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Title: Human Resource Management

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2. “One of the aims of HM is to give an organization a competitive edge,” Do you agree or disagree with this statement? Why?

This essay will be utilized to provide an answer in respect to the statement above by providing critical analysis on the issue of human resource management and highlighting its beneficial factors. Human resource management (HRM) is becoming considerably more important in the role of determining effective and efficient workforces as well as an integrated strategic planning and development partner for all industries, hence equipping organizations with strong competitive advantages in highly competitive and aggressive industries. This essay will focus on the importance and impacts of having strong HRM and the competitive advantages that will be provided in both short term and long term in respect to the effectiveness and efficiency of the workforce further to the strategic development and planning in the organizational productivity based on various resources including Recruitment and Selection Process, Maintenance of Employees Satisfaction, and Resource-Based Theory (RBC). A comparison of impacts and consequences of poor HRM will also be included in the analysis in order to complement and contrast with the benefit of strong HRM in aim to provide a clear peripheral outcome in term of organizational productivity and performance. This essay will also discuss about future directions in global challenges including the phenomenon of global outsourcing and brain drain process, and the additional numbers of role that HRM will be involved with due to internal and external factors within a specific organization and further to the industry and the economy.

Human Resource Management (HRM) is an essential part in management that exclusively concentrates and concerns with human resources (Stone, 2011). Responsibilities and Activities, as described by Stone (2011), under the authority of HR managers vary largely in accordance to the organizational cultures, structure, and strategies. These responsibilities consist of essential micro-level focus and macro-level focus of the organization; micro-level focus includes active process such as line operations that include but not limited to recruitment, selection and training, which can be view as employee-oriented and often operated by line managers and HRM staffs (Martin-Alcazar, Romeo-Fernades, & Sanchez-Gardey, 2008). On the other hand, macro-oriented aspect of HRM concentrates on the process of strategic planning and development as well as the development of the organizational objectives and policies hence these processes are contemplated by the managerial cohort (Martin-Alcazar et al., 2008). The importance of HRM is largely

dependent on the contribution of HRM team to the organization as a whole; basically if HRM establishes itself as an important macro-oriented contributor in the role of contributing or determining managerial decisions and a vital strategic partner as well as the micro-oriented leader in the role of employee champion and the change agent, whom stimulate employee on individual level in addition of being the representative of employee, then this specific HRM is considerably more important in both managerial (macro-level) and employee perspective (micro-level) as opposed to HRM that only concentrate on one factor such as managerial role or representative role (Stone, 2011).

The emphasis on the two approaches, instrumental (mechanical) and humanistic (behavioural), of HRM are also irreplaceable in determining the quality of human resource internal of the organization (Stone, 2011). Instrumental approach highly concentrates on the effectiveness and efficiency of the mechanical procedure in achieving the organizational objectives in which disregard the personalities and talent of human resource, while humanistic approach concentrates on the behavioural aspects of employee, thus stimulating employees from individual level in which correlating with the boost in motivation, moral, skills, and talents to achieve organizational objectives in decentralized and autonomous manner (Stone, 2011). In order to achieve and maintain a sustainable competitive advantage over other organizations, an organization must be able to recognize the importance and association between HRM's approaches and its relevant level of HRM roles; macro-level of HRM's role is highly correlated with the instrumental approach as it states clearly that human resource is an essential component in which must be developed into a resource of which is "rare, non-imitable, and ambiguous causality (Collins & Clarks, 2003)," hence this process is more likely to be those of managerial level of focus (Zink, 2008). Alternatively, managerial cohort understands that in order to develop and train human resource to obtain such characteristics, HRM must not only able to effectively communicate and coordinate employees to align with managerial policies and strategies, however, HRM must also be able to fully utilize and recognize the existing pool of unique talents, skills, and behaviours through encouragement of autonomous contribution and extensive performance assessment and appraisals, hence this is process is likely to be aligned with humanistic approach in correlation with micro-level focus (Zink, 2008). HRM is an important strategic component and a tool of success, thus organization must allows HRM to be able to utilize both approaches as effectively and efficiently as possible, hence HRM must be able to integrate both approaches into its practices flawlessly instead of prioritize a specific approach as well

as implement it into the process of strategic development and planning in order to ultimately achieve sustainable competitive advantage and high performance capacity (Zink, 2008).

Strategic Human Resource Management (SHRM) is a management process that connects every aspects of Human Resource Management to the strategic contemplation process in order to achieve the organizational objectives; therefore this process must determine policies and priorities that are effective and efficient as well as consistent with organizational culture, structure, and objectives (Stone, 2011). SHRM strives on two central claims; firstly, the organization must believe that human resource is an importance factor in strategic contemplation and implementation and, secondly, HR practices are essential in the development of strategy in regard to human resource coordination, hence placing emphasis on uniqueness of skills, talents of employees and the practices of HRM managers (Colbert, 2004). Leading organizations such as Microsoft and Apple have continuously admitted that the secrets behind the organizations' success and sustainable competitive advantages are the characteristics and the highly-developed human resource (Stone 2011) thus the integration of HRM and SHRM into the organizational objectives are mandatory in order to sustain strong lead in performance within the cut-throat information technology sector (Collins & Clarks, 2003).

In recent years, the emphasis on interactions of employees' behaviours and the organization's performance has proven that if HRM teams can stimulate employee on individual level, the organization tends to have strong performances and possess sustainable competitive advantage. However, HRM, under conducted survey, is most likely to be viewed as the managerial cohort (macro level) that only mechanically coordinates resources as effectively as possible in order to achieve the organization's objectives regardless of individual performance or characteristics (Mossholder, Richardson, & Settoon, 2011). This scenario has proven that HRM, at a glance, is extremely one-dimensional in the aspect of promoting performances for the organization but neither the voice nor representative for the employee as SHRM is overshadowing micro-level HRM's role (Mossholder et al., 2011). There is an emerging benefit that arise from a theory that supported by many HRM practitioners, thus giving an emerging trend in development. The Resource-Based Theory, (RBT) as described by Andersen (2011), is the study of the linkage causality between resources and performance in the field of strategy and this theory places strict importance on the value and the characteristic of the resource in term of obtaining sustainable competitive advantage. In accordance to the theory, the only possible way to obtain sustainable competitive advantage

is the unique ability of HRM managers and staff from any organization to develop, motivate, and train human resource to be “unique, non-imitable, and ambiguous causality. (Collins & Clark, 2004),” In context of HRM; an organization’s HRM teams must be able to stimulate the workforce to become more compatible, capable, and flexible in the context of individual and overall performance, on top of making the environment even more diverse, hence integrating the essence of the unique organizational culture with characteristics that promote productivity and decentralized interaction (Andersen, 2011). Furthermore, the improvement of human resource and knowledge-based resource must go hand-in-hand in order to maintain a sustainable state of growth in the organization in order to take advantages the grand shift from the physical capital resource accumulation to the human capital resource accumulation that has had taken place in the modern economies (Ployhart, Weekley, Ramsey, 2009). Ployhart et al (2009) further elaborate that the accumulation of human resource into various levels of the accumulation of skills, knowledge, and abilities that lead the resources to become unique, invaluable, and unchallenged, thus in accordance to the RBT, these characteristics instil the organization the ability to possess and maintain sustainable competitive advantages. HRM must be performed at optimal level as well as becoming more flexible and cooperative with other departments as the flow of information is essential in determining the best allocation of human resources and the selection and recruitment processes and the contemplation of strategy in both internal and external of the organization (Stone, 2011).

In the current time of fierce competitions within the globalized market and recent slump in economies force almost all industries and organizations to decentralize and reorganize their priorities, thus rethinking about the most efficient allocation of human resources and capitals in order to capture the most profitable projects and finding new ways in cost production without sacrificing much of obtained resources and the qualities in term of goods and service (Yushimura, Izui, & Nishiwaki, 2005). Furthermore, globalization allows intensive competitions across both local and international arena thus organizations must maintain sustainable competitive advantages by capturing the most efficient and effective workforce in addition to motivating existing workforce by recruiting and selecting the very best and the most compatible of the workforce from the ever shrinking labour market in addition to coordinate and the existing quality of human resource within the organization (Yushimuar et al., 2005). Therefore, talented workforce represents not only sustainable competitive advantages but also the catalyst that allows organization to restructure and reduce cost

without much revamp in the human resource allocation (Stone, 2011). HRM teams and managers are becoming more invaluable in role of the contemplation process of strategies in both the resource department as well as the organization's overall strategies as the demand to improve organization's performance is highly limited as HRM teams are required to understand the ever-changing culture internal and external to the organization as they must be able to recruit and select the most efficient human resource, and cope with the fluctuation of the business cycle while also coordinate and train existing workforce (Colbert, 2004). Allocation of human resource to fit into a particular project is an intricate problem, because on top of skills and capabilities; HRM must also account for their personality, adaptability and level of motivation in which essentially determine their compatibilities to the project. HRM must be able to consider the probability in which the allocated human resource could complete the project successfully in the most efficient and effective manner as well as coordinate the condition of the project due to the dynamic nature of the current market (Yushimura et al, 2005).

The exogenous component that could affect the organization and the economy as a whole could be the problem of outsourcing in which become a major issue in recent time. Some view it as a component that could harm the performance of many organizations due to shortage of labour demand and ultimately lower the human resource allocation within in the organization as well as the economy (Kuruvilla & Ranganathan, 2008). However, many experts support the method of export-oriented service (EOS) and the export-oriented industrialization (EOI) by asserting that the method of outsourcing could improve productivity, therefore raising HR to be more intensive and specialized.

This essay is utilized to provide critical analysis in support with the statement given above. The central ideas of this essay strongly assert that HRM practices as a whole will provide organization with competitive edge because the well-defined macro-level and micro-level roles and approaches of HRM in which specifically concentrate on the allocation of human to maximize the performance of the organization. Examples provided such as the micro-level oriented processes including recruiting, selecting, training, reward, and motivation pushes existing and newly recruited workforce to autonomously and uniquely contribute in accordance to their personalities, talents, skills, dreams, and goals in which strives to make the workforce become non-imitable, unique, and ambiguous causality thus ultimately equip the organization with sustainable competitive advantage. Alternately, the macro-level

oriented processes of HRM or SHRM such as strategic contemplation and design of decision-making pushes the already advanced human resource to align with the established policies and strategies in which ultimately coordinate the organization to reach improvement in performance and continuously improvise the organizational objectives and strategies. However, the addition to macro-level focus is the concepts of research-based theory in which conceptualize the best return and maintain economies of scale due to uniquely designed human resource. Overall, the roles and approaches of HRM will ultimately improve the performance of the organization just by simply improve the quality of the human resource and contribute to the managerial cohort in both micro and macro-level.

