



# HRM

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## *The importance of HRM*

Why Human Resource Management (HRM) is important for organizations today to make their Human Resource into a competitive advantage

## 1. INTRODUCTION

Day-to-day Human Resource Management is very important for the organization to get more powerful and develop its self to be the standard and success one. So, even nowadays economic recession but it's not very effected to all companies in the world only seriously in the USA and EU. However, they do not cut all staffs but is still remain the professional, main staffs for running the companies. So now for the individual assignment of HRM in MBA program – BBU is requires spreading out one *topic* “*Why HRM is important for organizations today to make their human resources into a competitive advantage and how it can contribute to doing this?*”

**The purpose** of this essay is to research and more understand the academic literature on the contributions of HRM in terms of its strategic roles and competencies required today in distributing to the business needs and the strategic objectives of a firm through its people in order to gain competitive advantage.

**The methods to tackle** the main issues asked are: (i). try to understand well what the topic means, its terms and must be clearly in structuring of assignment. (ii). Need to read academic literature, the lecture notes, and supplementary reading from others references book/documents. (iii). Do further research within Internet and library, (iv). Do thorough review the literature of the topic and (v). Make good discussion and properly conclusion.

**HRM** plays an **important** role in assuring employee satisfaction, improving performance and productivity. This can further an **organization's** competitive advantage, and directly contribute to the organization's success. When any organization start to vision their business, their first priority is to hire competent work force means right person on the right job after that this man power decide about other tangible and intangible resources, where to get? How to get? How to manage efficiently? What modification required? Essentially, other resources depend on human resource without which they are worthless because if there would be no human then who will plan, organize, or monitor the other resources. The manager is recognized as a holder of organization by his knowledge and art.

## 2. DISCUSSION ON WHY HRM IS IMPORTANT FOR ORGANIZATIONS TODAY TO MAKE THEIR HR INTO A COMPETITIVE ADVANTAGE

**2.1.** Why HRM is important for Organization today to make their HR into a competitive advantage. The three competitive challenges are the challenge of sustainability, the global challenge, and the technology challenge.

**(i). the Challenge of Sustainability**

There are many different type of companies/organization to operated in the world and also competed each other to gain competitive advantage and also sustainable so they try to implement many strategic for develop their HR. Among them sustainability is the main part that can be influence and encourage to reach organizational goal. Anyway they also take action immediately to introduce, orientate, prepare guideline, provide high quality products and services and especially use the right person in the right position and on job training many time to gain staff capacity. There are many ways that can bring the organizations to reach goal are:

- **A learning organization:** This embraces a culture of lifelong learning, enabling all employees to continually acquire & share knowledge.

- **The Balanced Scorecard:** The balanced scorecard gives managers an indication of the perspective for company to satisfy internal and external customers, employees and shareholders & it should link HRM activities to the company's business strategy. This include being customer-focused, improve quality, emphasizing teamwork and managing for long time. Using the balance scorecard to manage the human resources by communicating the scorecard to employee gives them a framework that helps them to see the company goals and strategies and how they influence the critical indicators. For example, Chase Mahattan bank used the balance scorecard to change the behavior of customer services representative would have simply met the customer's need.

- **Total Quality Management (TQM):** A cooperative form of doing business that relies on the talents and capabilities of labor and management, the ways people, machines, and systems accomplish work to continually improve quality and productivity. For example, quality expert W. Edwards Deming emphasized how well the product or service meets customer needs. To ensure this TQM need to create an environment that support innovative, creativity, and risk taking to meet customer demands.

- **Changing demographics:** The workforce today is getting more diverse & therefore need to be managed carefully.

- **Legal & ethical issues:** It's increasingly important to comply with laws and ethics concerning employee health and safety, employee pay and benefits and job security.

- **Increased value placed on intangible assets and human capital:** Today, more and more companies are interested in using intangible assets and human capital as way to gain an advantage over competitors. A company's value includes 3 types of assets that are critical for the company to provide goods and services.

### **(ii). The Global Challenge**

Increasingly, organizations are finding that to survive they must cooperate with organizations around the world. Companies/organizations must both defend their domestic markets from foreign competitor and broaden their scope to encompass global markets. In order to reach the goal of organizations/companies HRM play the important role to run the business and make the good business environment to create smoothly work and also compete with the other to gain competitive advantage by expansion to the global area/broaden, integration of cultures & values, get and received the feedback from the consumers to develop the product and service, training staff many time and encourage getting high competencies.

While many large firms such as Exxon, Ford, and Procter & Gamble are already multinational corporations that span the globe, many medium-sized and small businesses are becoming increasingly international. To succeed in the global marketplace, the challenge for all business is to understand culture and invest in human resources. For example, U.S. company must be willing to train and develop foreign employees to win foreign business. Several companies (such as Boeing and CSX Corporation) bring foreign workers to the United States for training and then return them to their home countries. Another, Boeing brings workers from India and Poland to the United States. They return home with needed knowledge in aircraft design and manufacturing.

### **(iii). The technology Challenge**

This challenge is also very important that organizations/companies should be consider and prepare strategic plan to up-date it on time and saving the cost also. New technology cause change in basic skill requirements and work roles and often results in combining job. For example, U.S. Company to compete with foreign competitors, they have to learn to better utilize employees' talents and skills and new technology. Like computer integrated manufacturing uses robots and computer to automate the manufacturing process. The computer allows the creation of different product to meet market demands simply by reprogramming the computer. As a result, laborer, material handler, operator-assembler, and maintenance job may be merged into one position. Technology also has made human resource information databases more available and accessible and has created a need to develop HRM practices that integrate technology with people also increase the production speed to meet the demand of customer more effectively.

### **3. HRM CONTRIBUTES IN MAKING HUMAN RESOURCE INTO A COMPETITIVE ADVANTAGE**

HRM is the main department which push the organization to meet the goal because it work with line manager, have a good communication with all department in organization, know clear about organization's goal and objective. So HRM is very important to gain success and can be making Human Resource a competitive advantage through understand clearly about:

- Function of HRM in the Organization
- The New Role of HRM in the Organization
- The Competencies are Require by HR in the new Role Enabling Organization.

#### **3.1 Function of HRM in the Organization**

The Human Resources Management (HRM) function includes a variety of activities, and key among them is deciding what staffing needs and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. Usually HRM is related to:

##### **(i). Managing the HR Environment**

Manager has to create a positive environment both internal and external environment for human resources involve:

- Linking HRM practices to the company's business objectives, i.e., strategic HRM.
- Ensuring that HRM practices comply with the law & ethics.
- Designing work that motivates & satisfies the employee as well as maximizes customer service, quality & productivity.

#### **(ii). Acquiring and Preparing HR**

Managers need to predict the number and type of employees who are need to meet customer demands for products and services. Manager must also identify current or potential employees who can successfully deliver products and services. This area of human resources management deals with:

- Identifying HR requirements, i.e., HR planning, recruiting employees, & selecting employees.
- Training employees to have the skills needed to perform their jobs effectively.

#### **(iii). Assessment and Development of HR**

Company need to create a work environment that supports employees' work and non work activities as follow:

- Measuring employees' performance
- Preparing employees for future work roles & identifying employees' work interests, goals, values, & other career issues
- Creating an employment relationship & work environment that benefits both the company & the employee.

#### **(iv). Compensating HR**

Besides interesting work, pay and benefits are the most important incentives that company can offer employees in exchange to make them satisfy to fulfill their work performance. This includes:

- Creating pay systems
- Rewarding employee contributions

- Providing employees with benefits.

### **3.2 The New Role of HRM in the Organization**

#### **(i). Change Leader**

The role associated with facilitating, driving and leading change for organization creativities, productivity and quality to reach the goal and competitive advantages over competitor.

#### **(ii). Human Resources Strategist**

The role associated with integrating HR activities and result in achieving the strategic objectives of the organization. Human resources strategist thing of the pattern of planning human resources development and activities intended to enable organization to achieve the goals.

#### **(iii). Business Strategist**

The role associated with participating in strategy formulation and developing possible solution to challenges facing the organization to lead business to competitive success. Good business strategy formulation leads the organization success in all aspect of business regarding customers' satisfaction, providing quality products and customer services.

#### **(iv). Human Resources Function Alignment**

HR function must be integrally involved in the organization's strategic process. HR managers should have input into the strategic plan, both inter of people-related issues and in term of the ability of the human resource pool to implement particular strategic alternative; have specific of the organization goal; know what type of employee skill, behaviors, and attitudes; and develop programs to ensure that employees have those skills, behaviors and attitudes.

#### **(v). Partner to General Manager**

HR plays an important role for organization to survive, overcome competitor challenge and to pave the way for organization to get success in business. HR also closely related to line manager to set up strategy plan and strategy implement and work design. Line managers helping HRM to managing and controlling employees' performance whether they should be promoted, raising salary, transfer to other job or need more training. etc.

#### **(vi). Problem Solve and Consultant**

The role associated with troubleshooting or averting, human performance problems.

### **3.3 The Competencies are Required by HR in the new Role Enabling Organization**

The competencies HRM executive needs to become a strategic partner for organization to make human resources a competitive advantage. List of the competencies are below:

#### **(i). Creditable Activist**

Deliver results with integrity, share information, building trusting relationships, influencing others, providing candid observation, taking appropriate risks

#### **(ii). Culture Steward**

Facilitate change, developing and valuing the culture, helping employees navigate the culture (find meaning in their work, manage work/life balance, and encourage motivation).

#### **(iii). Talent Manager**

Develop talent, design reward systems, and shape the organization.

#### **(iv). Strategic Architect**

Recognize business trends and their impact on the business, evidence-based HR and develop people strategies that contribute to the business strategy.

#### **(v). Business Ally**

Understanding how the businesses makes money and understand language of business.

#### **(vi). Operational Executor**

Implementing workplace policies, advancing HR technology and administer day-to-day work of managing people

## **4. CONCLUSION**

In conclusion, an effective HRM system allows organizations to address human resource issues strategically. This helps the workforce deliver high quality health services, despite internal and external challenges to the organization. HRM helps attract and retain competent employees, assists employees and managers in adapting to organizational change, and facilitates the use of technology to determine how and where work is done.

Human resources management play an important role for organizations to manage employees to work effective, creative, quality and productivity to reach the competitive advantages over competitor and achieve organization goals and objectives. For gain competitive advantages today organization face three main competitive challenges, i.e. challenge of sustainability is ability to deal with changing for all business environment; global challenge is a challenge that organization must both defend their domestic markets from foreigner competitor and broaden their scope to encompass global market; and for technology challenge organization should design work for employees to comply with new technology updated. All aspects of human resources management including how organization manages the human resource environment, acquiring and preparing, assessment and development, compensating human resources, new role of human resources management and its competencies can help organization meeting their competitive challenges and create value. Meeting organization challenges is necessary to create value ant to gain a competitive advantage.

Human resources management is very crucial for organization without it they can not reach their goal and objective. Human resources management helps organization to design employees work, recruit and select right person for right job, training and develop employees to be a knowledge worker and empowerment for working environment. So if organizations that have not considered effective of human resources management they will not manage their staff at work effective and can not examine what they will do to make working people more productive and effective.

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