

# Human resource management (hrm)

[Literature](#), [Russian Literature](#)



Human resource management is the function within an organisation that deals with recruitment, management and communication. The size of an organisation's HRM is dependent on the general size of the organisation a small businesses may for example only have one member of staff responsible for HRM where as a multinational company would have a huge HRM department in its head office. This assignment will look at how much HRM is responsible for improving organisational performance.

Human resource management is clearly an integral part of any business and without it a business may not achieve a greater level of success as it would have by employing a successful human resource management operation. By employing staff to conduct human resource activities within the business it then allows the other areas of the business to focus on their individual job roles Before looking at how HRM affects performance it's important to note what organisational performance is. "Organizational Performance" is a broad construct which captures what agencies do, produce, and accomplish for the various constituencies with which they interact.

There are six dimensions in which for measuring organisational performance these are Productivity Employee satisfaction Client satisfaction Client impact Service quality Resource acquisition and domain maintenance Organisations will always strive to achieve the best structure and performance possible. In order to maximise the effectiveness of this a good use of HRM will be required. The way HRM is best used to improve organisational performance is by implementing a good strategy. The strategy in relation to HRM can be split into two terms strategy as a plan and strategy as a system of management.

Strategy as a plan is when an organisation uses their strategy as a way of interacting with the competitive environment. It's derived from the term "military strategy" and what it means is that an organisation will use this as their corporate strategy and will expect all employees to adhere to it strictly. This type of strategy is usually constructed by those at the highest levels of an organisation i. e. the senior executives' and have a significant impact on the way the organisation is run.

As mentioned earlier the second type of strategy is strategy as a system of management this strategy unlike strategy as a plan is less formal and regulated. The main difference between the two strategies is the first strategy focuses on using it strategy as a set way of running the organisation where as this one offers guidelines and offers principles in the way the company should be run.

An organisation who adopts a strong strategic plan will benefit from having a corporate direction e. g. they will have an idea where they want to be in the long term(e. g. 5-20 years )having a good strategy is the foundation for both deciding how to run HRM as well as how the actual organisation should be run. The different types of strategy all fall into the strategic fit. This is supported by Hogue who when examining the relationship between HRM and Performance in the UK, hotel industry, Hogue (1999) found that " The relationship between HRM and performance is dependent upon the business strategy the hotel is pursuing: that hotels pursuing an HRM approach coupled with a Quality focus within their business strategy perform best"

In order to fully understand how the link between HRM and performance is you have to understand the key concepts of HR theory for these strategies to be effective (Wood 1999) stated there are four key points organisation should take on board before trying to adopt a particular HR strategy these are. Firstly different human resource practices should be coherent and complement each other. Secondly, there should be a fit between the coherent sets of human resource practices and other systems within the organisation.

Thirdly, the human resource systems should be in line with the business or competitive strategy of the organisation. And fourthly, the human resource system adopted by the organisation should be compatible with its operating environment (Wood. 1999) Patterson et al were supporters of HRM to improving performance and believed that HRM was an imperative tool for improving organisation performance they believed that HRM could improve company performance by Increasing employee skills and abilities Promoting positive attitudes and increasing motivation Providing employees with expanded responsibilities so that they can make full use of their skills and abilities” It’s not enough to just mention that a good HRM strategy will help improve an organisations performance it’s important to understand the ways in which a successful HRM strategy can improve performance.

In particular Pfeffer (1998) work has listed the 7 best practices for HRM Pfeffer argued that with these seven practices organisations would see a rapid improvement in their HRM. These 7 practices are Employment Security, Selective Hiring, Extensive Training, Sharing Information, Self Managed

Teams, High Pay – Company Performance Reduction of Status Differentials. Having good employee job security would encourage employees to be more motivated as a workforce who feel secure are more likely to feel connected to the company and thus work harder to improve it.

Selective hiring is pretty much self explanatory as all it means is that to have improvements in organisation performance it's about selecting the right staff for the right job. Extensive training and sharing of information are important also because extensive training helps make sure that employees are in the best possible position when it comes to doing a job and for an operation to run smoothly and streamline its important that organisations share information internally to help co-ordinate activities.

Self managed teams encourage middle managers to have more authority and then feel more motivated its encourages more independence however organisations should be aware that giving individual manager more independence risks creating more individualism within the different segments of the organisation and a company that HR strategy is to maintain a strict overall way of running all segments/branches will not want to encourage managers to have too much freedom.

High pay is essential for improving performance as it stated in Maslow's hierarchy of needs, employees need to feels that they are being rewarded suitably for the work they have done In order to assess the extent in which HRM, in particular strategy is linked in organisational performance it's important to understand the different research and theoretical perspectives

behind it as well as the reasons for a company needing a certain type of strategy.

As would be expected when implementing a strategy to improve the performance of an organisation. A business would have to look at the environment it is in before deciding its strategy as can be imagined. A company in very predictable environment such as Heinz Ketchup would probably have in place a very strict and fixed strategy as to how to manage their organisation.

This is because there are not many competitors and the company has been around for decades and so is the market leader. This has meant that the organisation has not had to change its strategy. Whereas an organisation in a less secure market would have to, for example, a car company, would have to continuously adapt its strategies to the needs of the environment as to be able to reach its target market as well as distancing itself from its competitors.

This is known as the strategy continuum as shown in figure 1.1. This in particular is highly important to improving organisational performance as it offers a clear explanation as to what a company should do in its environment. It's a very simple explanation which can be used to describe to people at all levels of an organisation why a certain strategy is in place. The main flaw to the continuum is however although it shows what an organisation should do in a particular environment it does not actually explain how to determine what kind of environment the organisation is in.