



Human Resource Management - Development Tendencies and Future Perspectives

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Abstract

The dynamics with which changes are taking place in companies has led many managers to better appreciate the necessity and the advantages of comprehensive human resource management. This pressure to change has also helped to generate numerous social innovations within the field of human resource management. The call for each sub-area to play its part in increasing the value of the enterprise is setting new accents in human resource management. The main starting points for increasing the value of an enterprise lie in improving productivity, employee creativity, and motivation. The author bases his ideas on a model of the sub-functions of human resource management used at his own institute, which is subdivided into three basic categories: process functions, cross-section functions, and meta-functions. The human resource management functions discussed can have a positive impact on the above aims. Productivity, for example, is increased through personnel development and personnel placement measures. Personnel retention instruments (incentive systems) are almost certain to have an impact on motivation. Ways to influence creativity include selection measures (looking out for candidates with creative potential during the recruitment process) and personnel development measures (consciously enhancing a person's capacity for interdisciplinary thinking, practicing creative techniques).

Key words : HRM, Personnel retention, Productivity and employees.



1. INTRODUCTION

In the German-speaking world, the term used to describe this article's general subject area has changed in the course of the last decades. At first the term Personalwesen (literally: personnel system) was used. The term Personal wirtschaft (German for economic human resource activities) was also repeatedly popular. In recent times though, the term Personalmanagement or simply the English term Human Resource(s) Management has predominated. This term underlines the fact that the related task complex is integrated into the overall management process. The link with other management elements (such as corporate targets, strategies, planning, organization, controlling, and so on) is accentuated by this name.

The author is basing his ideas on a model of the sub-functions of human resource management used at his own institute (see Thom 2001, p. 118), which is subdivided into three basic categories: process functions, cross-section functions, and meta functions (see Figure 1).

2. THE META FUNCTION OF STRATEGIC HUMAN RESOURCE MANAGEMENT

Every enterprise needs to clarify one fundamental question, namely, what its potentials for success are, and how it wants to develop them. The skill potential of employees (resource-based view) can be one such success potential (also see Prahalad/Hamel 1990). A general theory might state that whenever an enterprise is concerned with formulating strategies for the enterprise as a whole, or its individual business areas, it needs to consider what human resources it will need to realize these strategies. To extend this further, we could suggest that when a company is working out a strategy, one of its main considerations needs to be the skills the personnel has, or will need to have. It has to be said, however – at least in regards to large Swiss companies (see Thom/Zaugg 2000a), that the human resources dimension is not always treated as an integrated element when corporate strategies are discussed.

Often, expectations regarding the harnessing and development of employee potentials are rooted in strategic considerations where the main focus has been on financial and market matters. The author believes that in the future there should be more insistence on human resource management getting the chance to be included in strategic considerations right from the start. In order to play a major role in the strategy-making process, the corresponding people (general managers, human resources managers) need to gain appropriate qualifications (also see Organization of Human Resource Management).

3. PROCESS FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The core functions of human resource management can be thought of as a process – from determining personnel requirements through to reducing excess personnel capacity.



3.1. Determining personnel requirements

When personnel requirements are determined, the following basic questions are asked: How many employees (quantitative aspect) with what skills (qualitative aspect) will be required at what locations (spatial aspect) at what time, and for how long (time aspect), in order to effectively and efficiently carry out the corporate tasks? The objective, therefore, is to plan the target staffing level. In the future, this planning task will prove to be particularly difficult. In the last few years, we have increasingly moved away from position-based thinking and are constantly re-devising ways of making the necessary quantitative and qualitative personnel capacity available.

The main uncertainty lies in the fact that for many companies the strategic horizon has shortened, making it a lot more difficult for an enterprise to plan its overall development. Apart from this interface to strategic human resource management, there are also other problems that make it difficult to calculate the net staffing requirement. One factor is the difficulty of estimating changes for certain person groups (such as resignations, choice of retirement time, utilization of time credit), which has to do with the loyalty of the individual towards the employer (and vice versa) – which is hard to estimate – and corresponds to the growing tendency to not so much tie yourself and your career to a company, but rather analyze the development potential offered by various job opportunities.

3.2. Personnel recruitment

The aim of personnel recruitment is to remove staff shortages and provide the human resources necessary for a company to perform its tasks (consideration of quality, quantity, spatial, and temporal aspects). In this area, the future will show companies getting more involved in labor market research (see Scherm 1990) in order to be able to quickly recognize the opportunities offered by the external and internal job markets. Labor market research can include a more in-depth look at the demographic development (better use of older people, early recognition of shortages of young people). Companies will also have to increasingly get to grips with a ‘soft factor’, which, in this context, means constantly checking the corporate image, both inside and outside the existing body of staff.

3.3. Personnel development

The main objective of personnel development will continue to be to achieve the best possible match between the requirement profiles of the jobs and the skill profiles of the job-holders. Based on information about individuals (aptitude, inclination), organizational units (requirement profiles), and relevant markets (employment and educational market), corporate decisions about qualification processes have to be made (also see Thom 1992).

The qualifications targeted are intended to put employees in a position to fulfill present and future requirements. To achieve this, educational measures are introduced, or on-the-job training is provided. Estimations of employee potential will become increasingly important as an



information base for these measures. Do the employees have the potential for further development on a horizontal (use in other functions), vertical (higher position through increased responsibility) and intercultural (use in other cultural spheres) plane? Estimating the requirements for the different organizational units is becoming more and more difficult due to the growing frequency of organizational changes.

3.4. Personnel Placement

Personnel placement involves the concrete allocation of employees to the tasks that need to be fulfilled. Once again, quantitative, qualitative, spatial, and temporal aspects have to be considered. At the end of the last century, it was possible to see a tendency in relation to the profile of the workplace, which will almost certainly continue into the new century as well. At first, in the course of the industrialization process, there was a strong move towards specialization, something which led to enormous progress in terms of productivity, but had a negative impact on the motivation and employability of personnel. This led to considerations about job enlargement, and was later followed by measures to afford real job enrichment. This last stage is extended even further by the concept of empowerment (also see Hammer/Champy 1993).

3.5. Personnel retention

This process function involves the use of human resource management instruments that stimulate staff performance, and also have the potential to increase productivity. After several decades in which the discussion had gradually narrowed to a consideration of material incentives only, today, more balanced concepts have come to the fore. Even within the financial incentives, there is a lot of differentiation, while demands for performance-related pay and greater flexibility are being given far more attention than they used to be. Within the immaterial incentives, there is an increasing tendency to recognize the importance of working time, possibilities for personnel development, participation in the communication process, support and recognition from various group members, and so on.

3.6. Personnel release

Personnel release (staff reduction) is understood to be the removal of personnel redundancies (again considering quantity, quality, temporal and spatial aspects). Due to the increasing dynamics of the corporate environment and the need for more frequent restructuring, companies are increasingly having to get to grips with the complex instrument of personnel reduction. Mass dismissal remains the last resort and is to be avoided whenever possible by means of timely measures to remove personnel redundancies.



4. CROSS-SECTION FUNCTIONS OF HUMAN RESOURCE MANAGEMENT

The cross-section functions have one thing in common: they can have an impact on all the process functions mentioned. Here, the focus is on personnel controlling, personnel marketing, personnel information, and the organization of human resource management as a whole.

4.1. Personnel controlling

Personnel controlling supports the planning and control of all human resource management activities or the corresponding agents, and also organizes the information supply. There are now sophisticated key figure systems (ratios) within the area of personnel controlling. The individual key figures are established so that any human resource management measures that might be necessary can be undertaken. A concrete example of this is the recording of staff absences as a basis for systematic measures within absence management. These can include better organization of working time, a review of the incentive systems, the redirection of personnel development measures, or improvements in the area of inner-company communication. Since it is more easy to determine key figures today, it is also necessary to warn against using them excessively.

4.2. Personnel marketing

The primary aim of this cross-section function is to create favorable conditions in order to increase the attractiveness of an employer on the internal and external employment market. This improves the employer's chances of gaining and retaining qualified and motivated personnel. The analogy to marketing lies in the fact that the current or potential employee is seen as a customer, and the workplace and all surrounding factors are viewed as aspects of the customer-oriented product.

4.3. Personnel information

The new media can, of course, also be used to great advantage within the area of inner-company information. This must not lead to employees being flooded with information, however. The principles of communication that promotes understanding (the creation of a common language between the communication partners, see Cantin 1999) need to be given even more weight in view of the easy availability of large volumes of information. The internal web world opens up new possibilities for fast information exchange. At the same time, the danger that misunderstandings will occur grows. The medium does not relieve managers of their personal responsibility for information and communication. Printed media continues to be very important. While fast information is increasingly being moved to the electronic medium, a suitably designed employee magazine can provide the necessary background information (also see Jörg 1998).

4.4. Organization of human resource management

The purpose of this cross-section function is to regulate the interplay (division of work and coordination) of the various agents within personnel management. These agents include internal



human resource management specialists, managers at the various levels, and not least, any number of external service providers with various specialties (such as consultants for personnel recruitment, trainers, working time specialists, outplacement advisors; see Kraft 2001). A basic question concerning the internal management professionals regards their concentration, or how they are distributed across the hierarchy.

The endeavor of this person group is to have its top people form part of the corporate management body. While in Germany this question is automatically solved (as from a certain number of employees and with a certain legal form, such as stock corporation) by the Co-Determination Act of 1972 (the labor relations director is responsible for the personnel and social system and an equally-entitled member of the Supervisory Board), there is no equivalent ruling in Switzerland.

5. CONCLUSIONS

The dynamism with which changes are taking place in companies has enabled many directors to better appreciate the necessity and advantages of comprehensive human resource management. This pressure to change has also helped to generate numerous social innovations within human resource management. The call for each sub-area to play its part in increasing the value of the enterprise is setting new accents in human resource management. The main starting points for increasing the value of an enterprise lie in improving productivity, employee creativity, and motivation (also see Becker et al. 1997). The human resource management functions discussed can have a positive impact on these aims.

Productivity, for example, is increased by personnel development and personnel placement measures. The personnel retention instruments (incentive systems) are almost certain to have an impact on motivation. Ways to influence creativity include selection measures (looking out for candidates with creative potential within the recruitment process) and personnel development measures (consciously increasing a person's capacity for interdisciplinary thinking, practicing creative techniques). Creativity is also favorably influenced by the opportunities that are available within the working environment (also see Thom/Etienne 1999). The ideal scenario would be a corporate climate that promotes creativity (also see Di Renzo 2000), gives the employees room to maneuver, frees them of unnecessary bureaucracy, and takes them into work situations that are rewarding, or even empowering.

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