

# People Pusher

## Nature of Human Resources Management



What do you think of when you hear the phrase “human resources”? The department of a company you hope you’ll get a call from when you want to land an interview? For many people, human resources or “HR” means a gateway for getting hired. While HR responsibilities do include staffing, the HR function goes much deeper than just that. Human resources management involves a wide variety of activities—HR employees make sure you get paid, stay safe on the job, and have the tools you need to succeed. Read on to learn more about the important role of human resources in any business, big or small.

## All in a Day’s Work: Human Resources Management Activities

A successful company has many resources it uses to accomplish its goals. It has facilities, perhaps a small one-person office or locations all over the globe. It has capital, whether it’s a \$1,000 loan from mom and dad or millions from investors. And, it has human resources, maybe just two partners in business together or hundreds of thousands of employees.

**Human resources** are the people who work to produce goods and services, and they are invaluable to a company. **Human resources management** is the process of planning, staffing, leading, and organizing those employees.



▲ People, or human resources, are some of the most important resources a business will have. Human resources management involves many activities dedicated to serving people working in a business.

### Objectives

- A Describe human resources management activities.
- B Discuss the role of human resources management in business.

Human resources management is a function of business, as well as a department. In other words, bigger companies may have a great number of employees dedicated solely to managing human resources, but even in small businesses without an official “HR department” this important function still remains (and is most likely managed by the owner). And, even in big companies, human resources management is not contained solely within the HR department—supervisors and managers across the organization also take some part in managing human resources, although their level of involvement varies from business to business.

Managing a business's human resources is a big job that only gets bigger as a company grows. Let's look at some of the main activities involved in this function.

## Staffing

A business is only as strong as its employees, so making sure an appropriate staff is on hand is a main priority for human resources managers. **Staffing** involves more than just interviewing and hiring. It starts with determining need. Where is the company lacking the human resources it needs? Has an employee recently retired or transferred to another position? Has top management created an entirely new position? It's HR management's responsibility to stay on top of these issues. HR managers must also determine if the staffing needs are permanent or temporary, full time or part time.



**D**etermining staffing needs can be quite a complex task. Learn more about some of the techniques HR managers use by reading Heidi Cardenas's article "Formula for Calculating Staffing Needs" at <http://smallbusiness.chron.com/formula-calculating-staffing-needs-12759.html>.

▲ To manage people, you need to employ people! Staffing starts with determining a business's employment needs.

After determining need, human resources managers must determine job descriptions and specifications for each position in the company. A **job description** is an explanation of the responsibilities and tasks associated with a specific job. It describes what an employee in that position does. For example, a job description for a marketing assistant may list responsibilities such as preparing brochures and assembling consumer reports. A **job specification**, on the other hand, is an explanation of the skills, knowledge, and characteristics required for the job. It describes what an employee in that position should be. The marketing assistant position, then, may specify that the employee have at least one year of experience and pay close attention to detail. Job descriptions and specifications are constantly evolving, so HR managers must double-check them each time the need for a new employee arises.



**C**heck out all kinds of job descriptions here: <https://hiring.monster.com/employer-resources/job-description-templates/sample-job-descriptions/>.



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Next, human resources managers must recruit candidates for the open position(s). **Recruiting** is the part of staffing that involves seeking out and attracting qualified potential employees. HR managers have many different methods for recruitment, and they will choose the ones that are most appropriate to their industry and the position(s) available. Some examples include being present at job fairs, seeking recommendations from current employees or customers, placing a classified ad in the newspaper or on an Internet job board, and partnering with outside employment agencies. The key to recruiting is finding just the right number of applicants—too few, and it may be difficult to find a qualified, well-suited candidate; too many, and the process becomes lengthy and time-consuming.

▲ Businesses can't just wait for candidates to find them—instead, employers need to be proactive with their recruitment strategies so they can reach out to the best potential employees.

When a pool of potential candidates has been identified, human resources managers must then begin the process of screening the applicants and selecting which ones to interview. They begin by “weeding out” (usually with the help of applicant-tracking software) those applicants who do not meet minimum requirements for the job or have not satisfactorily completed the application process. Then, based on their knowledge of company needs and particular job specifications, they can choose the best-suited candidates to interview.

The interview process varies from business to business. Generally, human resources management conducts the initial interview with a candidate and then either recommends or does not recommend her/him for further interviews with the managers and supervisors in the department with the open position. The interview process may also include administering skill or aptitude tests and conducting background and reference checks. These are all HR responsibilities.

When the final candidate has been chosen, human resources management will extend the job offer with its specific terms and conditions. Sometimes, a candidate will try to negotiate part of the offer. When this happens, HR will be involved in the **negotiation** process. If the company’s first-choice candidate does not accept the position, HR will work with the involved managers to choose another candidate or conduct further interviews.

Human resources management’s involvement in staffing doesn’t end when candidates are hired! There are still several **onboarding** activities to complete, such as employee orientation and various types of paperwork (insurance, tax-withholding, direct deposit, citizenship information, etc.). **Orientation** also varies from business to business. It may involve giving the employee a tour of the facilities and making introductions, giving the employee information about company procedures and policies, and familiarizing the employee with his/her new workspace and equipment. On-the-job training will begin at this time as well, usually overseen by the employee’s new manager in cooperation with HR.

Staffing responsibilities also extend beyond just hiring and orienting new employees. In addition, they deal with the various job changes that occur within a company. This includes transfers, promotions, retirements, resignations, dismissals, and layoffs.

Each type of job change creates work for HR managers. They may need to fill positions quickly or offer severance packages. They may also conduct **exit interviews**—discussions with employees who are leaving that are designed to gain feedback for the business. Exit interviews aim to gauge employee attitudes about a company, gain constructive suggestions for improvement, and gather further understanding about employee turnover.



▲ Employers often receive so many job applications that it’s impossible to interview each candidate. Businesses then screen applications and résumés to decide who moves forward in the hiring process.



▲ Employee orientation often involves tours of the workplace and introductions to current employees. What kinds of orientation have you experienced in your job or extra-curricular activities?



## Compensation and benefits

Human resources management is also responsible for overseeing compensation and benefits for all employees. **Compensation** is pay for work completed. It comes in different forms for different employees. Some make an hourly wage; others, a yearly salary. Compensation may also include certain financial incentives, such as commissions or bonuses.



**Benefits** comprise a significant portion of the total package a company offers its employees. They are advantages employees receive in addition to their monetary compensation, such as health insurance, retirement accounts, paid vacation and sick time, etc. Certain benefits may be required by law (depending on the size of the company), while others are based on what the company can afford to offer.



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For more insight on required benefits and optional benefits, refer to this post from the Small Business Administration: <https://www.sba.gov/business-guide/manage-your-business/hire-manage-employees#section-header-6>.

- ▲ Compensation can take many different forms. It's the responsibility of human resources management to make sure that employees receive pay for their work.

HR managers help their companies develop benefits plans by analyzing how much each benefit costs and what the company can reasonably afford. For example, not all companies that offer health insurance can include vision and dental coverage in those plans. The availability of benefits may also vary based on an employee's part-time or full-time status. A part-time employee may qualify for health insurance, for instance, but may have to pay a greater percentage into the plan than a full-time employee. HR managers are responsible for determining eligibility and costs. They may spend a great deal of time working with benefits carriers, such as insurance providers, to find the best deal for the company and its employees. They are also in charge of keeping track of what benefits each employee qualifies for or has chosen (if employees are given choices between plans). In larger companies, there may be entire staff teams focused solely on benefits administration.

## Training and development

Another main responsibility of human resources management is ensuring that employees are knowledgeable and productive. HR managers do this by overseeing training and professional development programs for the company. Every business has different training needs, and HR managers' first task is to determine what they are. What training is required for new employees? How many employees must be trained for the same position at the same time? Is training required because of new equipment or work procedures? What type of professional development or continuing education do current employees need? Where and when is the training best conducted? The answers to these types of questions help HR managers determine training needs.

Next, HR managers must determine what resources are available for training and development. Who will conduct the training? In many cases, on-the-job training for new employees is supervised by another employee or "mentor" in the same department. However, it's still up to human resources to arrange this. In other circumstances, an HR trainer may take responsibility for this task. HR managers are also in charge of deciding what materials are needed. In some cases, it may be possible to select and purchase appropriate training materials; in other cases, however, HR managers must work with others in the company to develop training materials specific to the business.



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Another aspect of training and development is performance management and improvement. Employees need feedback on how they're performing their jobs—what they're excelling at and how they can improve. Every company handles performance management a little differently, but human resources management should oversee the process. This may involve developing a company-wide evaluation system, keeping records for personnel files, and assisting supervisors with performance reviews. When necessary, HR managers will also be involved in disciplinary issues. Businesses have policies in place to take corrective action when an employee violates the rules or is not performing his/her job satisfactorily. An HR person is usually on hand to guide the employee through the appropriate corrective steps and to dismiss the employee if the situation does not improve.

## Compliance

Businesses must comply with many different laws and regulations. These vary based on the size of the company, where it's located, what industry it's in, etc. Human resources management oversees compliance issues for most companies. Here are a few of the main compliance and legal matters HR managers deal with:

**Safety and health.** Every company wants its workers to remain safe and healthy. Not only does this matter for the employees personally, but it also keeps the company productive and spares many unnecessary expenses. First, HR should ensure that the company complies with all workplace-related safety laws. There are many laws in place that relate to the storage and disposal of chemicals, the use of dangerous power equipment, and the number of breaks employees must have during a shift. Compliance may include conducting safety training and workshops, regularly monitoring the workplace to make sure regulations are being followed, and keeping track of all information regarding work-related illnesses and injuries.

Many times, companies will go above and beyond their legal obligation to promote workplace safety and health. They may offer wellness and weight-management programs; on-site fitness centers; support groups focused on physical and mental health issues, such as smoking cessation; health-education programs, etc. HR managers are usually in charge of administering these programs.



- ▲ If you have a job, are there safety rules that you must follow? Human resources management was likely responsible for creating these safety rules and making sure they comply with workplace-related safety laws.



“**W**hat 3 Companies Are Doing To Keep Employees Healthy” by Lisa Evans is an interesting article about businesses that go above and beyond their compliance obligations. You can read it here: <http://www.entrepreneur.com/article/226041>.

**Interviewing issues.** Job candidates have certain rights during the application and interview process that businesses must respect. They can't be asked questions that pertain to their age, marital status, family plans, religious beliefs, etc. Good HR managers are knowledgeable about these issues and make sure not to violate applicants' privacy.

**Employment contracts.** Not every employee is under contract, but for those who are, HR managers are responsible for understanding and administering the contracts.

**Other employment laws.** It would be impossible to list each and every law that applies to employment, but some of the main ones involve equal employment opportunities (EEO), minimum wage, and employees with disabilities. HR managers understand these laws and make sure the company follows them.

## Employee relations

For a company to be successful, employees must establish good working relationships—both with each other and with managers and supervisors. Human resources management is responsible for making sure employee relationships remain positive and productive. One way of doing this is by handling complaints and mediating conflicts. Sometimes, disputes arise between coworkers or between an employee and a manager. When this happens, an HR representative can act as a mediator to resolve the conflict in a way that satisfies both parties. HR representatives also listen to employee grievances, keep records of them, and work to find appropriate solutions.

Maintaining good employee relations may also involve certain assistance programs. These could include helping with short-term housing needs for new or transferring employees, organizing car pools, or assisting employees with career and educational planning and decisions. Employee assistance programs vary widely from company to company.

Human resources management is also involved in labor-union relations at companies where unions are present. HR managers may help negotiate labor contracts and deal with any related issues or problems. In companies without labor unions, HR management functions similarly, but in a less formalized way.

### Summary

Human resources are the people who work to produce goods and services. Human resources management is the process of planning, staffing, leading, and organizing employees. Main HR management activities include staffing, compensation and benefits, training and development, compliance, and employee relations.

## TOTAL RECALL

1. What are human resources?
2. What is human resources management?
3. Describe the HR activity of staffing.
4. Describe the HR activity of compensation and benefits.
5. Describe the HR activity of training and development.
6. Describe the HR activity of compliance.
7. Describe the HR activity of employee relations.

## THE GRAY ZONE

**H**uman resources managers know that there are certain questions they cannot ask potential employees during the application and interview process. However, there are sometimes ways to ask legal questions that still gather the same information as illegal questions might. Here are a few examples:

You can't ask an older candidate, "How much longer do you plan to work before you retire?"  
But, you can ask, "What are your long-term career plans?"

You can't ask a female candidate, "What is your maiden name?" because it violates her right to privacy regarding her marital status. But, you can ask, "Have you ever worked or earned a degree under any different names?"

You can't pose the question, "How tall are you?" on an application form. But, you can ask, "Are you able to reach items on a shelf that is five-feet high?"

What do you think about these methods of obtaining information about job applicants?  
Are they ethical or unethical?



# Human Touch: Importance of Human Resources Management

**W**hat would your company do without its human resources? Think of an ice-cream shop in this situation. Who would make sure the lights were turned on and the doors were unlocked? Who would take orders and run the cash register? And, who would craft those delicious sundaes and cones? Simply put, all of a business's other resources are useless without humans to control them. That's why having the *right* human resources in place is so important.

All human resources make an impact on a business—whether that impact is positive or negative. A good employee in a certain job position can boost a company's productivity, help create profit, and contribute to a pleasant working environment. The wrong employee in that same position may not only cause a company to miss out on these benefits but can also create negative results in their place. HR management exists to make sure that every employee in the company is:

- Available
- Productive
- Knowledgeable
- Satisfied



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▲ If a business wants to be successful, it can't just put people in positions—it needs to put the right people in the right positions at the right time.

## A world of change

The role of human resources management in business is constantly changing and evolving. One reason is that employee needs are different than they were in the past. Greater diversity now exists in the workforce in terms of gender, age, culture, and ability. The average employee is no longer a white male—a greater variety of backgrounds, perspectives, and needs are represented. HR managers must take this diversity into account when performing their job tasks.

There is also a greater emphasis on creating balance between work and personal lives than ever before. Many companies are addressing this need by offering employees options, such as flexible work schedules and opportunities to **telecommute** (work from home). Human resources management is involved in working out the details of such arrangements.



**Y**ou can read more about telecommuting in this recent *New York Times* article: [http://www.nytimes.com/2014/03/08/your-money/when-working-in-your-pajamas-is-more-productive.html?\\_r=0](http://www.nytimes.com/2014/03/08/your-money/when-working-in-your-pajamas-is-more-productive.html?_r=0).

Employees aren't the only ones who have changed, though. Business is different now as well. The costs of doing business are constantly rising. Companies are always looking for ways to keep expenses down and production up. Human resources management is not exempt—in some cases, HR activities may be **outsourced** (possibly to outside employment agencies) or delegated to department managers. In other ways, modernization has improved the HR function by providing technology that streamlines many activities, saving time and reducing paperwork.

Business environments are always transforming, too. The economic climate can shift quickly, and there is a growing trend toward globalization. New technologies seem to pop up virtually overnight. To keep pace, companies make constant adjustments, such as organizational restructuring and outsourcing. All of these changes create human consequences. Human resources management deals with these consequences in nearly all of its activities.



## Human resources and strategic management

Now you know that human resources management involves a lot more than just interviewing and hiring employees. Today, HR executives play vital roles when it comes to a business's **strategic planning**. They're often found at the same meeting table with the company's CEO, CFO, COO, board members, and other top-tier managers. HR managers can provide valuable insight into important company decisions, such as **organizational restructuring** (mergers, acquisitions, downsizing, etc.) and budgeting.

Why is human resources management so important to a business's strategic plans? Strategic plans are made for the company's long-range future. And, no company's future looks bright without the right human resources in place. Organizations must work now to ensure they'll have the human resources they'll need tomorrow. Strategic planning is incomplete without taking HR into account.

Human resources management can also help a business gain a long-term competitive advantage over the rest of the industry. Consider two competitive businesses that are equal in size, capital, and access to raw materials. With all other factors being equal, human resources can make the difference in one business being more successful than the other. How productive and efficient are the employees? How well do they control the other resources to create revenue? Is employee satisfaction high, reducing turnover and hiring/training costs? Well-managed human resources enhance organizational performance and often determine whether a company is good or great.



▲ Human resources management is often responsible for helping create a vision for a company's long-term future.



This article from Susan M. Heathfield explains the importance of human resources management: <https://www.thebalancecareers.com/what-is-the-importance-of-human-resources-management-1917588>.

### Summary

Human resources are important to business effectiveness because they control all the other company resources. The role of human resources management is constantly changing and evolving as employee and business needs change. Human resources managers play vital roles in strategic management.

### TOTAL RECALL

1. How does human resources management contribute to business effectiveness?
2. How has the role of human resources management changed and evolved?
3. What is the role of human resources management in strategic planning?

## Make It Pay!

**W**ho manages human resources at your current place of employment? What have your interactions with HR involved? What HR responsibilities does your supervisor handle? How does the HR department support your supervisor's HR responsibilities?