



INTRODUCTION TO HRM

PURPOSE AND SCOPE

This paper gives an overview of the concept of Human Resource Management, HRM. It describes the most important HRM processes and the prevalent ideas about the roles and functions of modern HRM. It is written primarily for the HRM professionals and managers in ministries and government institutions in order to provide basic knowledge on HRM in public administration for HRM training.

The content is based on practical experiences of implementation of modern HRM principles and methods in Sweden and other countries.

MODERN HUMAN RESOURCE MANAGEMENT

HRM in the context of reaching organisational objectives

The overall aim of modern human resource management is to ensure that the organisation is able to achieve its objectives through its staff. In order to reach its objectives an organisation needs not only qualified staff but also effective and efficient systems as well as access to and effective allocation of financial resources. Institutional development therefore involves not only putting the right person at the right place at the right time, but also that the organisation provides a conducive and effective work environment and systems and that the organisation has access to adequate financial resources.

In addition to human resources, the organisation needs systems like computers and financial management system, transport to reach the client, medicines in a hospital, books in the school, etc. Top management must reach a harmonious balance between all such resources and push and pull factors.

**HRM integrated
with other
systems**

HRM should develop objectives for its activities linked to the overall objectives of the organisation. The purpose of development of HRM objectives is to provide a direction for the HRM activities in an often turbulent environment so that, on the one hand, the business needs of the organisation, and, on the other hand the individual and collective needs of its employees can be met by the development and implementation of understandable and effective HR policies and practices.

HRM objectives

HR policies and practices are linked to the HRM strategy. An HRM strategy is mostly an attitude of mind, a belief in the advantages in clarifying aspirations and to make sure that what is planned is appropriate for the aims of that specific organisation and that the various parts of the HR strategy in terms of policies and practices are integrated with each other.

HR strategy

The elementary questions for strategic planning are “Where are we going?” and “What do we need to do to get there?”

An organisation needs to have a client/recipient focus. This means that the organisation should identify its clients/recipients (owners, government bodies or trustees, management, employees, customers, suppliers and public at large) and their needs in order to adapt to and satisfy them. An HRM strategy and

**Client/recipient
focus**

objectives therefore should be closely connected to a clear identification of its clients/recipients as well as which products/services that shall be delivered.

What is HR strategy?

There are a multitude of schools for what an HR strategy should ideally contain. One suggestion is that an HR strategy or any kind of a strategy must have two key elements:

Strategy is objectives and action plan

1. strategic objectives, e.g. things the strategy is supposed to achieve, and
2. a plan of action, e.g. the means by which it is intended that the objectives will be met.

The objectives should be defined in general terms of *what* needs to be done to satisfy the aim of the organisation and the individual needs of employees.

HR strategies are simply the process in bringing together people plans and programmes of activities within an overall framework, designed to deliver against organisational objectives. The process of strategy formulation is the process by which many different perspectives come to be reconciled.

The image below illustrates that HRM is directly linked to the core business of a ministry with the function of providing adequate human resources. Doing so, HRM is indirectly supporting achievement of the organisational objectives of the ministry.

HR supporting organisational objectives



The purpose of modern HRM

The purpose of modern HRM is to ensure that the organisation obtains and retains the skilled, committed and well motivated employees that it needs.

Obtain and retain adequate employees

Which these needs are and how they should be met in general terms should be defined in the HR strategy. The implementation of the strategy means taking steps to assess and satisfy future people needs and to enhance and develop the inherent capacities of people, their contributions, potential and employability by continuously establishing development and learning opportunities.

Recruitment, placement, and training are basic HRM processes. Strengthening motivation and enhancing commitment are additional factors to achieve success. This is done by implementing policies and processes, which ascertain that people are valued and rewarded for (1) what they do and achieve, and for (2) skills and competence and for (3) the willingness and ability to develop what they provide to the organisation.

Basic HR processes

Values and ethics as expressed by public sector organisations usually differ only marginally when making international comparisons. Sometimes the values and ethics have a specific national or regional tilt, which is positive. Depending on the specific circumstances, it is usually necessary to ensure a diverse workforce, to provide equal opportunities and an ethical approach to managing employees, based on concern for people, rightfulness and comprehensibility, to establish various standards and norms. In its implementation, the most important factor is that the organisation in reality, and especially when it comes to managers, lives by the accepted ethics and values.

Basic values and ethics

Strengthening motivation and enhancing commitment by introducing and implementing policies and processes, which ascertain that people are valued and rewarded for what they do and achieve and for the levels of skills and competence and for the willingness and ability to develop that they provide to an organisation, are additional factors to achieve success. An organisation needs to focus on creating a climate in which productive and harmonious relationships can be maintained through partnership between management and employees and where teamwork can flourish and where employees can be valued stakeholders in the organisation.

Motivation and commitment

Good HRM improves organisational performance

A good HRM practice can improve organisational performance in the following ways:

- ▶ Increasing motivation and commitment
- ▶ Increasing skills
- ▶ Providing employees with broad and extended responsibilities so that they can make full use of their skills and abilities
- ▶ Developing a positive contact between management and staff

Improving organisational performance

This could be done by

1. Clarifying career opportunities and defining competencies,
2. Instituting processes of performance management and continuous development,
3. Using reward management systems to give messages about what the organisation believes to be important and what it is prepared to provide, in terms of financial and non financial rewards, and
4. Developing employee relation strategies.

Methods for improving organisational performance

Strategic HR approach versus traditional functional approach

Modern HRM is above all strategic to its nature. Its overall objectives are linked to the strategy (objectives and plans) of the organisation it shall serve.

Traditional personnel administration was mostly rule-bound application of rules concerning personnel. It was focussing on doing things right rather than doing the right things. The processes were only loosely connected to the aims and objectives of the organisation.

Personnel administration

Modern HRM is closely related to the organisations missions, operational objectives and vision. The following “factors” of an HRM policy and strategy are important characteristics and they illustrate the difference to the traditional personnel administration approach.

Modern HRM

1. Employees are viewed as the organisation’s most valuable resource
2. HRM is mainly a line management responsibility and is closely linked to performance management
3. HRM is value based - gains commitment to the organisation’s mission and values
4. HRM is based on documented policies
5. HRM believes employees share the same interest as employers
6. HRM is strategic - identifying critical areas to develop and ensure success
7. HRM is steered by objectives, follow ups
8. HRM is process oriented
9. Performance assessment for continuous improvement

Characteristics of modern HRM

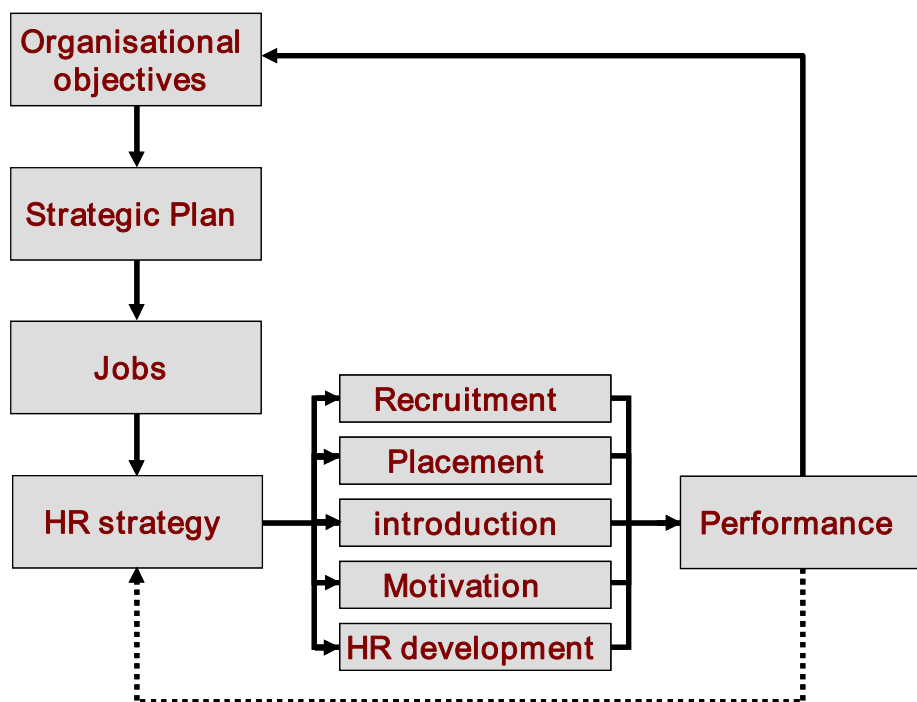
Modern HRM will function well only if the environment accepts the modern HRM approach and is adapted to this. The environment comprises

Environment for modern HRM

- ▶ A legal framework allowing the strategic approach,
- ▶ Effective basic personnel administrative support (including an efficient human resource management information system) and well working administrative routines, and
- ▶ HR competencies, organised for
 - Supporting the line managers,
 - Following ups and analyses, and
 - Development

HR strategy and processes

The relationship between the strategic objectives of the organisation and a sample of various HR processes is illustrated below.



The HR strategy will provide the employees that are needed to perform the jobs that are needed in order to carry out the organisations strategic plan, which defines how the organisational objectives shall be achieved.

Providing the employees is carried out through various processes. The result of these processes is the performance through which the organisational objectives are achieved.

The performance will be assessed and appropriate measures will be taken in order to make necessary improvements.

HRM in public administration

Employment in public administration is in most countries different from employment in private companies and other organisations.

The terms of employment, rights and duties, etc. are often regulated through laws in combination with government regulations. The room for collective or individual contracts is limited. HR issues are therefore often handled in the same way that governments regulate the activities of their subordinate institutions.

Employees in public employment have a function that is special and different from other employees. Some employees in public administration execute public power in relation to individuals and organisations. Others provide services that are based on and regulated by provisions of law and government regulations.

**Special
functions**

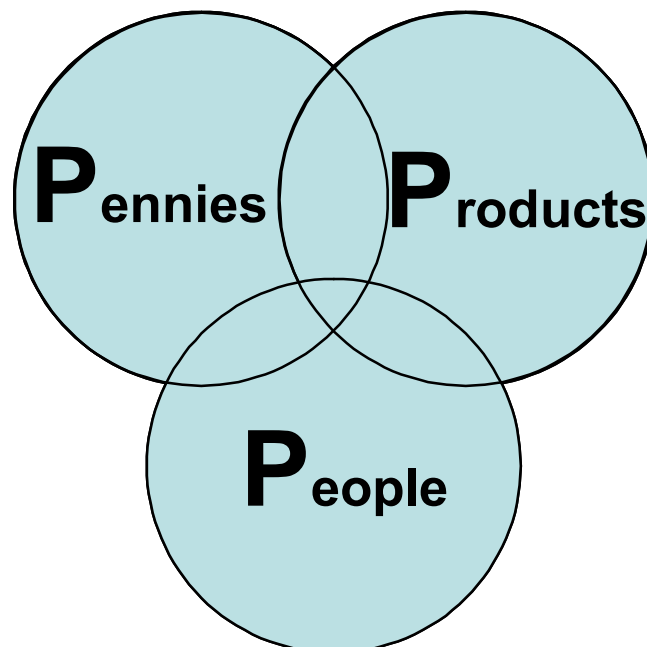
Employees in public administration are responsible before the law for their implementation of policies and provisions of law.

The activities of the public institutions are governed by aims and objectives based on political decisions. The activities are regulated by laws and regulations.

These characteristics form an environment for HR which is something of paradox. HRM is intended to work strategically but HRM is forced to work within the legal framework of public administration. HRM professionals within a public service organisation therefore need to observe the legal framework without being limited more than necessary.

**Strategic
approach and
legally oriented
environment**

STRATEGIC PLANNING - BUDGET –HUMAN RESOURCE PLANNING



The image above illustrates the linkage between strategic planning defining what the organisation shall produce, the financial resources set aside for this production and the human resources that may be available. Modern organisations strive to integrate these three planning activities. The integration is based on the trivial statement

- ▶ You can produce only what available staffs can do, and
- ▶ You can't have more staff than the budget allows.

If we turn the statement around we can conclude that if the production is defined in terms of what and how much to produce, the budget must allow sufficient staff, otherwise it will not be possible to reach the defined production.

HRM therefore must be able to help assessing the need of human resources for the defined production. At the same time HRM must be able to discuss and adapt human resources to the budget.

Role of HRM

If strategic planning, budgeting and human resource planning take place separated from each other, this kind of discussion will not be possible. The over-all planning procedures need to be based on the concept of integrated planning. HRM has an important role in making this happen.

CAPACITY BUILDING FOR INSTITUTIONAL DEVELOPMENT

HR professionals are key actors in developing the competence of staff to reach organisational objectives.

