clarke, 2001). In fact, nowadays, good professionals should be able to acquire new knowledge and develop new skills independently from any training programs or educators. In fact, self-education should become the major trend in the preparation of professionals to work in the modern world. In such a way, they should learn to progress constantly and improve their professional level without any external assistance but on the basis of their own skills and abilities to acquire new knowledge and develop new skills.

Today, organizations attempt to keep their employees motivated and satisfied with their position and work that contributes to the higher productivity and effectiveness of work and, therefore, it contributes to the better organizational performance. In such a situation compensation methods and benefit programs may be crucial for employees and organizations, but it is important to understand the fact that compensation and financial stimuli are not the only factors that can have a positive impact on the organizational performance.

First of all, it should be said that compensation methods are primarily used to motivate employees work better. In this respect, it should be said that such motivation heavily relies on the idea of utility as the cornerstone of the utilitarianism. In other words, the motivation is defined by individual's needs and interests, which are prior to all other factors that can motivate him/her.

To put it more precisely, the utilitarian approach to the motivation stands on <https://assignbuster.com/importance-of-hrm-for-the-function-of-organisations/>

the ground that people are more likely to get motivated to do some actions, for instance, when they get some benefits from it and, on the contrary, the risk of losses or some harm that may be caused by these actions is an important factor that decreases considerably the motivation of an individual.

It should be pointed out that the utilitarian approach to the motivation heavily relies on the rationalism of an individual since, in terms of this theory, human actions are determined by their utility or profitability (Clarke, 2000). This means that it is only a perspective of some benefits that can really motivate a person, but, on the other hand, such a utilitarian view implies that an individual should evaluate carefully all his/her action and motivation is also rationally justified and evaluated because it is on the basis of the rational judgment an individual can get either motivated or non-motivated to take an action. At first glance, such an approach seems to be logical and quite convincing, but, in actuality, it proves to be rather naïve because such a view on the motivation means that people are unable to spontaneous actions. In other words, the motivation is rather a rational act than a spontaneous or unplanned act.

In such a context, the use of financial compensation seems to be efficient. At the same time, different types of compensations may have different effects. For instance, skill-based pay implies that employees' skills play the primary role in their benefits. Hence, they are motivated to train and improve their qualification, but, on the other hand, it does not ensure really effective and productive work because the quantity or productivity of work is not mirrored in benefit programs and compensations. The same trend may be traced in regard to the competence play. On the other hand, compensation and <https://assignbuster.com/importance-of-hrm-for-the-function-of-organisations/>

benefit programs cannot rely solely on the productivity of employees, the amount of products or services they create and provide for customers because it does not stimulate the professional development of employees.

In this respect, the variable pay seems to be the most balanced compensation and benefit program because it stimulates both professional development of employees along with high effectiveness and productivity of their work. As a result, employees are interested to work better and, what is more important, they are conscious of the fact that if they learn, train and improve their qualification they will have better career prospects and higher benefits.

In such a situation, the motivation of employees is very important because it contributes to the improvement of the organizational performance consistently. At the same time, the development of effective human resource management and motivation of employees leading to the consistent improvement of their organizational performance is impossible without the effective leadership. The process improvement occurs in the course of the organizational development, which is grounded on the development of the human resource management and effective leadership that helps employees to maximize the effectiveness of their organizational performance.

In this respect, it is important to lay emphasis on the fact that the organizational performance is grounded on the effective leadership and the process improvement is impossible without the leadership as well. At this point, it is worth mentioning the fact that the leadership contributes to the consistent improvement of the organizational performance. However,

contemporary leaders pay a particular attention to the improvement of the organizational performance through the improvement of the effectiveness of the human resource management. In actuality, leaders are particularly effective in motivating of employees. At this point, it is important to lay emphasis on the fact that effective leaders can motivate employees without using financial motivators. Consequently, organizations can save costs and maximize their organizational performance using the power and leadership qualities of their leaders to motivate employees and to maximize their performance. Moreover, charismatic and effective leaders can encourage their employees to develop innovations and introduce innovative approaches to their work. Therefore, the development of the effective leadership style can be crucial for the process improvement and the improvement of the organizational performance.

In actuality, it is possible to distinguish different leadership styles which are considered to be effective. In this respect, it is possible to single out transformational leadership style as one of the most effective leadership styles in the contemporary business environment. In fact, the transformational leadership style facilitates the introduction of changes and innovations in organizations and managers can use the transformational leadership style to maximize the effectiveness of the organizational performance. The transformational leadership style implies that leaders act as stewards to their employees and guide them in the course of the introduction of change, innovation, or their regular work. In such a way, leaders close the gap between them and their subordinates and help to facilitate the introduction of changes and maximize the effectiveness of the

performance of employees. Therefore, the organizational performance depends consistently on the effectiveness of the leadership and human resource management. In such a situation, leaders can stimulate and motivate their employees to improve their performance and the organizational performance at large that leads to the overall improvement of the organizational development.

Thus, taking into account all above mentioned, it is important to lay emphasis on the fact that contemporary organizations depend on the effectiveness of the performance of their human resources and leadership. In this regard, leaders can facilitate the introduction of changes and other processes that improve the organizational development and organizational performance. In fact, the motivation of employees and ability of managers to introduce changes contribute consistently to the improvement of the organizational performance. As a result, it is possible to estimate that the rapid technological development, leading to numerous HR challenges related to the unpreparedness of professionals to the practical implementation of these technologies and leading to the necessity of organization of training courses and educational programs, can be used more effectively if the personnel comes prepared and being conscious of the necessity to continue their education and development of new skills and knowledge on their own as a part of their professional development. Consequently, modern organizations are dependent on the leadership, motivation of employees, effective human resource management that facilitates and improves the organizational performance.



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