

Human Resource Management And Its Functions

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Introduction

Human resource management is a broad term that includes all the dimensions of managing the living resources of the organization, the ways in which organizations respond to their employees, and their actions, both individually and collectively. HRM is designed to describe the broader range of issues associated with the employees and the situations in which the employment contract is involved to make the working environment more agreeable and empower people in the real sense. It goes beyond the concept of employment relations and industrial relations. HRM is more of a strategic role as it evaluates the highest management table, suggesting an upstream role in practice. It is important to attempt to develop more congruent and integrated HR policies that oppose the piecemeal technique that is apparent in the traditional role of personnel. Gautam (2015) stated that it is also concerned with the individual-level issues of the employees, such as performance-related pay, mechanisms of communication, rights of employees, and the contract of an employee. Management of people is the most important resource in the organization.

The functions of HRM are concerned with the hiring of employees, motivating them to achieve the organizational objectives, and maintaining the workforce. It deals with the issues regarding the human capital of the organization, including hiring, training, and development of underperformers, compensation plans, communication, and administration. According to (RajAdhikari and Gautam (2010) argued that it is a strategic approach to acquire, develop, motivate and achieve the commitment of human capital of the organization. The role of HRM in developing countries like Nepal is different from that of developed countries. As in Nepal, the role of this department is to work in alliance with top management to manage the team for smooth operations of the organization. In every organization, the HR department is essential because it can bring the organization on track to achieve its long-term objectives. HRM is equally important in both small enterprises and large organizations. In small organizations it is not developed as in the large organizations, however, the personnel manager is appointed to perform the staff functions.

HRM Functions

In the broader view, HRM has two major functions: one is managerial, and the other is operative functions. As its name, managerial refers to the managerial functions, including planning, organizing, controlling, and directing of human resources. At the same time, the operative functions include

procurement, development, integration, compensation, maintenance, and emerging issues. According to the study of Mahajan and Sekiguchi (2016), procurement in HRM refers to the induction of new entrants into organizations through a set of procedures. To hire an employee, there are a set of plans and execution of certain actions not limited to job analysis, planning, recruitment and selection process, placement of newly hired employees, induction, transfer of employees, promotion and separation. The development stage is highly important, and it has a great impact on the performance of an individual. It includes performance evaluation and training on the need base where the employee is lacking certain skills. Promotion and demotion of employees based on their performance are reflected in the performance appraisal stage and, finally, the career planning of the employees. The compensation plan refers to the payment and rewards of the employees to motivate them to achieve the objectives of the organization. Compensation is basically comprised of job design, work schedule, basic salary, incentives, bonuses, and promotion. It includes both intrinsic and extrinsic rewards. The intrinsic rewards are in monetary terms, while the extrinsic rewards are nonmonetary. Integration is the most important function of the HR department, and it refers to the health and safety issues of the employees, social security, benefits for the employees, and employee welfare. Maintaining human capital is another essential role in ensuring a peaceful work environment for all employees. It includes grievance redressal, building teams, discipline policy, IR, trade unions, and collective bargaining. Finally, the emerging HR issues in the modern work environment are the essential functions, including HR audits, HRIS, research on HR issues, and personal records (Bhattarai, 2018).

Theoretical Framework

Multinational organizations are actively practising the functions of HRM due to their huge setup and professional people. At the same time, local organizations are adopting these standards. Kandel et al. (2019) argued that the localization strategy of these MNCs can allow them to act according to the culture and the regulations of the country where they are operating. To behave as a local firm and get acceptance in the local community, one must follow the essential rules and regulations set by the parent company. The human resource strategies are developed according to the local norms and believe, local government system, however, the company has to continue its standardized procedures which are not in contradiction to the local country's laws and beliefs. Standardization is followed in order to reduce costs and result in better performance and profitability (Mishra, 2018). HR practices may put double pressure on an international set-up to adopt local norms and laws and maintain internal consistency. Both of these pressures are in opposite directions, so HR professionals have to maintain a balance between both of these. Localization is important for local acceptance and harmony, while standardization can improve performance and profitability. In terms of HR, localization is essential for motivation and employee engagement, while in globalization, the local employees do not feel secure. The external environment also exerts pressure on HR management. The HR manuals are highly influenced by technological advancement, economic conditions, and political situations (Mwaniki & Gathenya, 2015). Some MNCs are using similar HR system in other countries as well, they

are transferring their policies to other countries. This approach is called the convergence theory discussed by HR researchers. This theory refers to the hypothesis that several sets of principles are accepted by organizations in host countries regardless of the local context. This theory also states that differences in countries can cause differences in HRM. It is not practically applicable to have the same system throughout the world. According to Parameswari and Yugandhar (2015), Vroom's expectancy theory states that every individual has different goals, so through a uniform strategy, all these employees can be only be motivated in a condition that both their performance and their struggles are positively correlated. Furthermore, higher performance can yield better rewards, and these rewards can satisfy their needs. To achieve efficiency in the processes, HR managers have to find employees' values. As the theory suggests, every employee has a different level of expectations from the organization (Shrestha, 2017).

HRM Practices In Nepal

Nepal is a small country situated in South Asia near India and China. It is a least developed state where the per capita income is \$ 750. It is the poorest country in the world, according to the Human Development Index it is currently ranked 157th. The country's economic growth is low, and it increased by 3.51 per cent in the last decade. Agriculture is the main source of employment and income generation. The growth of the industrial sector is also not satisfactory, however steady growth is recorded in the last two decades. After the liberalization and privatization policy of the country in the 1990s the concept of HRM rose, before this era, Nepali organizations did not use any precise HR strategies (Rettberg, 2016; Azmi & Mustaq, 2015). After the privatization strategy, organizations improved the compensation and focused on the payments and benefits to raise the performance. The role of the HR department was initiated, and training and development programs were initiated to increase the skills and knowledge of employees. However, still, these organizations are in the learning phase. Multinational organizations were interested in the Nepali market after the 1990s, as the MNCs were expanding their market shares from developing to least developed nations. They have properly integrated HR functions in these regions. The success of these organizations is based on the implementation of suitable operations according to the distinctive cultures. These suitable practices refer to the HRM as it has the most localized aspects across various functions. This paper will evaluate the HRM policies and practices followed by the multi-national organizations in Nepal and their impacts on local organizations in developing their HR strategies. The HRM gained momentum through the arrival of foreign Joint Ventures, MNCs, and international NGOs during the 1990s. Managing employees effectively through multinational organizations has gradually evolved Nepali businesses to adopt these practices. Before that, the administration in Nepali organizations had no proper strategies to manage their human capital.

Nepali Rastra Bank And HR Function

Here, we will discuss the example of Nepal Rastra Bank, which successfully adopted HR functions in all its commercial banks. In 2000, it started sensible HR practices. An effective HR function is one of its core objectives in reform programs such as the financial sector strategy statement and financial sector reform program in 2000 and 2004, respectively. Before 2000, in NRB, there was no HR department as a separate body. Initially, the bank updated its recruitment services, as they involved the HR companies in providing them with their services. Later on, they also provided training and development to their employees through a professional HR organization. Moreover, the company recently adopted HR functions, including recruitment procedures, training and development, and HR manuals, through outsourcing. Mohan Ojha is one of the pioneers of HR entrepreneurs in Nepal who has closely observed that in the last two decades, the HR management scenario has evolved in the country (Newbusinessage.com, 2018). In the 2000s only a few organizations were having proper HR management departments in Nepal, however, now more than 500 organizations are having well-established HR departments (DeCenzo et al., 2016). Furthermore, he added that many business schools have started MBA programs in HRM during the last decade to produce professionals in this field to fill the gap in the skilled workforce for the industry. HR departments in MNCs are highly integrated and upgraded in Nepal, becoming a benchmark for local organizations. Similarly, the banking industry is rapidly adopting and bringing improvement in HR practices according to the current needs of employees and management. However, HR management in Nepal needs more improvement, and currently, it is in its primitive stage. Still, big organizations that have a huge turnover in sales are stuck with a simple implementation of basic HR functions. These functions include tasks of daily activities such as payroll management, salaries, contracts of employees, job descriptions, and leave management, etc.

HR Challenges And Its Management

Organizations in Nepal face many challenges. Human capital in Nepal is not properly managed by the organizations where they are executing their services. There is low productivity due to a lack of training and development in Nepal's organizations. Capacity building, acquiring new skills, and proper motivation can reduce the dissatisfaction level and improve the performance graph of employees (Bratton & Gold et al., 2017). There are issues of demotivation, burnout, employee turnover intention, and work-life balance, which are highly ignored in many local companies in the country. Here, we will highlight some of these challenges briefly, which can be overcome through proper HR strategies.

Employees Turnover

Employee turnover is higher in local organizations for many reasons, including low salaries, fewer chances of personal growth due to poor management and planning, personal issues, and a poor work

environment. To overcome this issue, organizations need to increase the job satisfaction level of their employees. When job satisfaction is raised, job engagement will be boosted (Farndale et al., 2018). In job engagement, employees are working beyond their job descriptions, and they are highly motivated to go the extra mile for their organization. In Nepal, HR management has not yet evolved completely, so their focus is not on these issues. The role of HR is to fill vacant positions through the HR recruitment function. Managing the outflow of competent employees from the organization can consequently decrease the competitiveness of the organization. Considering the banking sector of Nepal, which heavily relies on human capital, it always has an issue with retaining its employees. Job engagement has a positive influence on the performance of the employees and the organization; however, a proper HR strategy is needed to uplift the morale of the employees through different reward strategies. To predict and manage turnover intention, it is essential to understand employees' engagement with their jobs and organizations (Biswakarma, 2015). Globally, businesses are driven by knowledge, and intellectual capital can help them achieve a competitive edge. During this modern era, major success factors of an organization are based on diverse and dynamic external factors.

HR And Modern Technology

HR management was considered paper-intensive work by the organization in the past, with the least innovation and adaptation of the latest technology. However, in the modern world, it has become a technology-driven function of the organization. The latest technology has helped this department to mitigate its broader scope of challenges, such as talent acquisition, competitive pay, employee engagement and succession plans (Bhandari & Bhandari, 2017). All its functions are automated, which makes the HR department more efficient. Performance appraisal has evolved through the use of the latest HR software and has made it feasible for HR professionals to analyze performance through 360-degree feedback and other techniques. Most multinational companies use Oracle, CoreHR, Workday HCM, etc., to manage their human capital. HRIS is an integrated tool used by the HR department to keep a record of all employees and can be retrieved easily. There are certain specified software solutions for each function, including Payroll service, performance solutions, employee engagement tools, and recruitment solutions. In developed countries, these solutions are widely used to collect data for the next frontiers in HRM, which include artificial intelligence and are used to measure the performance of human resources in the most efficient ways. It can reduce paperwork and save time and money for the organization. Moreover, the data can be easily analyzed, stored, and retrieved in the future. The online database used for recruitment and the data of each candidate is stored in a pool which can be used in the future. It is useful for the organization to find the best workforce and hire them for the organization. In large organizations, there are thousands of employees working in different departments; it is not easy for the HR department to maintain and analyze the performance through manual procedures. So, the use of these solutions has become the key trend among all multinational ventures and well-established local organizations.

Available Skilled Workforce

In developing nations, it is hard to find skilled labourers and executives in the job market. It is an external factor that can influence the organisation's workforce planning. The ability to hire qualified employees from the labour market can affect the employment rates. In some organizations, such as healthcare organizations, banks, etc., highly skilled workers are required. According to Ojha et al. (2016), the factor of the labour pool is highly influenced by geographic location. HR professionals need to focus on recruiting efforts in the region and influence pay packages. In countries like China, there is a large number of skilled workforce with nominal salaries, depending on the economy, education, and other functions. In Europe and America, the per capita income is high, and there is a scarcity of manpower, which has increased the demand. This has resulted in higher wage rates in these countries.

Government Regulations

Nepal's government has reduced the restrictions on foreign investors after privatization. Government regulations have a great impact on the Human Resource Management department. These laws are reflected in HR policies, and they have a great impact on organizations. Most HR policies are aligned with government laws such as labour laws, registrations and licensing, and employment rules. HR planning procedures are followed by the government of Nepal. The concerned ministry regulates all the business concerns and provides approvals to the business after a certain set of documentation is completed. Automation and use of latest technology in the government system are very low, mostly they use the manual systems and outdated technology. Employment of foreigners and expatriates also needs proper guidelines from the government. The government defines minimum wages and work schedules, and all organizations should strictly follow them. There is still a huge gap in HR implementation in Nepal, both from the government's and organizations' end. There is no proper human resource development policy in Nepal; however, it has continued.

Economic Factor

Economic force is a broad-level force that can influence the rate of growth and industrial production, as well as per capita incomes. Industrial labour and globalization can affect the overall HR policies and strategies of organizations. It has a strong impact on the employment, recruitment, and selection process, as well as the wage rates of the employees. In developing countries, the unemployment rate is higher, and the per capita income is lower. There is strong competition for a position. However, skills are not up to the requirements of the organization.

Political Influence On HR Strategy

The political environment also has a strong impact on the organization's human resource practices. In a democratic system, the expectations of workers are higher that their well-being will be protected. The political set-up of the country can guide business practices, especially the wage rates and the company rules regarding labour rights, trade unions, use of technology, and other regulations. In some governments, taxes are increased, and regulations become strict, which can affect the employment level in the organization.

Conclusion

The HRM practices in Nepal is evolved after the privatization in the 1990s, however, it is flourished after the arrival of [multinational corporations](#). HRM practices in developing countries are not properly implemented, and the organizations that have personnel managers do the basic HR functions to maintain the employees' records. Multinational organizations have localized their functions due to the local acceptance and cultural differences in the host and home countries of the company. In Nepal, the HR department started its proper practices after the 2000s, and it is still in the development phase. Multinational organisations in developing nations put their efforts into formulating a better set instead of considering much localization.

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