

## 1.4 Human Resource Management

As a small business owner/manager we use many different planning, monitoring and controls systems to make sure we stay with, if not, ahead of the changing market conditions.

We manage our inventory, finances and marketing efforts through a series of processes and procedures, but vary the degree of effort we afford our most value assets – our employees.

Often, employees are seen as a “necessary expense” and managers choose to spend as little time as possible developing employees’ skills and capabilities. What is the difference between these resources and the effort placed into buying stock, attracting customers or maintaining equipment?

Your resources, your employees are the human face of your business – well trained, knowledgeable staff is essential in today’s competitive environment.

Human Resource Management (HRM) is a complex process, however, in essence, it’s about estimating employment needs by having the **right staff** in the **right place** at the **right time** and cost.

In business terms, you forecast marketplace trends and when changes are likely to occur so that you can deal with them proactively. By strategically managing your human resources through a number of HRM activities, you better position the business and your employees are ready to meet your business objectives.

So, what are the types of HRM activities performed in an organisation and how does this “fit” with the business?

The diagram below shows that there are very important linkages between the company’s objectives/operational strategies and the direct activities in managing and supporting your human resources.

Each employee provides a valuable contribution to the businesses bottom line. Forecasting future demand for staff resources involves determining the future requirements of the business. What specific skills are needed to support the business objectives? How well are our existing employees performing? What skill development internally has been identified?

To achieve company objectives and to ensure HRM provides the right staff in the right place at the right time, there are a number of complex, overlapping activities that are completed. For example:

- planning for the resources of the business,
- managing existing employees with their development and performance,
- managing the work environment to ensure it’s equitable, diverse and free from harassment,
- manage the correct remuneration and other employment benefits,
- comply with legislation and legal requirements; and
- manage risk and industrial issues.
- Identify employment trends and reporting



The challenge for business today is to create the right mix of people (and resources) that will achieve the goals of both the team and the organisation.

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