

## WHY HRM?

All leaders need to invest in Human Resource Management since it is a powerful tool for:

- a. Getting the right employees in the organization
- b. Motivating the employees to perform to their potential
- c. Aligning the efforts of the employees with the vision and mission of the organization
- d. Enhancing employee commitment to the organization, and
- e. Helping the organization achieve its aims and objectives
- f. Having happy internal and external stakeholders

## What should HRM do?

The Society for Human Resource Management has identified three basic functions of HRM:

1. Administrative
2. Operational
3. Strategic

Table below lists some processes, policies, and practices in the three functions. In many bureaucratic organizations the primary role of HRM is relegated to the mainly administrative functions. The true potential of HRM is realised when its strategic functions are utilised.

Administrative functions	Operational Functions	Strategic Functions
<ul style="list-style-type: none"> <li>- Timekeeping</li> <li>- Discipline</li> <li>- Record keeping (such as attendance, leaves, employee records etc.)</li> <li>- Compliance with laws, rules, and regulations</li> <li>- Pay and benefits administration</li> </ul>	<ul style="list-style-type: none"> <li>- Job Analysis</li> <li>- Recruitment &amp; Selection</li> <li>- Training</li> <li>- Employee relations</li> <li>- Employee communications</li> </ul>	<ul style="list-style-type: none"> <li>- HR Planning</li> <li>- Competence management (including attraction, retention, and development)</li> <li>- Developing and managing the organization culture</li> <li>- Performance Management (including aligning individual, work-group and departmental performance with the mission, aims, and objectives of the organization)</li> <li>- Designing Reward Systems (including monetary and non-monetary rewards)</li> <li>- Aligning HR initiatives with organizational mission and vision</li> <li>- Harnessing employee potential as an organizational asset</li> </ul>

Table: HRM Function

## **HRM Framework**

In HRM there are six core practice areas. They are job analysis, HR planning, recruitment and selection, training and development, performance management, and reward management. Other practice areas get added depending on the needs and requirements. For instance, in the figure given below, the two practice areas that have been added are coaching and mentoring, and 360 degree feedback.

Job analysis forms the basic building block for the other practice areas. Its main outputs are job descriptions (mainly comprises of duties, responsibilities, physical environment, and social environment of the job) and job specifications (knowledge, abilities, skills, and other characteristics required to perform the job). HR planning is critical since it reflects the direction in which the organization wishes to go. It also balances the demand and supply of manpower. Recruitment and selection as well as training and development form the antecedent conditions of performance. Reward management reflects both monetary as well as non-monetary rewards.

Figure 1 shows the diagram of Human Resource Management Systems. The first thing that strikes you about the diagram is the criss-crossing arrows. They highlight how each practice area is interrelated with another. Have you tried to press an inflated balloon with a finger? The balloon tries to expand in all other directions. Similar is the case with the practice areas in the HRM systems. For instance, a change in reward management (take for example an extreme case of a fivefold salary increase across board) will impact HR planning, recruitment and selection, training and development, and performance management. Since each practice area is interlinked to the other practice areas, the HRM systems have to be designed with care and caution.

Some key aspects that should be kept in perspective while designing the HRM systems are:

1. Laws, rules, and regulations of the country, state, and region in which the organization is operating.
2. Views and aspirations of internal and external stakeholders. Internal stakeholders include employees and management. External stakeholders include customers, beneficiaries, regulatory authorities, and local populace.
3. The vision and mission of the organization (if you want to be like Walt Disney you should not have HRM systems like those in MacDonal'd's or vice-versa)
4. Internal and external environment. The internal environment includes superior-subordinate relations, degree of autonomy, and organizational dependability. The external environment includes the prevalent socio-economic conditions, regulatory mechanisms, political scenario, and competition.
5. The strategy and structure of the organization should be considered while framing the HRM system. However, there are occasions when organizations choose to alter the organizational strategy with the help of the HRM systems.

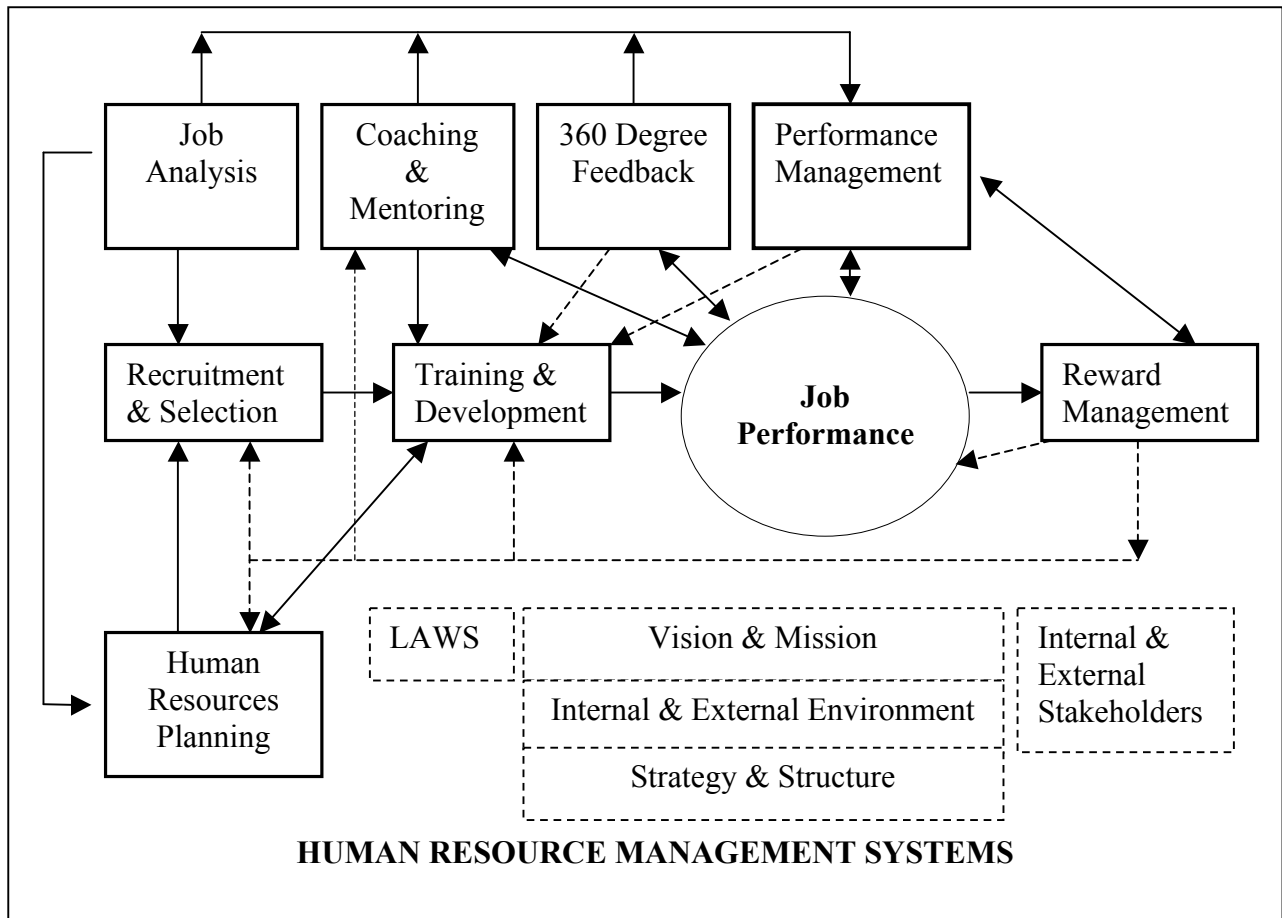


Figure 1: Human Resource Management Systems

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