

## Important issues in human resource management

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### Abstract

The rapidly transforming business landscape means that there are currently many human resource management challenges which will continue to evolve for years to come. Tom Marsden, Director of Professional Services at Alexander Mann Solutions said that HR departments really need to be adding real business value to their organizations. "Although the restrictions of the recession aren't over yet, companies are recognizing that they will need to take steps to retain their workforce. This could be through an increased emphasis on training and engagement programs or by investing in areas that will optimize expenditure, such as integrated technology systems or improved candidate attraction schemes. The signs are that HR departments are preparing to maximize their resources and staff as organizations look to grow."

### Introduction

We often hear the term Human Resource Management, Employee Relations and Personnel Management used in the popular press as well as by Industry experts. Whenever we hear these terms, we conjure images of efficient managers busily going about their work in glitzy offices.

In this article, we look at the question "what is HRM?" by giving a broad overview of the topic and introducing the readers to the practice of HRM in contemporary organizations. Though as with all popular perceptions, the above imagery has some validity, the fact remains that there is much more to the field of HRM and despite popular depictions of the same, the "art and science" of HRM is indeed complex. We have chosen the term "art and science" as HRM is both the art of managing people by recourse to creative and innovative approaches; it is a science as well because of the precision and rigorous application of theory that is required.

As outlined above, the process of defining HRM leads us to two different definitions. **The first definition of HRM is that it is the process of managing people 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.

These definitions emphasize the difference between Personnel Management as defined in the second paragraph and human resource management as described in the third paragraph. To put it in one sentence, **personnel management is essentially “workforce” centred whereas human resource management is “resource” centred**. The key difference is HRM in recent times is about fulfilling management objectives of providing and deploying people and a greater emphasis on planning, monitoring and control.

Whatever the definition we use the answer to the question as to “what is HRM?” is that it is all about people in organizations. No wonder that some MNC's (Multinationals) call the HR managers as People Managers, People Enablers and the practice as people management. In the 21st century organizations, the HR manager or the people manager is no longer seen as someone who takes care of the activities described in the traditional way. In fact, most organizations have different departments dealing with Staffing, Payroll, and Retention etc. Instead, the HR manager is responsible for managing employee expectations vis-à-vis the management objectives and reconciling both to ensure employee fulfilment and realization of management objectives.

In conclusion, this article has briefly touched upon the topic of HRM and served as an introduction to HRM. We shall touch upon the other topics that this field covers in other articles.

## **Literature Preview**

Issues such as cash flow, competition, and revenue growth are top of mind for small business owners and their teams. Along with these challenges comes another area many companies struggle with: human resource management.

Human resource management (HRM) includes:

- Job design and analysis
- Workforce planning
- Training and development
- Performance management

- Compensation and benefits
- Legal issues

HRM can be a challenge for small businesses especially, which typically don't have an HR department to rely on. They may be limited to one HR person, or this responsibility may still belong to the CEO. Regardless, small business owners need to understand the challenges facing them so they're prepared to tackle HR issues as their company, and workforce, grows.

Here are 10 of today's most common human resource challenges along with solutions you can quickly implement in your business.

### **1 Compliance with Laws and Regulation**

Keeping up with changing employment laws is a struggle for business owners. Many choose to ignore employment laws, believing they don't apply to their business. But doing so could mean audits, lawsuits, and possibly even the demise of your company.

#### **Solution:**

No matter how large or small your business, it's important to make sure you're in compliance with local, state, and federal labour laws. There are regulations on everything from hiring practices, to wage payment, to workplace safety. Take a few minutes to read through the U.S. Department of Labour's Employment Law Guide.

### **2 Management Changes**

As a business grows, its strategies, structure, and internal processes grow with it. Some employees have a hard time coping with these changes. A lot of companies experience decreased productivity and morale during periods of change.

#### **Solution:**

Business owners should focus on communicating the benefits of the change for everyone. Regular staff meetings are a good place to start. When your team understands the why, how, and when of the change, they'll be more likely to get on board.

### **3 Leadership Development**

A recent study showed more than a third of companies are doing an average job, at best, at implementing leadership development programs. Thirty-six percent of companies surveyed

in Brandon Hall Group's State of Leadership Development Study admitted that their leadership development practices are below average.

**Solution:**

Leadership development is critical in keeping your management team engaged and motivated, and prepares them to take on more responsibilities in the future. Make it part of the culture. Create opportunities for them to use their strengths every day. Accomplishing goals will motivate them and give them a chance to develop their skills.

***4 Workforce Training and Development***

Investing in the training and development of lower-level employees is another common HR problem. Some businesses have trouble finding the resources to do so. Employees on the front lines are some of your hardest workers, and may not have the time to take a training course.

**Solution:**

Training and development doesn't have to take a lot of time or money. Recruit managers and senior leadership in mentoring their subordinate employees. You could also provide online training courses so people can go at their own pace. Invest in your workforce and you will have a loyal, productive team.

***5 Adapting to Innovation***

Technology is constantly changing. Businesses must be quick to adapt, or risk being left in the dust by their competitors. The challenge for small business owners is getting employees to embrace innovation and learn new technology.

**Solution:**

Communication is critical. With any change, make sure your team understands the why, when, and how. Set clear goals for the adoption of initiatives, and provide employees with the training they need to get comfortable with it.

***6 Compensation***

Many companies are struggling with how best to structure employee compensation. Small businesses have to compete not only with businesses of a similar size, but also with

corporations with big payroll budgets. Plus, you have to factor in the cost of benefits, training, taxes, and other expenses, which can range from 1.5 to 3 times the employee's salary.

### **Solution:**

Even though salary is important, it isn't always the most important factor for job candidates. Creating a system to reward employees for excellent performance is one way to make up for a lower salary. In addition, consider offering incentive programs such as profit sharing or bonuses, which can be a win-win for the employee and the company.

## ***7 Understanding Benefits Packages***

The Affordable Care Act has been a pain point for many small businesses in the past few years. Rising healthcare costs mean companies must either pass these costs on to employees, or take a hit to their bottom line. Since good benefits packages can be a deciding factor for potential hires, understanding them is key.

### **Solution:**

For small business with fewer than 50 employees, there are many options for offering healthcare benefits. One option is purchasing a plan through the Small Business Health Options Program (SHOP) marketplace. Doing this gives you the opportunity to take a tax credit, which can help offset costs.

And don't forget about benefits such as:

- Unlimited vacation time
- Flex time
- Free snacks
- Wellness programs
- Commuter benefits

These benefits are affordable ways to offer extra perks—and they're extremely popular with today's workforce

## ***8 Recruiting Talented Employees***

Attracting talent is a huge investment of time and money. It's difficult for entrepreneurs to balance between keeping a business running, and hiring the right people at the right time. In addition, it's impossible to know whether a candidate will actually be a good fit until they've worked for you for a period of time.

### **Solution:**

One of the best ways to find the right people for your business is to use a staffing company. They provide temp-to-hire solutions that allow you to try out new employees with little to no risk. You'll save time, money, and frustration, and maybe even find a future executive or business partner.

### ***9 Retaining Talented Employees***

Competition for talented employees is fierce. Startups and small companies don't have big budgets for retirement plans, expensive insurance plans, and other costly items that their larger competitors do—at least, not yet. Employee turnover is expensive and can negatively impact business growth.

### **Solution:**

On boarding is highly effective for employee. Research shows having a structured on boarding process means employees are 58 percent more likely to stay with a company for three years or more. Read our article on 5 Employee Onboarding Technology Solutions Your Company Needs to Be Using to learn about your

### ***10 Workplace Diversity***

Multiple generations. Ethnic and cultural differences. These are just a few of the many factors that make workplace diversity a continual challenge for small businesses. The risk of lawsuits for failing to protect employees from harassment is real.

### **Solution:**

Creating a culture of teamwork and respect will keep the work environment positive and productive. In addition, implementing a diversity training program is a must. Employers are responsible for setting standards of behaviour in the workplace. Standards and a system of accountability should be set up early on.

### **Methodology**

Human resource management (HRM) is adopted by many companies because of its benefits. But at the same time, various challenges and issues may emerge in front of managers of human resource department while performing their duties. Any capable HR manager would work on these issues and challenges to prevent the organizational activities from being

obstructed. But they must first identify these issues. Such issues and challenges are described here

### *Recruiting new staff*

Companies sometimes need to recruit new talent for various reasons such as an increase in project scope, operations. While recruiting, HRM faces major challenges i.e. selecting the best candidate and making the hired candidate familiar with the environment and culture.

HRM has to select such candidates which are not only technically expert but socially too because the company cannot receive expected output from employees who are unable to socialize. This affects the productivity of the company.

### *Retention*

Hiring employees is not only the challenge that HRM faces; retaining them is also one. Retention of employees is essential to minimize employee turnover rate. This is a major challenge for HRM because of following reasons:

#### **i. Contingent workforce**

The contingent workforce includes part-time, temporary contract and work-at-home employees. Maintaining such employees in the company is a challenge because they are less attached to the company. So it becomes a major duty of HRM to make such employees feel that they are a part of the company in order to retain them for a long term.

#### **ii. Demand of expert employees**

Personnel with greater professional and technical knowledge are highly demanded in the job market as such employees have the ability to keep their company ahead in the race. Such employees are an invaluable asset for any company and HRM should focus on maintaining them.

### *Training*

Skilled workers are the key to the smooth functioning of the organization. Therefore, HRM should manage on-site (within the workplace) as well as off-site (outside the workplace) job training for employees.

So how is training a challenge to HRM? Before organizing training programs, HRM should answer following questions:

- What kind of training programs are currently required?
- What is the objective of the training?
- How to make them effective?

- Who are the target groups?
- How much do the programs cost the company?

Not always, are these questions easy to answer. Finding out all the factors affecting the training like time, location, cost, etc. and making a clear roadmap in establishing an impactful event can be a big issue and working it out, a big challenge.

### *Productivity*

Maximizing profit and minimizing cost is the essence of productivity. Higher the productivity level, more successful will be the company. HRM should always focus on maintaining high productivity level.

Despite HRM's continuous effort, the company might sometimes get an unsatisfactory result. In such case, it should thoroughly analyse the situation and make a proper conclusion i.e. whether it is the result of inefficient employee or inadequate resources. If an inefficient employee is the case, HRM should look forward to train employee, or even recruiting new staffs while it should find alternative resources for sufficient input if inadequate resources are the case.

### **Conclusion**

In conclusion, due many challenges that are facing human resource departments, there is need for organisations to adopt correct and workable policies that will not only ensure they alleviate these challenges, but also develop mechanisms of dealing with such challenges in case they occur in the future. Burke, Ronald and Eddy, NG. The challenging nature of work and organisations: Implications for human resource.

Wherever possible and wherever thought fit suggestions have been given. In this study opinions of the respondents have been collected:

- To study some of the important human resource practices and procedures in software industry,
- To know the desirability of the those human resource practices and procedures and
- To assess the level of satisfaction of the respondents with those practices and procedures.

The data so collected have been analysed in different chapters and conclusions have been drawn. Wherever possible and whenever thought fit suggestions also have been given. But the major suggestion is the HR practices with which the respondents have expressed their satisfaction have to be treated as best practices and are to be continued and vice versa. As software industry is a knowledge based industry, as it employs a large number of people, as it



comes under formal or organized sector, the industry hires specialists, takes expert advice and the best practices. Most of the selected employees are satisfied with the existing practices hence they can be continued. In some of the cases not many but a considerable percentage of the respondents are undecided. Hence care should be taken to avoid such a situation

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