

## THE IMPORTANCE OF THE HUMAN RESOURCES MANAGEMENT FOR AN ORGANIZATION SUCCESS

Gloria HARUSHA, Msc  
University of Shkodra  
Arjeta ANAMALI, Phd candidate  
University of Shkodra

### Abstract

Human resources are the most important resources in an organization, from which depends the success or failure of an organization. For this reason, their good management is very important and should never be underestimated if we want to have success. Overall, many studies present the importance of human resources department in the all types of the organizations.

The main problem in our country is that in the majority of the businesses, the human resources department does not exist and their practices often are not recognized. Everywhere there are unsatisfied employees and unsatisfied employers that mainly came only from the absence of the human resources phases' management. Due to this, we decided to work on this paper, to present the actual situation in Shkodra businesses and to give the importance of the human resources management for an organization success.

**Key words:** human, resources, employee, employers, organizations.

### Introduction

Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets – *the people* working there whom individually and collectively contribute to the achievement of its objectives. Storey (1989) believes that HRM can be regarded as a 'set of interrelated policies with an ideological and philosophical underpinning'.

He suggests four aspects that constitute the meaningful version of HRM:

1. A particular constellation of beliefs and assumptions;
2. A strategic thrust informing decisions about people management;
3. The central involvement of line managers; and
4. Reliance upon a set of 'levers' to shape the employment relationship.

Thus, managing the human resource has become one of the critical success factors in most organisations. Both the existence of proper personnel and the ways how people are managed is the basis for achieving the competitive advantage.

An obvious question at this juncture is: How can organizations effectively adopt, implement and maximize HRM practices for valued firm level outcomes? That is, how can firms increase the probability that they will adopt and then effectively implement appropriate HRM practices? Insuring that members of the HRM personnel have the appropriate human capital or competencies has been suggested as one way to increase the likelihood of effective implementation of HRM practices (Huselid, et al., 1997).

### Theoretical background

#### ⇒ People as 'human capital'

The notion that people should be regarded as assets rather than variable costs, in other words, treated as human capital, was originally advanced by Beer *et al* (1984). HRM philosophy, as mentioned by Karen Legge (1995), holds that 'human resources are valuable and a source of competitive advantage'. Armstrong and Baron (2002) stated that: People and their collective skills, abilities and experience, coupled with their ability to deploy these in the interests of the employing organization, are now recognized as making a significant contribution to organizational success and as constituting a significant source of competitive advantage.

People are the common element in all social organizations. They create the objectives, the innovations, and the accomplishments for which organizations are praised. Looked at from the perspective of the organization, people are resources. They are not inanimate resources, such as land and capital; instead, they are human resources. Without them, organizations would not exist.

#### ✓ Why are people important for an organisation?

People are important to an organization for many reasons, among which are:

- People in organizations and businesses are an important and essential asset who contribute to the development and growth, in a manner similar to physical assets such as cars and money. (Derek Stockley)
- Collective attitudes, skills and abilities of people contribute to organizational performance and productivity. (Derek Stockley)
- Even though an organization or business is a separate legal entity, its activity ceases to exist if there is people - managers, directors, members, employees - who are required to maintain the existence of an organization. (Derek Stockley)
- At the organizational level, human capital plays an important role in strategic planning to create competitive advantage. (Snell et al., 1999)

#### ⇒ Role of the HR function

HR functions are concerned with the management and development of people in organizations. They are involved in the development and implementation of HR strategies and policies and some or all of the following people management activities: organization development, human resource planning, talent management, knowledge management, recruitment and selection, learning and development, reward management, employee relations, health and safety, welfare, HR administration, fulfilment of statutory requirements, equal opportunity and diversity issues, and any other matters related to the employment relationship.

#### ⇒ Position and structure of HRM

One of the most important departments in any organization is human resource management. Appropriate management of human resources can make the difference between a well run organization and a not well directed. There are many areas where HRM is very important. One of these

areas is for the new employees. This means that it is very important to find the right employees for every position. It is what human resource manager devoir to ensure that employees are the properly selected to work in the organization.

Keeping employees is another major problem. Managers can provide good training and incentive programs that can motivate employees to stay longer in the organization. Individual management entails helping employees identify their strengths and weaknesses; correct their shortcomings; and make their best contribution to the enterprise. Having a clear plan to advance to higher levels of service will motivate workers to stay longer. The issue of promotion and advancement of employees is also a major issue. Importance of HRM is avouching in this area. Organizations that provide ways to increase the position of workers and to provide training for workers so that they gain the necessary skills for a higher position are very important for keeping the percentage of workers. It is easy to implement the services of this nature and cost is negligible compared with the cost and time needed to find new employees who replace those who leave soon after hired. Importance of human resource management in organizations is also important in the field of services offered at the employees. If they knew that employees could go to human resources manager whenever they have a problem will be easier for them to work consciously clean. Many human resources departments implement various games and activities for employees that make the work environment more interesting and fun for them. A human resources manager might think different services that can help employees morally. If employees are happy, the company is happy, the client also. As it can be seen, the importance of HRM is too large. HRM structures vary widely from business to business, shaped by the type, size, and governing philosophies of the organization that they serve. But most organizations organize HRM functions around the clusters of people to be help they conduct

recruiting, administrative, and other duties in a central location. Different employee development groups for each department are necessary to train and develop employees in specialized areas, such as sales, engineering, marketing, or executive education. In contrast, some HRM departments are completely independent and are organized purely by function.

This increases the likelihood that HR is viewed and included as an integral part of the business process, similar to its marketing, finance, and operations counterparts.

### Research methodology

**Study aim:** To give the importance of human resources department for an organization success.

### Research design:

*Secondary data* consist on finding relevant literature on this topic, such as books, previous studies in this field, and materials from the internet. We made the selection of data according to the scope of our study.

*Primary research* consists in 60-questionnaires realized with representatives of human resource departments or managers of the main entity's, organizations (SME and large one) and NGO's that operate in Shkodra city.

### Primary research

#### Current situation of HRM in Shkodra city enterprises

Data taken from the Tax Office shows that actually (March 2012) in Shkodra city operate 975-large enterprises and 4684 small enterprises.

Before adding up our primary research data, being based on a study realized in September 2011 titled "The practice of human resources management is a theory or a successful application" *Harusha G, Anamali A*, we want to show some data, which are taken from interviews with employees of various enterprises, in relation to HRM in their place of work. This information is presented in the table below:

QUESTIONS	RESULTS
1. What criteria are used for your acceptance at work?	<ul style="list-style-type: none"> <li>• 30% - Interview</li> <li>• 20% - Testing</li> <li>• 40% - Recommendations / References</li> <li>• 10 - All criteria mentioned above</li> </ul>
2. How often do you participate in training programs?	<ul style="list-style-type: none"> <li>• 30% - Once a year</li> <li>• 10% - Twice a year</li> <li>• 30% - Once in 3 years</li> <li>• 30 % - Not organized at all.</li> </ul>
3. Did these training programs, contributed in a better performance at work?	<ul style="list-style-type: none"> <li>• 40% - Yes</li> <li>• 25% - Should be improved</li> <li>• 35% - Not organized at all.</li> </ul>
4. What forms of motivation are used in the organization, where you work?	<ul style="list-style-type: none"> <li>• 20% - Basic salary</li> <li>• 30% - Bonuses and benefits, except the basic salary</li> <li>• 25% - Promotions</li> <li>• 25% - All elements mentioned above</li> </ul>
5. Does your organisation have human resource department?	<ul style="list-style-type: none"> <li>• 45% - Yes</li> <li>• 55% - No</li> </ul>
6. Do you think that the practices of human resources management are implemented in your organisation?	<ul style="list-style-type: none"> <li>• 40% - Yes</li> <li>• 60% - No</li> </ul>

Based on these data, we want to analyse some important points:

40% of the employees are accepted in an organisation only by a recommendation and this is not an effective selection. As we know to hire an employee, this have to pass some steps to convince the manager that he/she is the right choice, we can mention: review of the applicants, interview, testing, evaluation, described references and then the acceptance of the employee.

The other worrisome element is that 30% of employees interviewed in this study, don't participate in any training programme to increase their professional performance. It means that those employees are unprepared for the numerous changes in technology and in the external and internal organization's environment.

55% of the employees said that, in the organisation that they work, the department of human resources

management does not exist. The risks of these organisations are very high, and we mention: unmotivated and unsatisfied employees, low work performance, no competitive advantages etc. The last worrisome element, is that the 60% of employees interviewed affirm that the practices of HRM is not implemented and the reason of this inexistence is that in those organizations the owner does the manager the financier and some other roles, instead he/she are not qualified in none of these functions.

Once we gave these data, below we are going to show the results of 60 questionnaires realized with representatives of human resource departments or managers of various public entity, private organizations (SME and large enterprises) and NGO's, to understand what they think about the importance of human resource department in theirs entity/enterprise. Is this department important for an organisation?

QUESTIONS	RESULTS
1. Does the department of the human resources exist in your entity/organisation/NGO?	<ul style="list-style-type: none"> <li>• 56% - Yes</li> <li>• 44% - No</li> </ul>
2. Who carried out this position?	<ul style="list-style-type: none"> <li>• 44% - Manager of HR</li> <li>• 66% - Other (Financier, General coordinator, no one, owner, etc.)</li> </ul>
3. Do you think that this department is needful for your entity/organisation/NGO? Why?	<ul style="list-style-type: none"> <li>• 66% - Yes, because of the higher nr. of employees, to organize &amp; coordinate the work of each department, to evaluate the needs of the organization for the recruitment of the new workers</li> <li>• 44% - No, because of the lower nr. of workers (small business).</li> </ul>
4. Do you use a strategy for the HRM?	<ul style="list-style-type: none"> <li>• 80% - No</li> <li>• 20% - Yes</li> </ul>
5. What ways are used to select the staff at your entity/organization?	<ul style="list-style-type: none"> <li>• 44%- Interviews + Tests + References</li> <li>• 33% - Interviews+Tests</li> <li>• 23% - References</li> </ul>
6. Do you organize training programs for employees in your entity/organization?	<ul style="list-style-type: none"> <li>• 67% - Yes</li> <li>• 33% - No</li> </ul>
7. How often are these trainings programmes organized?	<ul style="list-style-type: none"> <li>• 100% - According to the needs of the organization</li> </ul>
8. What do you do to maintain the qualified workers at your organization?	<ul style="list-style-type: none"> <li>• Awareness of employees</li> <li>• Providing a satisfactory salary.</li> <li>• Different training to improve human skills.</li> <li>• Rewards and promotions</li> </ul>
9. In what form do you motivate your staff?	<ul style="list-style-type: none"> <li>• 25% - Promotion</li> <li>• 22% - Rewards</li> <li>• 15% - Comfortable working environment + good human relations</li> <li>• 14% - Non - monetary bonuses</li> <li>• 12 % - Free transport service</li> <li>• 12% - Private life insurance</li> </ul>
10. How do you prevent the conflicts between your staff?	<ul style="list-style-type: none"> <li>• 56% - Defining clearly the duties and responsibilities of each worker</li> <li>• 22% - Do not have conflicts</li> <li>• 22% - Discussing together upon the specifics of the case</li> </ul>
11. Does your organization have a strategy for	<ul style="list-style-type: none"> <li>• 67% - No</li> </ul>

the diversification of human resources?	<ul style="list-style-type: none"> <li>• 33% - Yes</li> </ul>
12. Which is your Institution/ organization's strong point?	<ul style="list-style-type: none"> <li>• Focus on the "HUMAN"</li> <li>• The work in groups</li> <li>• Clear objectives</li> <li>• Professionalism</li> <li>• Qualified staff</li> <li>• Punctuality</li> </ul>
13. Which is the organization's weak point?	<ul style="list-style-type: none"> <li>• 56% - Don't have weak points</li> <li>• 11% - Higher turn-over</li> <li>• 11% - Sometimes the duties and responsibilities are not understood</li> <li>• 11% - The nr. of the departments related of the nr. of the staff</li> <li>• 11% - Lack of office infrastructure</li> </ul>

Referring to these dates, we can understand a lot of things. There are some points that we want to comment.

If we see the first question, 44% of the interviewed owners of the organizations said that does not exist the department of HR and they don't think that is necessary for them, because of the lower nr of employees, and because they are small businesses. This is not a good reason! The companies that do not have a proper human resource department suffer from official disorders and lack of management in office activities. If they want to have success, every organization (big or small) must have the HR department.

80% of the interviewed owners confirm that, there isn't a strategy for the HR in their organizations. This mean that, this department even in some organisations exist, do not function as well. A HR manager has to know the strategy of the company and according to this to have a strategy of HRM. Connected to this, is the answer of the 11-th question. 67% of the interviewer affirms that in their organisation doesn't exist a strategy for the diversification of human resources.

Referring at the tenth question, 22% of the interviewed confirm that they don't ever have conflicts between the staff. In fact this is not a strong point for these organizations, because the conflicts develop a company and brings new challenges for it.

The last question regarding to the weak points, 56% don't think that have weak points. We think that the first weak point of these entity's/organizations or NGO-s is precisely hiding or not recognizing these week points. Every organization, to have success must at first identify and analyze their problems.

#### ⇒ **Conclusion**

One of the most important departments in an organization is human resource management. Appropriate management of human resources can make the difference between a well run organization and a not well directed.

In a considerable number of businesses operating in Shkodra city, the department of Human Resources does not exist. These businesses that have a department of HR

do not have a specific strategy connected with the organization's/institution's strategy. Should be noted that most of owners or managers of businesses that we interviewed, understand the importance of a department of HR in their organizations, but from their less experience, the practices of this department are very little followed. If practiced well, HRM brings to the organizations sustainable competitive advantages.

#### ⇒ **Recommendations**

Referring to the analyses above, our main recommendations for this entity's/ enterprises and NGO's are to:

1. Make HRM strategy.
2. Set HRM objectives that interpret business strategy and objectives.
3. Implement HRM strategy by controlling HRM planning, assessing, recruiting etc.
4. Train, educate and develop HR.
5. Manage HR performance.
6. Evaluate personnel and their roles.
7. Monitor the impact of HR on business strategy as well as business performance.
8. Monitor how well the business satisfies it employees.

Besides these points, we also want to recommend a model of HRM related to the organization's strategy. We think that this model fits with the situation of the HRM in the organizations in Shkodra city. This model is called "The paralleling planning" (*Scrivas R. Kandula, 2005 -Human Resource Management in Practise with 300 Models, Techniques and Tools*)

and it is illustrated in Fig. 1:

The model clearly stipulates the progress of HR strategy formulation movement. The HRM environment and its resource allocation priority shall follow the macro environment and organizational resource allocation. In this process, at every stage, HR strategy is built by seeking input from business strategy. This contributes for higher-level mutual bonding and compatibility between both of them.

## Paralleling HR Planning With Business Planning

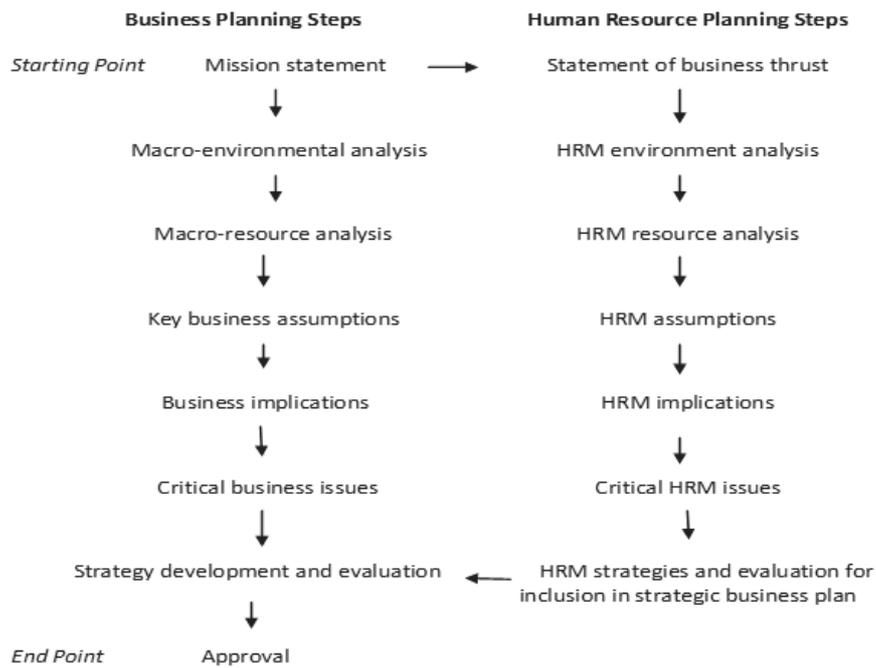


Fig1. Paralleling model

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