

Human Resource Management: Assignment component 1



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Introduction

"Human resource management" (HRM) has many definitions. Critics used to contrast "an HRM approach" from "personnel administration," which was less strategic. Torrington et al.(2020,P.7) cited that , "Nowadays 'HRM' is much more frequently and simply used descriptively to refer to the range of different activities that are involved in the management of the relationship an organisation has with its people".

The aim of the report to discuss few important functions of HRM based on a case study. As mentioned in the case study, It was necessary to address the issue of the public sector's lack of capacity to strategic HR partnering. Due to the lack of of applicants with enterprise partnership expertise, employers in the area were having trouble filling senior HR positions. HR has a special opportunity to influence critical performance measures, such as corporate culture and employee engagement. Positive impact will be little without a strategic HR partner to direct those efforts. That's why it is important to study this matter further. There is an urgent need to create a talent pool with HR business partnership expertise.

This report first try to differentiate the private and public sectors' HR strategies. It will also addresses how does sector influence the effectiveness of HR strategy and How can HR develop employees to reach strategic goals. Finally, it moves on to`` discuss about the organisational climate factors which could affect the effectiveness of HR strategy. Considering the shortage of candidates with business partnering skills in the area where East Coast Country operating, this report targets to provide the background knowledge to create a talent pipeline for the area.

How does HR in the private sector differ from HR in the public sector ?

The purpose of this section is to decide what are differences in the manner that HRM practises are carried out in the economy's private and public sectors.

Ownership and objectives: According to Sopta, Mikic and Boticki (2017,P.104). "The term "public" is frequently used to mark the concept of companies and institutions that are under

the majority of state ownership". Public sector organisations fulfil specific purposes of public interest in addition to all of the other goals they have, which requires government participation in their operations. In simple terms, they accomplish specific goals that serve the greater good.

HRM practices of public sector have historically more focused on enhancing employee welfare ("soft" HRM) than they have been on advancing organisational performance ('hard' HRM). Agreeing with this, Harel and Tzafrir(2002) discovered that public sector has high engagement with unionization. Because of that, the management in public sector places a high priority on hiring practises and grievance procedures in the HR domain over the other productive areas such as performance management.

As opposed to, management in private firms pay more attention to employee development and pay for performance. This view has been further approved by Knies et al.(2022). According to them, Public sector organisations have historically focused more on equal opportunities, welfare, development, and career management than appraisal, performance, compensation, and benefits.

Structure and positioning:

Poor et al. (2021) found that the public sector is characterised by rigorous rules formed from bureaucratic and hierarchical organizational structures and red tapes, delivering equal and standardised services for populations depending on available budgets at local and national levels. Because of its rigidity, bureaucracy, and lack of competitiveness, public sector HRM is out-of-date (Poor et al,2021). The findings of Poor's research, which are identical to those of Harel and Tzafrir's research from two decades earlier, demonstrate that, even 20 years later, public and private sector's typical features have not much changed.

In answering this question, Knies et al.(2022) mentioned that although public sector businesses have also embraced performance review systems, compensation and benefits-related HRM practises like appraisal and performance management are still more prevalent in the private sector than public sector. In contrast to managers in the private sector, public officials are closely supervised by regulatory groups. The executive and administrative autonomy for pursuing the strategic approach is constrained by such assessment.

There are more restrictions on procedures and areas of operation, more institutional constraints and less management flexibility than in the private sector. HR managers may become reactive and receptive users of the regulations due to the complexity and sophistication of the legislative framework governing public employee working conditions. (Järvalt and Randma-Liiv, 2010).

This section concludes by offering an updated examination of the evolution of public-private distinctions in the HRM practises. Based on research, it appears that there are still considerable variations between HRM in the public and private sectors, while also noting that some of the discrepancies from the late 1990s have diminished and others have persisted.

How does sector determine the effectiveness of HR strategy?

To be more specific, agency theory examines the all-pervasive agency relationship, which is characterised by one party (the principle) delegating work to another (the agent), who is then responsible for carrying out that job. The metaphor of a contract is used throughout agency theory in an effort to illustrate the nature of this relationship. The resolution of these two issues, which can arise in the context of an agency relationship, is the primary focus of agency theory.

The agency dilemma arises when (a) the principal's and agent's goals contradict and (b) the principal cannot easily or affordably check the agent's actions. It is difficult for the principal to verify that the agent has functioned properly. The principal and the agent choose distinct behaviours due to the fact that their preferences are different from one another (Eisenhardt, 1989).

Agency Theory overview (adopted from Eisenhardt, 1989, p. 59).

Key Idea	Relationships between principals and agents should be able to accurately reflect the effective use of information and the costs of bearing risks.
Unit of analysis	Contract between the principal and the agent.

Human Assumptions	"Self-interest, Bounded rationality. Risk aversion"(p.59).
Organizational Assumptions	The agent and the principal may have goal conflict. There can be an information asymmetry of information between the two parties.
Information assumptions	Information considers as purchasable commodity.

The principal-agent problem is what happens when the interests of a principal and agent are in direct opposition to one another. Strong corporate policy should be implemented in businesses with the goal of reducing the occurrence of circumstances like these. Individuals who are often morally upstanding are placed in situations that could be considered morally questionable due to these conflicts.

By applying incentives that realign the interests of agents with those of the principal, the agent's behaviour can be redirected. Corporate governance, which can then be utilised to restore the principal's interests, can be used to alter the rules that the agent must follow. Because the principal has chosen to have the agent represent his or her interests, the principal is liable for compensating for any lack of knowledge regarding the agent's performance. Agents must be incentivized to act in a manner consistent with the principal's best interests.

The significant impact that governmental and political processes have can frequently have a negative impact on the operation of public commercial enterprises. Therefore, Goals that define public sector firms may indicate effect. However, the goals are frequently decided upon via the political process, which can be understood as the act of negotiating amongst the many parties interested in the issue. It will be more difficult to establish the objective that will be the most appropriate for a specific corporate entity if there are more parties participating in the procedure of establishing the goals.

It is obvious that this will have an effect on the agents (managers) that will be in charge of them, and it will make their job more difficult because they are unable to direct the principles that economics recommends as an business management-related economics. This is because management economics is an area of economics that deals with issues related to business administration. This has been proven in further research. For example, According to the findings of a study that Herzlinger and Krasker carried out using a sample of

commercial and not for-profit hospitals, the result indicates that profit hospitals were more efficient than not for profit hospitals in the sample(Arrington and Haddock, 1990).

How can HR develop employees to achieve strategy goals?

There is a prolonged history for organisational capacity research. For instance, economist Joseph Schumpeter (1942) believed that Resource-rich firms thrive better from disturbance associated with their operational environments, or what he dubbed "creative destruction," than that of companies' less resource-rich rivals. Another significant group of scholars in strategic management has emerged in recent years. The firm's resource-based perspective, which it is known as, highlights the utmost significance of resources in general and competences in particular for survival of firms, expansion, and overall performance. HR management Based on the RBV of the firm, a high commitment human resource (HCHR) strategy increases firm-level employee-based resources, giving the firm a competitive edge, according to scholars.

Focus was placed on a firm's unique competencies in the ongoing debate among academics regarding why some companies outperform others. Core competencies of a firm can be referred as characteristics that empower the firm to chase its operational strategy more profoundly compared to its competitors.

General management(GM) was one of the first talents recognised by scholars attempting to explain constant performance variations among organisations. General managers oversee many functional managers. General managers usually handle accounting profit and loss. GM often lead cost centres when they don't. General managers be able to influence a firm's strategy and capacity to implement it. Since general managers can affect a firm's strategy, "high-quality" general managers will usually outshine "low-quality" ones. In such situation, identifying and developing better performing general managers is a firm's utmost tactical decision, and business schools' most critical mission(Bovaird,2005).

The main ideas of resource based view are that "scarce, valuable, and imperfectly imitable resources are the only factors capable of creating sustained performance differences among competing firms, and that these resources should figure prominently in strategy making" (Kraatz and Zajac 2001, P.632).

Hafeez et al. (2007) divide assets into three subcategories: physical, intellectual, and cultural. Grant(1991) classify the resources into 6 categories, namely “financial, physical, human, technological, reputational, and organisational. Amit and Schoemaker (1993) assert that in order to create a sustainable competitive advantage, strategic assets must possess four characteristics: they must be valuable, uncommon among the firm's present and prospective rivals, as well as there must be no strategically comparable alternatives.

There are few types of core competencies as explained in the resource based theory

1. **Functional competencies:** frequently referred to as 'job-specific competencies' because they define the areas of competence within particular job functions. The average position requires three to five functional competencies. Example: Leading; Critical thinking; Knowledge sharing and learning; decision making; problem solving etc. (IAEA)
2. **Positional Competency:**
Bowman's Strategy Clock offers idea for market positioning options in an easy-to-use format. It is a further development of a Porter's Generic Strategies and Ansoff Matrix.

How HRM department help the business to be in a better position? In answering this question, there are many different development vehicles. From the starting point of attracting best and bright through the recruitment and selection(workforce planning), HR leads all the activities such as training and development, motivation(Intrinsic, extrinsic), Reward schemes (total rewards), Performance management, etc to develop human resource in the company to engage and commit to achieve organizational goals in the market positioning.

They require business acumen to align HR priorities with business requirements. They utilise context interpretation (a component of business acumen) to comprehend the market and its implications for the business. This is insufficient on its own, but their ability to think analytically about the business challenge (part of problem-solving) enables them to bring these insights home and incorporate HR interventions into their plan. They are achievement-oriented (part of delivering results) and promptly translate these interventions into tangible KPIs and success measures, using their data-driven abilities to make it concrete. The best example is how HR department in Apple helps to maintain its market position as a market leader in the smartphone market as in the bellow image from google image.



3. **Cultural Competency:** Dell, McDonald's, and Southwest Airlines' managerial attitudes and beliefs have been cited to explain their ongoing financial success. These arguments suggest that organisations with persistent competitive advantages have strong managerial values that guide their business practises. These basic values—about how to treat different stakeholders and others—encourage innovation and elasticity in organisations. It may lead to sustainable market position when combined with management control. Many explanations are normative. Strong-cultured companies are good managers. If a company's culture is valuable, rateable, and replicable, it may provide a better position in the competitive market(Barney and Clark, 2007).
4. **Regulatory Competency:** There are numerous categories of rules and regulations. Common examples are laws protecting the environment, workers' rights, consumers' rights, and workplace safety and health. In order to run legally, businesses must adhere to all applicable regulations. If you don't, you might face jail time, fines, or even the closure of the firm.

What organisational climate factors affect the effectiveness of HR strategy?

According to **transformational leaders** demonstrate concern by attending to the specific developmental requirements of its individual workers; leaders enable workers to search for more recent prospects, identify organisational problems, and generate solutions. Problems, quick change, and uncertainty necessitate a adaptable organisation with managers who have the power to encourage employees to join actively in jobs requiring team work which embrace the firm's aims.

According to Permarupan et al. (2013), creating pleasant organisational atmosphere for employees is no more an option; it is a requirement. Organisational climate relates to the company's image and the work environment's impact. Organisational atmosphere affects employee work behaviour and views of the company. Randhawa and Kaur (2014) describe organisational climate as a rather stable value experienced by stakeholders within an organizations, that inspires their behaviour and can be defined according to the worth of a specific cumulus of organisational features.

Using the British Household Panel Survey and Understanding Society, Wheatley (2017) showed the beneficial effects of “**flexible working arrangements**” (FWAs), as well as employee satisfaction, Physical structure, procedures, and leadership style all affect climate. Litwin and Stringer's (1968) model advocates integrating motivation and organisational climate theories. These organisational behaviour theories show how management practises and styles, processes of decision making, IT aspects, the structures of a firm affect organisational climate(Iyer,2022).

Conclusion

HRM programmes, activities, policies, and practises can be defined as a means of managing organisational people in order to obtain a competitive edge. As a result, its practises can be altered, accepted, and employed as part of the daily work of managers and employees in both the private and governmental sectors. Because it is commonly understood that the private sector environment is both dynamic and competitive, innovative HRM practises should focus on giving employees with new and diverse skills and cognition, while also assuring their flexibility to respond to change.

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