

THEORETICAL ISSUES OF HUMAN RESOURCE MANAGEMENT

Eleftheria Gioti¹

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Abstract

The dynamic changes in the socio-economic conditions, technologies and communications in business cause the emergence of a new approach - the concept of Human Resource Management. The development of management theory and practice requires adequate and purposeful actions for the organization, interaction and control of human resources, which in turn necessitates the search for new methods and models for their management. For this purpose, a deeper understanding of the role of HRM in the ever-changing business landscape is needed, following the development of the concept and its specific features.

Keywords: Human Resource Management; Knowledge management; Models; approaches; Human resources

JEL Codes: M12, M54, M03

Introduction

The shift from the 20th century to the 21st century heralded a transition from an industrial-centric society to one centered on information, ultimately giving rise to what is commonly referred to as the "knowledge society" and the knowledge-driven economy. In this contemporary epoch, knowledge assumed a pivotal role as a fundamental asset for both industries and individual prosperity. As the significance of Knowledge management (KM) grew, so did the role of Human Resource Management (HRM) in facilitating its seamless integration within organizational frameworks. This evolution instigated the cultivation of corporate culture, fostering effective channels for both formal and informal communication, nurturing cooperation and teamwork, all of which have demonstrated a consistent and indispensable influence on the advancement of personnel management and the overall prosperity of companies.

Definition and Features of Modern HRM

At the modern stage of development of the economy and society, companies function and develop in an extremely dynamically changing environment (Dimitrova,

¹ PhD Student at the Faculty of Economics, South-West University "Neofit Rilski", Blagoevgrad, e-mail: ec02132@gmail.com , ORCID ID: 0009-0001-3122-7465

2014, p. 13). In recent decades, the globalization of business, technological advances, changes in socio-economic relations and research methods have transformed HRM into a discipline centered around strategic initiatives such as work process and systems management, succession planning and policies for diversity and inclusion of workers, management of talent, career development, etc. The modern HR movement has evolved from transactional tasks to more strategic roles and total quality management, aligning HR practices with organizational goals and challenges of the new age. A position is maintained that human resources are among the major factors and tools for the achievement and maintenance of a sustainably high level of competitiveness building sustainable competitive advantages and thence prosperity of an enterprise (Yaneva, 2021, p. 98; Dimitrova, Vladov, 2014, p. 23). Revolutionary approach from industrial to information age brings changes in the understanding of managers for human resources management in organizations and the managerial approach for reaching effectiveness (Dimitrova, Vladov, 2018). A possible approach which defines the human resources policy is the one placing the sum of competences of employees in the middle of the human resources management system reflecting to the full extent the requirements of enterprise's business strategy (Dimitrova, Vladov, 2017, p. 22).

With the development of the theory and practice of the concept, the influence of HRM in the overall process of business management is significantly increasing. This fundamental management concept includes a set of management activities and a specific approach to their implementation, with a focus on the general functions of HRM (Torrington, Hall, Taylor and Atkinson, 2011) - organization, resource provision, labor performance management, human resource development, reward systems management, labor relations and relationships (Vedar, 2014, p. 14-15). More and more attention is paid to the human resources manager (Filipova, 2019a) and the competencies he possesses (Filipova, 2019b).

Beardwell and Claydon (2007) consider that HRM focuses on managing employees to achieve organizational goals. Nowadays, the emphasis is placed on the to the effective use of human resources and their social protection in harmony with the satisfaction and development of employees. The requirement to achieve maximum production efficiency with maximum use of the labor force in the conditions of payment for human labor input is inextricably linked to an adequate degree of motivation in the behavior of the worker or employee, as well as the ways in which it can be influenced (Georgiev, Yaneva, 2011, p.99).

Modern human resource management is seen as a higher organizational level issue and is therefore a function of the organization's top management (Bogdanska, 2019, p. 6). Filipova draws attention to the leadership approach (Filipova, 2013; Filipova, 2016a) and the role of the leader in the management of human resources

(Filipova, 2015a; Filipova, 2015b) Leadership is seen as the potential of the effective organization (Filipova, 2016b).

The process of making strategic management decisions about the organization's workforce - their assessment, development and retention is related to meeting human resource needs. Ensuring organizational effectiveness requires significant investment in human capital (Byars and Rue, 2008) and a comprehensive set of management activities to maintain a skilled workforce (DeNisi and Griffin, 2008).

From the above it is evident that modern HRM is based on the management of people in work organizations with a strategic orientation and more specifically the integration of human resource activities with corporate strategy (Bratton and Gold, 2012). It is no coincidence that Armstrong and Taylor (2014) define HRM as a practice concerned with all aspects of employing and managing people in organizations. It emphasizes a strategic, integrated approach to employees' well-being and development.

The process of human resources management holds a pivotal role in a company's development. To gain insight into the primary concepts, approaches, and models within the realm of management thought, it is imperative to delineate the core functions of the human resource management process.

Through an extensive review of the literature, it has been discerned that these functions can be broadly categorized into four main groups:

- **Staffing:** This involves the recruitment and selection of potential employees utilizing various methodologies, strategies, and plans. The aim is to attract the most skilled and talented candidates who align with the company's standards, requirements, and values.
- **Training and Development:** An ongoing, purposeful endeavor is made not only for new recruits but also for seasoned employees. This activity is geared towards enhancing their skills, boosting work efficiency, increasing adaptability, and ultimately elevating motivation and job satisfaction.
- **HR Motivation:** The motivation of human resources is a potent tool for enhancing overall productivity. It operates by improving work ethics, fostering a positive company climate, and nurturing harmonious interpersonal relationships among employees.
- **Maintaining Commitment and Loyalty:** Achieving and sustaining employee commitment and loyalty to the organization is facilitated through the formation of internal work groups and mobility opportunities. These initiatives, among others, can significantly enhance work performance and motivation.

Furthermore, a noteworthy contribution to the advancement of modern HRM comes from the perspective of D. Ulrich (1996, p. 23-37), who introduces

supplementary responsibilities for HRM departments, extending beyond their core functions. These additional responsibilities include:

- **Alignment with Business Strategy:** HR departments are tasked with aligning their strategies with the overarching business strategy of the company to enhance labor effectiveness and productivity. This entails setting sub-goals, such as the enhancement of company culture, employee morale, and the cultivation of formal and informal working relationships.
- **Organizational Process Re-engineering:** HR departments engage in initiatives aimed at creating a more employee-friendly work environment by eliminating detrimental practices and streamlining processes that impact employees.
- **Communication Skills Enhancement:** Improving the communication skills of the company's representatives is crucial for addressing employee queries, complaints, and demands effectively. Fostering mutual cooperation to resolve workplace issues is integral to this endeavor.
- **Change Management:** HR departments are instrumental in managing changes within the organization's processes and work procedures. This involves considering a spectrum of factors, including political, social, economic, and technological influences, and implementing requisite regulations to maintain overall company effectiveness.

Incorporating these supplementary responsibilities into the HRM framework contributes to the evolution and effectiveness of human resource management in modern organizational contexts. It is also important to note the more advanced functions of HR departments on a macro-level:

- **Overseeing organizational leadership and culture, gathering information on the latest techniques for HR advancement, and focusing on human relations from a management perspective.**
- **Ensuring compliance with state-ordained employment and labor laws and regulations, staying informed about changes, and ensuring adherence to protect employee health, safety, and security.**
- **Managing additional responsibilities in countries with federal jurisdictions, like the USA, where both federal and state laws apply. HR managers must be familiar with both to protect the company and its employees, including adhering to laws like the Fair Labor Standards Act, Federal Civil Rights Law, and Family and Medical Leave Act.**
- **Protecting the company from legal liability related to collective bargaining agreements with labor unions. HR departments serve as liaisons with union representatives and engage in lobbying efforts with relevant governmental agencies to safeguard the company's interests.**

Human capital, as an element of intellectual assets, is intrinsically impervious to quantification, but with the advent of the information society and the knowledge - based economy, it has an increasing share of company assets, making its knowledge even more necessary (Yuleva, 2019a). Permanent investments in human capital, constant retraining events will increase employees' digital skills, and companies will become market leaders and increase their competitiveness (Yuleva, 2019b). The rapid advancement of technology and digitization are also having a significant impact on HR practices, with the creation of virtual HR departments in recent years. The use of information technology leads to a number of benefits such as reduced administrative tasks, globalization of HR activities and cost reduction. The main activities most significantly affected by technology are recruitment and staff training. Electronic recruitment has replaced traditional methods such as print ads and word of mouth. HR professionals can now post jobs, track applicants worldwide and perform background checks online, streamlining the recruiting process. At the same time, technology allows employees to access training programs and information from anywhere in the world. Virtual classrooms allow HR professionals to train large numbers of employees quickly and efficiently. Computerized testing programs assess progress, and virtual training puts employees in control of their training and development. Managers can track training progress through virtual means, reducing costs and redundancies.

Conclusion and Recommendations

Human resource management has a key role in the strategic management process. Its evolution is influenced by a number of socio-economic and technological factors and gradually HRM is transformed into an engine of the business success by effectively managing, motivating, engaging and optimizing the potential of an organization's human resources in line with its strategic objectives. Human resources are beginning to be seen as a valuable asset for achieving competitive advantage in the dynamic business environment. The focus of the modern HRM practices is not only on creating a positive work environment and career development opportunities but also on employee engagement, adapting to flexible forms of employment, talent management and sustainable HRM.

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