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The effective management of human resources: Essential for business success

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The environment within businesses operate have significantly altered the way business is run. Globalization and growing fluidity between boundaries, trade or country, has given rise to new management approaches and practices. Much of these are intended to, source the best and retain the best. The influence of this approach is evident across several organizational verticals. And companies are steadfastly adapting to this approach of management, to garner competitive advantage. The emergence of, source the best and retain the best also indicates how management focus is shifting from centralization to decentralization. It implies a shift from top down to bottoms up. This shift has brought into focus verticals, which are considered critical to organizational success. They, to a substantial extent determine the sustainability of organization's edge in the market. Human Resource is one such area, which has come into focus in recent times.

Businesses are fast realizing that sourcing and retaining the best people is critical for success of an organization. How employees are managed, within an organization, impacts their stage of satisfaction and their productivity (Igwe et. al., 2014). That is precisely the reason why management of this resource assumes priority. Within the market economy, optimal utilization of resources is paramount for success. Any imbalance in resource utilization can jeopardize business plans and progress (Igwe et. al., 2014). The criticality is even higher when intelligent, skillful and knowledgeable human resources are concerned. Hence effective human resource management is vital for attainment of business objectives.

Human Resource Management refers to management of 'people' in an organization. It is also referred to as personal management, though that represents limited engagements conducted in earlier times (Ali 2013). Human Resource Management consists of functions like recruitment, training, developing and motivating. In other words the primary responsibilities of HR managers is to source the right people and retain them by providing them opportunities of learning and development which will keep them motivated and bonded with the organization (Ali 2013). Human Resource Management is the structure and process, which enables the above for both organization and its employees.

The intention of this discussion is to understand the impact of Human Resource Management through review of its purpose and function and also how key human resource challenges, of the present times, can be addressed through effective human resource management. We will build an overview of the subject and base the subsequent discussion on that foundation.

Various sources have examined the role that effective human resources management has in business success. After relegating it for years, experts and academicians are acknowledging that human resource management is required for companies to perform well in the marketplace and stay ahead of competition (Aslam et.al., 2013). Therefore HR managers are concentrating on implementation of practices which positively impacts the motivation, attitude, performance and behavior of employees (Aslam et. al., 2013). Periphery of functions have widened and includes managing relation between organization and employees, fair and just compensation and benefits, lucrative learning and development opportunities, health and safety safeguards. But how does impact business? Experts point out that HRM practices leads to creation of employee satisfaction and motivation. When employees are motivated they readily identify with the organizational objectives and comprehends, well, their responsibility in its achievement. This stimulates their performance level and productivity (Tessema & Soeters, 2006). Cumulative the above contributes how successfully an organization conducts its business. Human Resource Management also influences stakeholder value and as highlighted above, sustainability of competitive advantage. Effective management of internal stakeholders is as important for an organization, as managing external ones are. Being able to strike a balance between the often diverse requirements of stakeholders required deft human resource management. It contributes to an air of harmony and positivity within the organization and facilitates greater cohesion between teams and departments (Jackson et. al., 2014). It allows organizations to maximize resource utilization and thus stay ahead of competition in terms of product quality and cost parameters. By developing human resource organizations create unique niches, which propel them in the market and in customer offerings (Jackson et. al., 2014). Research validates much of what has been stated above. Organization having efficient performance management systems in place clocked over 10% return on equity in compared to about 4%, for companies without such system (Eckerson, 2009). Employee relation initiatives

also have evidences of implementation success. Adolph Coors Company increased its return on investment through promotional activities about wellbeing (Molson Coors 2011). After introduction of flexi-work timing, Helen Curtis recorded an increase in percentage of rejoining new mothers from 69% to 93%. This amounted to a savings for the company to the tune of \$360,000 annually. A savings of \$6 million across four years was reported by McDonnell Douglas Corporations after introduction of a program to help employees having problems which are psychological or related to chemical addiction (Amaral et. al., 2013). Hence it can be reiterated that HRM does impact business favourably.

Human Resource Management has numerous purposes and functions in helping a business achieve success. Some of its purposes are designing, developing and then implementing practices of people management that are interrelated. Through this HRM serves the primary purpose of attracting talent job seekers, treat them fairly and justly, develop and empower them and keep them motivated and highly productive. The important functions of HRM includes analyzing and job designing, selecting and recruiting the right people, conducting just appraisal and identifying development areas, designing appropriate and fair compensation and benefits package and maintaining cordial employee relations (Igwe et. al., 2014). Cumulatively these functions ensures that appropriate skill sets are determined for each job and based on skill sets the best match employee is selected. They are then offered various intrinsic and extrinsic entitlements to keep them motivated. placing the right person in the right job position and providing all opportunities for professional and personal growth and protection, HRM helps create a sense of belongingness within employees, which gets reflected in product and service quality and cost benefits.

Of the numerous functions of HRM, one of the most significant is performance management. Its relevance to 21st century business is that of retaining talented employees through rewards and scope of development. It is through performance management, organizations try to strike a balance between lucrative monetary benefits, empowerment and job satisfaction. Until these are offered in the right proportion, employee discontent is likely to rise and derail the human resource utilization of organizations (Ekuma 2015). Along with evaluation of performance and

rewarding of same, performance management should also be well equipped to detect skill development areas of employees. This helps the company to chart out the development roadmap, in conjunction with the employee. For the organization, benefit lies in the skill enhancement of its workforce, which impacts output and quality of products and services. For the employee, it implies acquisition of new skills which improves their effectiveness and future growth prospects (Hertog et. al., 2008). Given the increased mobility of labour, performance management is a crucial function, for its failure can result in high attrition rate and under productivity among employees. If employees are not satisfied with their compensation, benefits and development opportunities, widespread discontent with impact business through low quality of products and services and increased costs (Hertog et. al., 2008).

There are a number of issues or concerns that have come to light in recent times that relate to HRM and business success. One that is worthy of study is managing diversity in the workplace. This is because globalization and attending technological development has reduced geographical and trade distance significantly. This has resulted in greater interaction and need for collaboration with people from diverse backgrounds (Ali 2013). Facilitating a collaborative exchange between groups, is strategically important. Hence employees are being encouraged to develop skills tending to reducing personal regional bias and becoming culturally sensitive (Ali 2013). With workplaces becoming melting pots, multilingual and multicultural diaspora is not unheard of. Since achievement of organizational goals requires unified commitment and approach, fostering cohesive relations between the diversified groups is critical. Professionals identify this as issues of cross-cultural relation (Ali 2013). If the relation is well knit, team performance rises and objectives are achieved. If not, all team efforts can become a waste and hinder achievement of organizational objectives. Therefore supporting employees develop skills to understand and appreciate cultural differences are important for optimum team performance and satisfied employees.

In conclusion it can be reiterated that effective management of human resources is important for success of any organization, human resource management enables mapping of the requisite skill sets, selection of the right talent with the requisite skills, providing the employee with fair

and just compensation and benefits, conducting meaningful appraisal and charting of development plans. All of these translate into employee satisfaction and motivation which manifests in product and service quality and also increased productivity. In this age of increased employee mobility, human resource management is a necessity for organizations aiming at talent selection and retention. Human Resource Management also contributes to increased stakeholder value and sustaining of the competitive edge of organizations. In this writer's opinion there is no doubting the fact that human resource management is critical to business success. With changing times, certain aspects will continue to gain prominence like performance and diversity management. Challenges for tomorrow's human resource managers will lie in effectively dealing with these aspects.

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