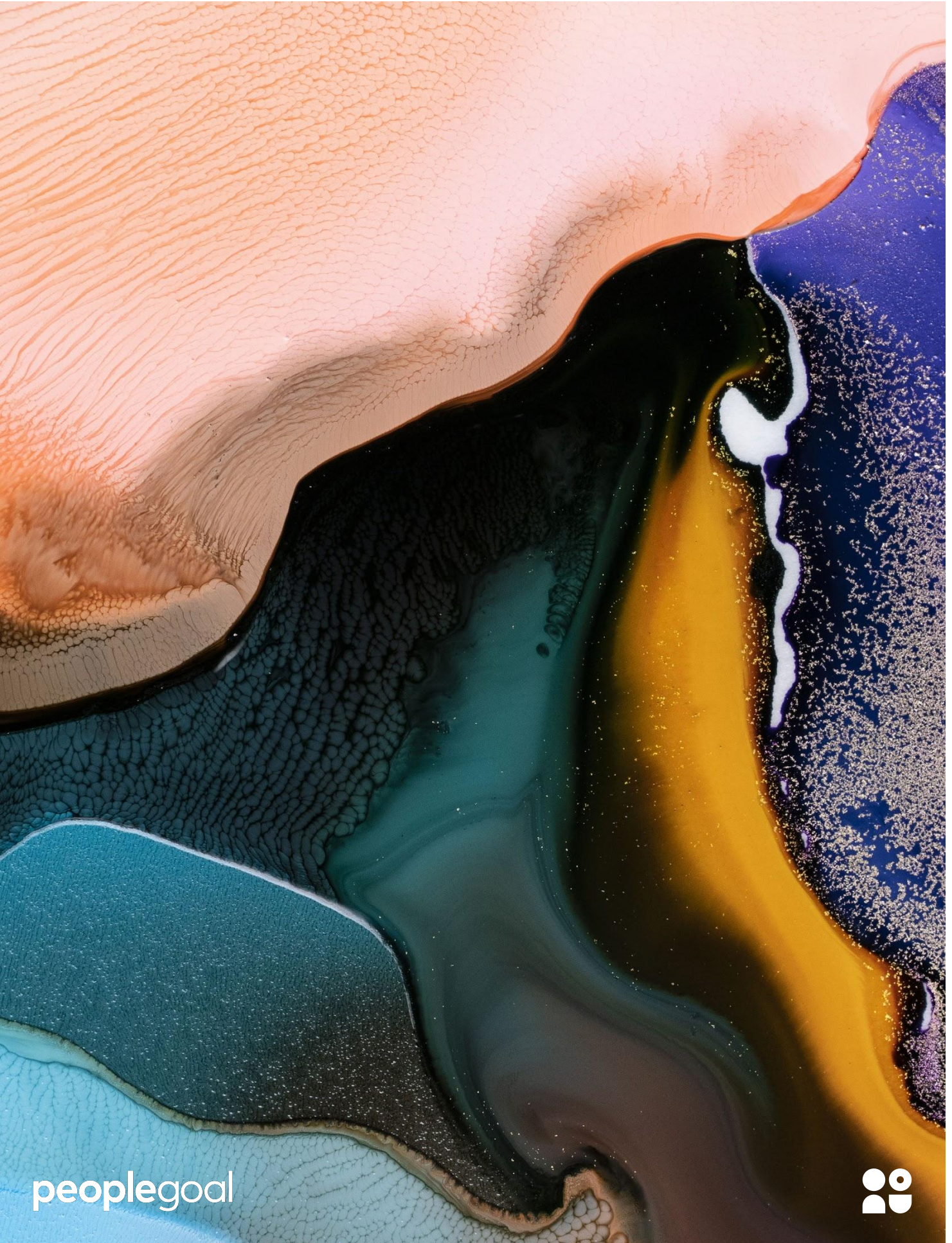


# An Essential Guide to Human Resources Management

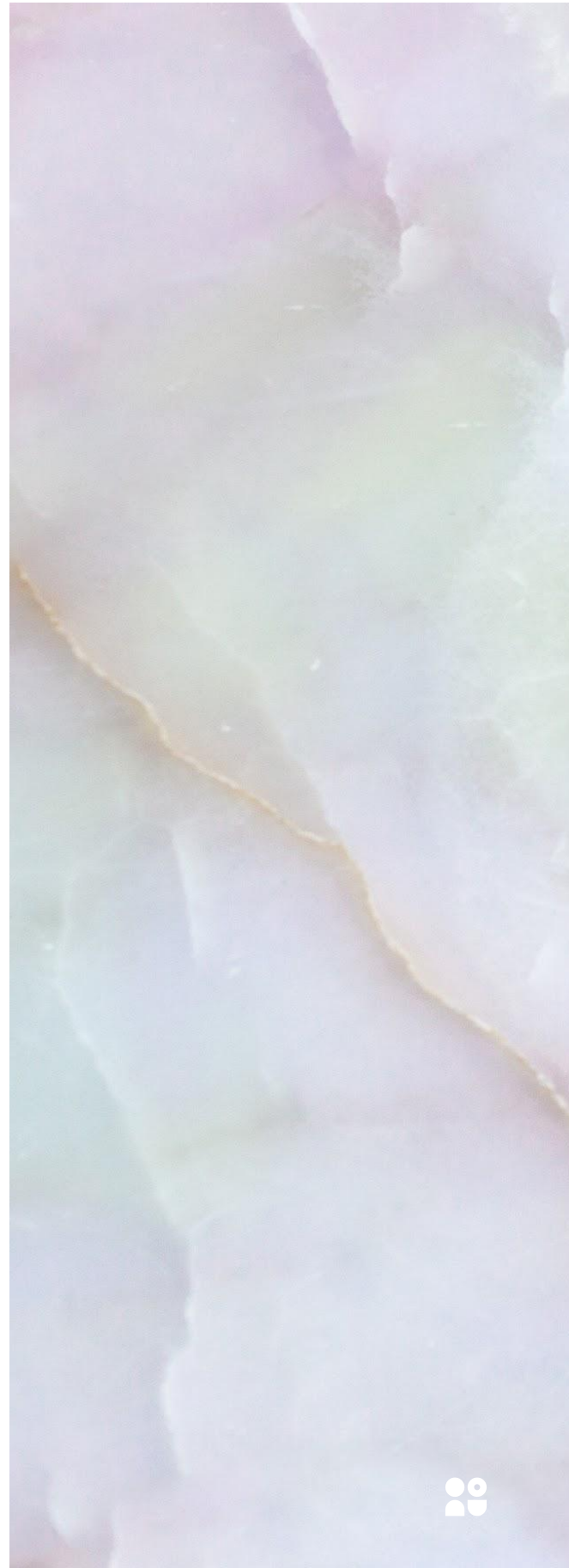
Helpful tips and best practices for Human Resources Management





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# What is Human Resources Management?



The term [Human Resources Management \(HRM\)](#) is the process that essentially covers the key procedures, tasks, activities and policies in an organization in relation to their primary assets - the employees. This includes, but is not exclusive to; recruitment, training, compensation, developing policies and developing strategies to retain talent.

# Why is Human Resources Management Important?



The **importance** of Human Resources Management has significantly increased over the last 20 years, as its roles have become **more multifaceted** than its basic beginnings of processing the payroll, conducting interviews, noting internal gradients, etc. In today's modern workplace it's crucial that the work conducted by the HR team is [fully integrated into the business and actively contributes towards helping it achieve its strategic goals](#), whether that's by implementing individual policies or making changes across the board such as developing a more beneficial workplace culture. In this way, **HRM** has moved away from being a process-orientated function to one of **great strategic importance**.



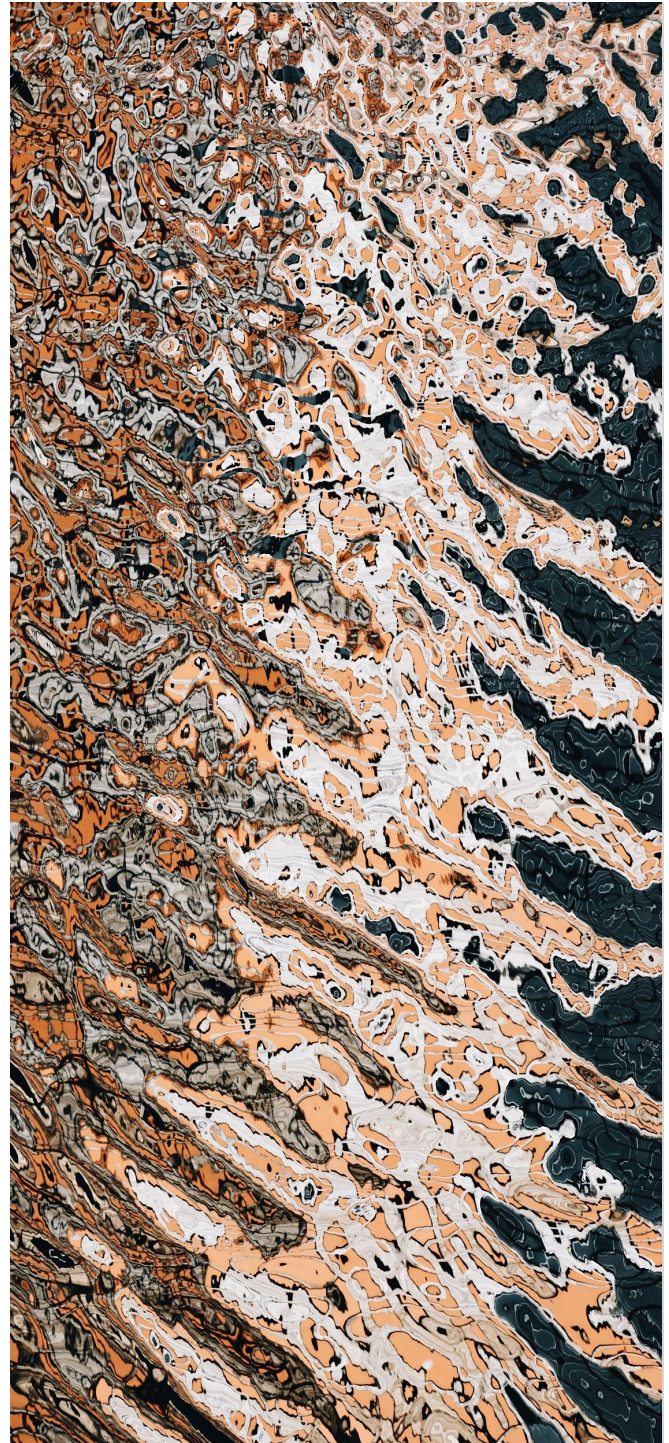
# The History of Human Resources Management

Human Resources Management is a **concept** that has been utilized ever **since** human beings **started following an organized way of life**. It's the degree to which it has been utilized which is constantly developing. Even during ancient times only, the best soldiers were recruited for the royal armies, and the same ethos still stands today in recruitment processes. Nonetheless there are notable events that have played a big part in shaping the world of HRM today.

## Prehistoric times

HRM can be found with pre-historic roots due to its association with various organizational functions such as the process of selecting a tribal leader, or passing on vital knowledge through generations about hunting, health, safety, and gathering food.

The first written example of HRM elements being used within society was within China where employee screening techniques were used all the way back in 1115 BC. The Greeks had developed apprenticeship programs by 2000 BC. These are examples of how key recruitment has always been in selecting and training the right people for certain jobs.



## The Industrial Revolution

England's industrial revolution of the late 1700s drastically transformed the practices of production. Machines were brought in to churn out products which previously were handmade, cottage industries were replaced by large factories, and small scale production gave way to large scale production. This in turn created a whole new system of work with more workers within single organizations. In order for these organizations to succeed they needed sufficient recruitment methods to attract the growing workforce and develop a well-organized structure within the company, with a far greater emphasis on management than had been present before.

However, working conditions during the industrial revolution were harsh. Hazardous conditions were the norm such as no ventilation in factories, no safety measures surrounding the handling of heavy machinery, and this caused thousands of deaths. This, alongside the average shift being 14 hours long - even for children, and workers [having no rights to demand a raise or safer conditions from employers](#) gave way to a division between the labor force and the bureaucratic management. Over time this gap grew bigger, and the conditions of the labor force vastly deteriorated within the capitalist economy. Hence the birth and necessity of human resources management as a means to tackle this issue and to give employees a voice.

The beginnings of human resources management were highly indicative of a social welfare approach as it was arguably aimed at the vast swathes of immigrants who moved from the east to the west looking for work. The early programmes focused on assisting immigrants to integrate into their new jobs and communities through language lessons, housing and medical care. Within the workplace, there was a growing interest in techniques available to ensure an increase in productivity.

## 1700s - 1900s

Due to the increasing demand for greater workers' welfare, the first Labor Unions were established in the 1790s to provide greater power to create change for the employees. These unions grew rapidly between the 1870s and 1900s. Vital to the relationship between the labor unions and management were the HR departments that facilitated their relationships. This meant that HR departments were pushed to become more capable in both politics and diplomacy in order to bring unions and management together on common ground as a means to achieve both greater welfare for the workers, and greater productivity for the management.

## 1900s - 1960s

In response to the growing need for welfare reforms, especially within the labor force, came a few schools of thought based on case studies which paved the way for HR. Frederick Taylor's case study on the principles of scientific management was the starting point for championing better management of workers. Using a scientific method to determine the most efficient way to work, workers were matched to tasks they are suited to, proactively monitoring performance, providing feedback and allocating planning tasks to managers so workers can focus on the task at hand.

There was also Elton Mayo and the Hawthorne studies which initially focused on how working conditions impacted productivity, but subsequently revealed a pinnacle factor in improving production was the [recognition of the importance of psychological and social factors at work](#).

This created the first HR roles, which at the time [fell under the titles of 'employment manager' and 'labor manager'](#). However, between the 1900s and 1960s this was prior to the term Human Resources Management. Once HRM was coined, this area of employee management was largely focused on administration and welfare advancements with multiple reforms such as the Wagner Act of 1935. The Fair Labor Standards Act accounted for minimum wages for laborers and the Social Security Act ensured old age benefits for people after retirement.

However, the development of labor relations was not restricted to legislation. Its progression also lay in other realms. For instance, Cornell University established a school of Industrial and Labor Relations in 1945 with the first official study program for HR, and Civil Rights movements started to tackle issues of diversity, equal opportunity and affirmative action - for which HRM was chosen to take action within the workplace. Not to mention that the proliferation of Information Technology coupled with the globalization of business created great change within companies and the workforce, and how both are managed.

## 1960s on

It was between the 1960s and 1970s that HRM gained momentum after the passing of several acts like the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, and the Occupational Safety and Health Act of 1970. These laws ensured the safety and protected the rights of employees. Laws were enacted to prevent discrimination of disabled workers under the Americans With Disabilities Act in 1990.

With the advent of all these acts, corporations placed a lot of importance on human resources management to avoid plausible lawsuits. By the end of the 1970s, HRM had taken over the world! Almost all big and medium-scale industries had a department to manage their recruitment, employee relations, record-keeping, salaries, wages, etc. Towards the 1980s, the importance of HR continued to grow to support increases in skilled labor, training, regulation compliance, dismissal, etc. HR managers were tasked with the challenges of hiring and firing employees.

Human Resources Management has been given various names throughout its long history. Since being recognized as a [separate and important function](#), it has been called 'Personnel Relations', which evolved to 'Industrial Relations', then 'Employee Relations', and finally to 'Human Resources'. Today, Human Resources Management has the same importance as other departments in most companies. With the constant increase in education and technology, and frequent fluctuations in economic status and structures, HR remains the oldest, most mature, and most efficient of the management styles. It quintessentially underlines the importance of human beings working in any organization.



# What Does Human Resources Management Mean in 2019?

HRM has come a long way from its administrative and welfare-championing beginnings. [In today's economy it is a multifaceted and crucial aspect of almost all businesses](#), with the role of HR in planning and driving strategic growth being just as important as technology or business leadership. Alongside the increasing importance laid on workplace culture, the digitization of HRM - particularly the implementation of technologies such as analytics, digital labor, AI, and performance management - has played a fundamental role in its advancement.

The role of Chief Human Resources Officer (CHRO) or Chief People Officer (CPO) has become one of the most important roles within a company and is getting its due recognition from the rest of the C-suite. These roles are no longer based on the administrative side of business but are vital in implementing everyday changes to aid the transformation from traditional-style organisational structures to new, agile structures. A major part of this is in response to the changing needs of today's talent as they seek a greater variance of employment arrangements, which if met [can in turn boost both motivation and production](#).

One of HR's fundamental shifts in recent years has been the introduction of employee experience as a process which mirrors the customer experience. Employee engagement has evolved into a strategic priority as companies that have highly engaged workforces (EX excellence) [are 21 percent more profitable than those with poor management](#). New roles are emerging within HRM that reflect the importance of EX such as Chief Experience Officer. EX is almost as imperative as CX, as happy staff make for happy customers. The role HRM plays in this is not simply integrating a slide into the office, but implementing the right framework, culture and software to maximize staff retention, performance, engagement, and satisfaction.





# How to Create a Human Resources Management Process?

## 1. Recruitment

The first point of contact for any new employee to an organization is through the recruitment process. This function encompasses a range of tasks from a manager identifying a potential vacancy in their team, to an offer of employment being made to a successful candidate. The role your HR team will play in this process is usually to write up the job description and all supporting information such as salary and duties, then advertise the opening through whichever means preferable such as direct advertising or using recruiters. Furthermore, your team may be asked to narrow down the list of applicants to be put in front of the team lead for interview.

## 2. Onboarding

[Onboarding](#) is the means through which new employees are introduced to an organization's culture, values and resources. However, it must be noted that this is not a singular event, and is multi-faceted. It covers many areas such as writing up and sending out the contract of employment, organizing new employee induction and training, to following up on their progress as they develop into the job.

## 3. Talent management

Vital to any organization's success is the ability to foresee change and adapt to challenges that may arise. [The HR department can prepare an organisation for many challenges](#) through creating an effective talent strategy to ensure that the workforce can meet the challenges of the future.

## 4. Regulatory compliance

One of the HR team's primary functions is to ensure all members of an organization adhere to the employment laws and regulations that apply to their geography. These laws can relate to many aspects of an organization such as health and safety, employee relations and pay.

## 5. Compensation and benefits

This encompasses many of the more administrative roles with the HR department. The HR team will need to administer and run the payroll, bonus schemes and benefit schemes. This could be related to your pensions or medical insurance for example. This is usually deployed in a strategic manner in line with an organization's wider goals. It must be noted that this usually means there is a great need for external communication with third-party partners.

## 6. Performance management

[Performance management is a very broad term, and every organization approaches it differently.](#) However, there is common ground among all effective strategies which is to focus on continuous communication within the organization and to provide a platform to empower your staff to drive their own development. The method you use is completely dependent on your organizational needs, whether it be through setting OKRs or SMART goals and requesting weekly feedback. But one thing that has always proved effective is keeping your employees engaged, making sure they are able to see how their achievements contribute to the success of the business and showing them where they could further add value.

## 7. Learning and development

The learning and development function is sometimes a separate entity to the main HR function, though integrated with the wider HR teams as they are the employees who are expected to come up with the design and/or sourcing of the training courses, coaching, mentoring programs and other initiatives that boost performance and engagement.

## 8. Engagement and retention

Smart businesses recognize the importance of happy and motivated employees and a low staff turnover rate in driving organizational success. [The HR function is responsible for gauging employee morale through staff surveys](#) and focus groups, and then - in partnership with management - designing strategies to improve employee engagement and retention. Conducting thorough exit interviews and acting on the results is also an important part of this process.

## 9. Succession planning

An important part of Human Resources Management is identifying the key roles which will be critical to business success in the future, then working out which employees could be best suited to such positions. You're responsible for supporting them to gain the skills which they will need to be successful in those roles and filling the skills gaps in your organization.





# How to Optimize a Human Resources Management Process?



## Go Digital

Many HR processes can be [digitized, whether it be setting goals or doing your annual review](#). There are multiple platforms available online which provide alternatives to the PDF and Excel spreadsheets you may currently have floating around the office. Having a self-service portal online allows employees to centralize communications and synchronize HR tasks that need to be done in order to increase efficiency.

## Work on Branding

There's no doubt that today's recruitment industry is as fierce as ever, with millions being spent on recruitment each year. Retaining the top talent is a highly sought-after achievement, and the forefront of drawing the right candidates to your organization is branding. Therefore, if you are scaling, or looking to bring new and better talent to your company, think about the ways in which you are attracting them.

## Remain Current

Sign up to newsletters to know what's going on within the HR industry such as new policies, technology and innovation within the HR industry - all of which could provide useful information to update your current processes. For instance, [check out the top HR trends of 2019](#).

# What Makes a Successful Human Resources Management Process?

There is a plethora of types of **HR strategies**. Nonetheless, they all start with the same foundation: to create a **work environment** that is synonymous with **productive, engaged** and **loyal staff**.

Every organization is different and requires their own strategy. The key to a **successful HR strategy** is to **identify what unifies and motivates employees**, and how you develop a strategic plan around that understanding. The best way to do this is by **conducting regular surveys** collecting data on your employees and what motivates/engages them. Once you have **established** your **employees' sentiment**, you must look at the tools available in creating a strategic plan such as:

- Competitive salaries
- Envious benefits package
- Promotion opportunities
- [Continuous staff training and development](#)
- [Transparent and regular communications](#)
- [Focus on employee wellbeing](#)
- Investment in corporate social responsibility
- Employee autonomy
- Open-door policies
- Freedom to be creative
- Enhanced hiring practices
- [Remote working](#)

In today's competitive jobs market organizations are trying all sorts of innovative job perks and attractive salaries to acquire, engage and retain the top talent. **The top technology** multinationals arguably set the tone for eye-watering benefits packages with other organizations striving to keep up. Employees are now looking beyond the salaries offered and want to know what a company's HRM can offer them.





# What Does a Bad Human Resources Process Look Like?

There are a few **common HRM practices** which continue to cause issues within both **unsuccessful** and successful organizations.

## 1. The failure to document performance issues

Written policies and standard operating procedures are the boundaries that govern employee conduct. When a violation occurs it must be accurately and thoroughly documented. Although it may seem time-consuming to jot down in a file that someone was reprimanded for repeated tardiness, it's important evidence that can support a decision to terminate that individual for unsatisfactory job performance, for example. In addition, when a company is consistent in its application of performance issues, it's better able to address potential legal issues that may arise in the future, such as a discrimination claim.

## 2. Employee has no access to their personal data

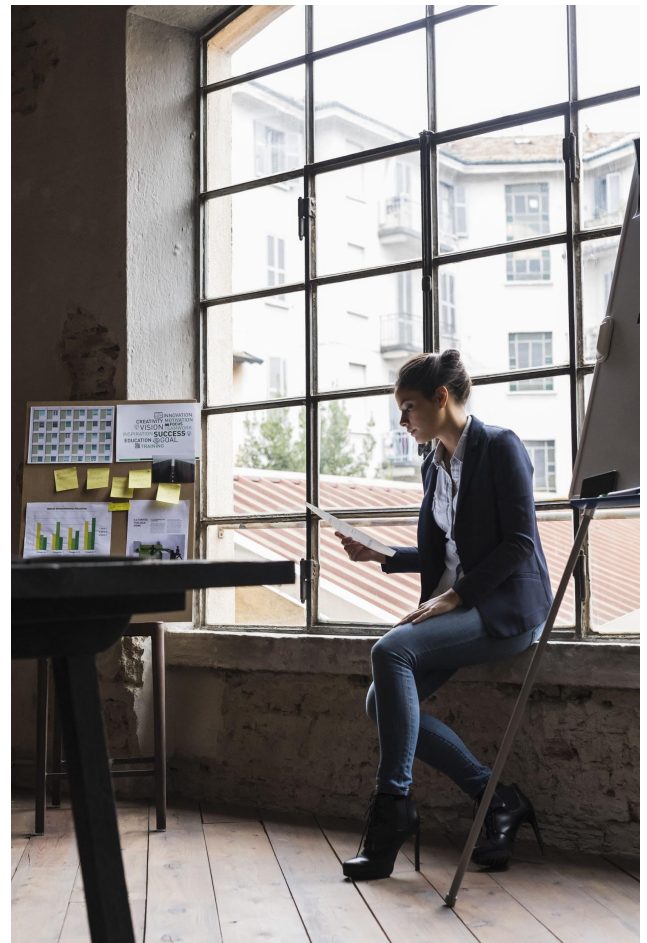
Unsuccessful HRMs do not give employees visibility of or the ability to update personal information; or to give them access to leave records, salary data, attendance records, training and promotional details. As a result, employees are unsure if the management decisions are based on correct information. This creates suspicion and negatively affects employee-employer relationships.

## 3. Disregard for training

Taking time to train your employees is a valuable investment in the future of your business. By including training in the onboarding process your employees become more fully engaged and understand how to use their skills to best benefit your company. Employers who spend time on training also get training's indirect benefit: employees who feel like they're valuable and capable of doing more for your company.

## 4. Inadequate HR policies

Don't overlook the importance of an internal HR audit. Set aside the time annually to [make sure your HR policies are current and complete](#). For example, many businesses don't include a vacation pay-out policy in their handbooks, a complaint process or a disaster and workplace violence plan for the organization. If employees don't know ahead of time how their time will be treated, they will likely complain. Sometimes the unthinkable happens and disaster strikes. By providing clear guidelines on how to respond prior to an incident, you can help minimize the impact it might have on your employees and your business.



# Benefits of Human Resources Management

## 1. Better organizational culture

Organizational culture is the assembly of values, working rules, company vision, traditions and beliefs that a company has adopted over the years. The HR management system plays a vital part in influencing the organizational culture within a business. Establishing guidelines, procedures and company standards lets employees know and learn the behaviors that are acceptable in the workplace. For example, a policy may state that punctuality is important within the company, which promotes improved time management skills among employees, or the HR team may adapt a more flexible time management policy that values employees' freedom to manage their own schedules – also referred to as 'flexi-time'. Therefore, the organizational culture affects the way people do their work and cooperate with one another and with customers.

## 2. Improved planning for change

The business world changes rapidly. Technology is changing and being updated constantly, employees come and go, and the finances of the business varies from time to time. It is the responsibility of the HR team to help stabilize the company for ongoing change and this cannot be ignored. Planning for change means helping employees understand their roles, taking into account the larger direction of the company. It involves building bridges between departments and managers and getting people to talk about "what-if" circumstances. HR uses this information and develops a management plan for disasters, for changes in workflow and for reassuring employees in times of alarming change.

## 3. Enhanced training and development

Nearly all employees, including ones that are highly qualified and skilled, require training at some stage. Policies and procedures need to be firmly conveyed to all staff as part of their onboarding process – thereby keeping everyone on the same wavelength. The HR management system is also in charge of ongoing employee development. This continuing education keeps employees' skills up to date so they bring original and modern ideas to the company.

## 4. Better health and safety policies

The HRM system plays a key role in ensuring health and safety in the workplace. This can be achieved through policies and procedures, but the HR function may go a step further to make sure employees understand the risks of certain activities. For example, if there is heavy machinery in the office, HR can post warning signs and posters listing the steps to take in case of an emergency. This minimizes the possibility that an accident will occur and helps to eliminate any subsequent legal action that might be taken against the company.

### BENEFITS OF CREATING A HUMAN RESOURCES MANAGEMENT PROCESS

1. Improve organizational culture
2. Better planning for change
3. Emphasis on training and development
4. Improved recruitment process
5. Advanced policies

peoplegoal





## **5. Qualified recruitment and retention process**

While recruitment and retention may seem like a given for HR management systems, it's the main hub for all HR's policies and systems. Obtaining qualified workers, keeping them involved within the company, training them correctly to successfully complete their jobs and encouraging them to undergo further education, upskilling, awarding them with benefits and compensation are all drivers to organizational success and should be continually on the minds of HR managers.

Developing and implementing the right Human Resource Management system for your business is important. While it is possible to take care of these functions manually, an automated system ensures there is plenty of time available for the human resources staff to develop and maintain the data that goes into those systems. Remember, a Human Resource Management system is not "one size fits all" - each company is different so find the right system that works best for you.

## What Does Human Resources Management for an Employee?

As an employee at any level, HRM will be vital to your experience within an organization. It will be your first touchpoint and your last. It will be your agony aunt and your performance manager. A good HRM will give you transparency, training, the ability to develop and provide you with the instruments and environment to do the best you possibly can in your role.

## What Does Human Resources Management for a Manager?

As a manager, you'll have the responsibility of liaising with your HR team in order to develop a strategy that will best suit your department, team and individuals in order to reach the company goals - as well as motivating, engaging and retaining your staff. You'll be tasked with collecting data to be used for the strategy and be the HR team's go-to person in highlighting and implementing any changes necessary. It will be vital that you are constantly communicating across the board and advocating a desirable company culture.

## What Does Human Resources Management for a Company?

Any organization's backbone is its workforce, therefore [it is fundamental that you treat your workforce well in order to maintain and increase productivity](#). It is the company's responsibility to safeguard their employees' welfare, privacy and sentiment. Fundamentally the company is responsible for implementing the HRM system.



# 5 Examples of Innovative Human Resources Management Solutions:

## 1. Netflix and unlimited holiday

One of Netflix's most controversial policies is their approach to employee leave and expenditure. Employees are allowed to take holidays as and when they please as long as it doesn't cause harm to the business. Moreover, there is no set amount of time allocated for parental leave, allowing the parents to decide when they are ready to return to work. This trust also extends to company spending and expenses such as travel as Netflix set no spending limits and trusts their employees to be responsible with company spending.

## 2. Google and its tough hiring process

The recruitment process within Google uses no sifting software; the whole process is done by human recruiters. The first round is a telephone interview, second an on-site interview in front of a panel of 4 Google employees. Then your file is put in front of an independent hiring committee made up of Google employees from all levels, then in front of a senior leader for approval, and finally an executive will review and approve your employment offer.

## 3. Zappos and offering cash to quit

The e-retailer Zappos argues that hiring mistakes cause the greatest damage to businesses, so they've come up with their own unique solution. During the initial training of a new employee, Zappos offers to pay them for any time spent training plus one month's salary, and all they have to do is quit. This, they argue, weeds out the non-committed and creates a company culture of loyalty and dedication.

## 4. Airbnb and treating employees as customers

Airbnb figured that employees should love working at a company enough to promote it in a way that makes people want to do business with them. This led them to hire a Global Head of Employee Experience which shot them [to the top of Glassdoor's "50 best places to work" list](#). After all, employee satisfaction is a huge part of employee retention. Employees who don't feel supported or trusted, and like they're part of a meaningful team, are not going to hang around!

## 5. WP Engine and the new hire high five line

As part of their onboarding process WP Engine has made it a tradition to welcome a new hire into the company via a 'high five line' in which the new hire gets to high five everyone in the office. This is down to the science behind [physical touch being essential to bonding humans](#). High fives have been found to be the happy medium of enough physical contact without being invasive, and bonded teams function at a greater level.

# Conclusion

With all this in mind, it's evident that Human Resource Management has come a long way from its rudimentary beginnings of being the voice of the workforce, and the initiator of unions, being a vital aspect of any organization. Not only has it held its primary role and grown in importance, it's grown to become a vast, multi-faceted being within all industries.

Its meaning has developed throughout the ages, and so has its importance. HRM is a constant throughout an employee's life cycle within an organisation: being the initial point of contact, nurturing the relationship between employee and organization, developing talent, and it's the last point of contact with an employee leaving your business. In more recent years, HRM as developed into a selling point for organizations as competition to recruit top talent increases. This has even more recently been taken in the literal sense with some companies using their HRM as part of their branding, with the public buying into a company culture as well as the product. With the masses of changes that have happened over the last half a century, it'll be a space to watch in regard to innovative businesses of the future.



