Human Resources Management, a dynamic process of supporting an organisation's development.

Liam Lenihan

Human Resources Management, a dynamic process of supporting an organisation's development.

Liam Lenihan

Human Resources Manager, ThermoKing/Ingersoll-Rand

Human Resources Management is a situation specific process focused on a strategic corporate approach to people. Given the diversity of people in the work context and the particular time bound events/issues that define an organisation, human resources management provides customised management responses. Every organisation, be it public, private, a service organisation or a manufacturing organisation is at a unique stage in its own development at any point in time. Such uniqueness merits/evokes customised human resources management approaches. A start-up company is very different from a mature organisation, while the profit-making organisation is very different from the voluntary, not-for-profit organisation. All these characteristics are intrinsic to an organisation. Accordingly, it is across such a wide ranging and diverse spectrum of working environments that the Human Resources practitioner contributes to optimising the contributions of people (or human resources) to achieve an organisation's goals/mission.

While the spectrum of peoples' endeavours in the work place is diverse, there are common factors that prevail in all organisations, many of which are now assuming an un-precedented momentum as organisational change increases. People's working lives/environments are now being shaped by such issues as; family friendly practices, equality policies, working time directives (particular to the European economy) as well as flexible work arrangements such as teleworking and job sharing.

The context in which organisations evolve and develop also impacts on the way organisations, made up of people, develop and survive. Michael Porter, a renowned strategist refers to the forces/barriers that help an organisation to maintain its competitive advantages. A leading organisation can defend its position in the market place by virtue of its **reputation**, **the economies of scale** it has attained and the **cumulative learning** within an organisation. So, in practice, how do such insights inform human resources management?

In terms of **reputation**, every organisation has a particular appeal. For example, The Body Shop, established by Anita Roddice in 1976, acquired a reputation synonymous with environmentally friendly issues, social responsibility and accountability. The growth of <u>The Body Shop</u> brought particular challenges. Sales increased through the 1980's at c. 50% per annum. When it floated on the stock exchange in 1984, the shares opened on the first day at 95 pence and closed at 165 pence that afternoon. The unique characteristics of this organisation elicited particular human resources responses.

Intel, for example, as a company has achieved a global advantage in the market place with its microprocessors. That advantage has been attained by its unrelenting focus on innovative product development and its capacity to then deliver its products to the market in large volumes on time. The **economies of scale** that make up Intel's manufacturing capacity permits such an advantage to be maintained. Though such an advantage is not absolute as was noted when Intel was obliged to withdraw a flawed Pentium product in the mid 1990's and risked its reputation until such time as it agreed to offer a no questions asked exchange of a flawed Pentium product. Every organisation is susceptible to the environment it finds itself operating within – an environment shaped by market forces.

In relation to **cumulative learning**, if an organisation is new it will not have acquired a store of cumulative learning/expertise among its employees/human resources. That may trigger a particular human resources management strategy such as the recruitment of people with specific expertise/experience or alternatively developing internal learning/development plans for existing employees so that the competencies required for the organisation to succeed will become available to it. Depending on how quick an organisation needs to develop its competencies, it may chose to recruit external to the organisation -a fast track option - or to pursue the development of existing employees to achieve long-term competencies. The latter option will potentially be more successful as there is a greater possibility of internal employees forging a strong emotional link with the organisation. This in turn may lead to a situation where people are inspired to deliver consistently higher levels of performance in the work place.

The organisational challenges of any organisation in the new millennium are legion. The challenges include; a need for organisations to realise that the availability of sufficient resources will no longer guarantee its competitiveness in the long term. Today every employee's contribution to an organisation has to be optimised - a value adding contribution.

Labour turn over rates in Ireland have increased as people are less inclined to develop a long-term affinity with an organisation and often that reticence is prompted by less than positive employee relations or the way people are managed within an organisation. Low levels of un-employment and greater labour mobility among people now contribute to ever increasing levels of turnover among people. In many instances people are becoming more discerning about the organisations they join.

Such challenges are now prompting a new frame of mind or vision within organisations as the necessity of leveraging every person's skills and knowledge becomes critical to the present and future success of an organisation. People, in the new millennium, are becoming the only remaining source of competitive advantage, as technological advantages become readily available on a global scale to all organisations. The proverbial playing pitch is becoming more level as the global village becomes smaller, though the

players – the human resources - are becoming the unique factors that will ensure an organisation's success going in to the future.

The need to leverage human resources is now prompting fundamental questions on the part of organisations. For example, if a retail supermarket chain is employing people to run its employee canteens, there is a question to be asked within such an organisation; Are we in the business of retail food sales *or* are we in the food preparation and sales business? This question prompts a fundamental questioning of what the core business of such an organisation is in practice. The answer to the question will have human resource management implications – it will be either a matter of developing the internal knowledge/skills necessary for operating an employee canteen or sub-contracting that activity to a specialist provider of such a service. In a manufacturing organisation a similar question may be asked; do we outsource the manufacture of particular components with a view to then assembling those components and testing them within the organisation? Alternatively do we continue to make all the components we require to build a particular product? Implicit within such questions is another question; what are we good at doing best?

The time between expenditure on resources, such as training people in particular skill areas and the return on such an investment, as/when those skills are available and applied within the organisation, is now critically important. In addition, organisations are now recognising that particular employees cannot be allowed to retain/personify the core competencies of the organisation. Ideally the competencies that define an organisation's success ought to be prevalent among a large number of people within the organisation, such that the organisation's reputation is sustainable in the long term even if particular employees leave the organisation.

In the absence of customised people development strategies the prospect of particular employees leaving an organisation is a daunting one for any organisation's continued success. Short term human resource management practices tend to create such vulnerabilities, where an organisation fails to maintain/develop key-people and a downward spiral is started when people see an organisation becoming less attractive and people leave to work in other organisations. Succession management, an instrument of human resources management, has a part to play in reducing labour turnover in an organisation, where key employees are identified, developed and retained. Ultimately the social dynamics that shape an organisation need to be known and interpreted by the Human resources management practitioner if succession planning and employee retention is to happen successfully.

Every employee will essentially require a customised working context in which his or her respective skills and knowledge may be recognised, developed, applied and rewarded. The customising of an organisation's responsiveness to every employee's particular set of development needs, skills and career ambitions is one of the on-going challenges of the human resources management practitioner.

In the final analysis such responsiveness within an organisation can only be articulated if, in the first analysis, every organisation defines itself as a collectivity of individual people in pursuit of a shared goal/mission.

Further reading;

Bartlett, Christopher A., 1994. **The Body Shop International**, Harvard Business Review.

Grattan, Lynda, 2000. **Living Strategy, putting people at the heart of corporate purpose.** Prentice Hall, Britain.

Gunnigle, Patrick and Floor, Patrick, 1991, **Personnel Management in Ireland**. Gill and Macmillan Ltd., Dublin.

Jackson Tim, 1997. **Inside Intel.** Harper Collins, London.

Lundy, Olive and Cowling, Alan, 1996, **Strategic Human Resource Management.** Routledge, London.

Porter, Michael, 1985. **Competitive Advantage.** Free Press.

Torrington, Derek and Hall, Laura, 1987, **Personnel Management, a new approach**. Prentice Hall International Ltd., United Kingdom.