

## **THE IMPORTANCE OF HUMAN RESOURCES DEPARTMENT IN PRIVATE COMPANIES**

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### **Abstract**

*Human resources are an important asset of an organization's economy. Organizations have found that the introduction of the HR among company's strategic activities, can minimize problems arising in connection with staff. A HR department can effectively increase the stability and can increase the staff loyalty rate within an organization, making employees to feel valued, well- placed in the company, telling them what is expected of them and what they can expect from the employer.*

**Keywords** *companies, management, human resources*

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### **Introduction**

In broad terms, the human resources represent the company, are unique in terms of their potential for growth and development as well as the ability to know their limitations and help employees overcome challenges, Hr expresses best the management process as a human activity and can be seen as one of the most important investments in a company whose results become more evident over time. . Moreover, it was found that HRM policies do not have a direct impact on organizational performance, but their impact is fully mediated by employee skills, attitudes, and behaviour.

### **1. Literature Review**

According to Opatha (2010), the efficient and effective utilization of human resources (HR) to achieve goals of an organisation can be defined as

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human resource management (HRM). The efficient and effective deployment of HR requires bundles of HRM practices. HRM practices are the actual HR programs, processes and techniques that actually get implemented in the organisation or business unit. Katou and Budhwar (2010) believe that business strategies, managerial style and organizational culture moderate HRM policies. Moreover, it was found that HRM policies do not have a direct impact on organizational performance, but their impact is fully mediated by employee skills, attitudes, and behaviour. Keegan, Huemann and Turner (2011) believe that various HRM responsibilities of managers especially in project oriented companies is a concern that is not given the attention by HRM literature. More clear and specific elaboration of responsibilities in contemporary organizations can increase performance at each level manifolds. Shen and Zhu (2011) believe that more and more organizations seek to improve their performance by using appropriate HRM policies and practices. Due to the importance of CSR to business, it is important for HRM policies and practices to address both the firm's strategic needs and the interests of internal and external stakeholders.

## **2. Human resources management – Innovative ideas**

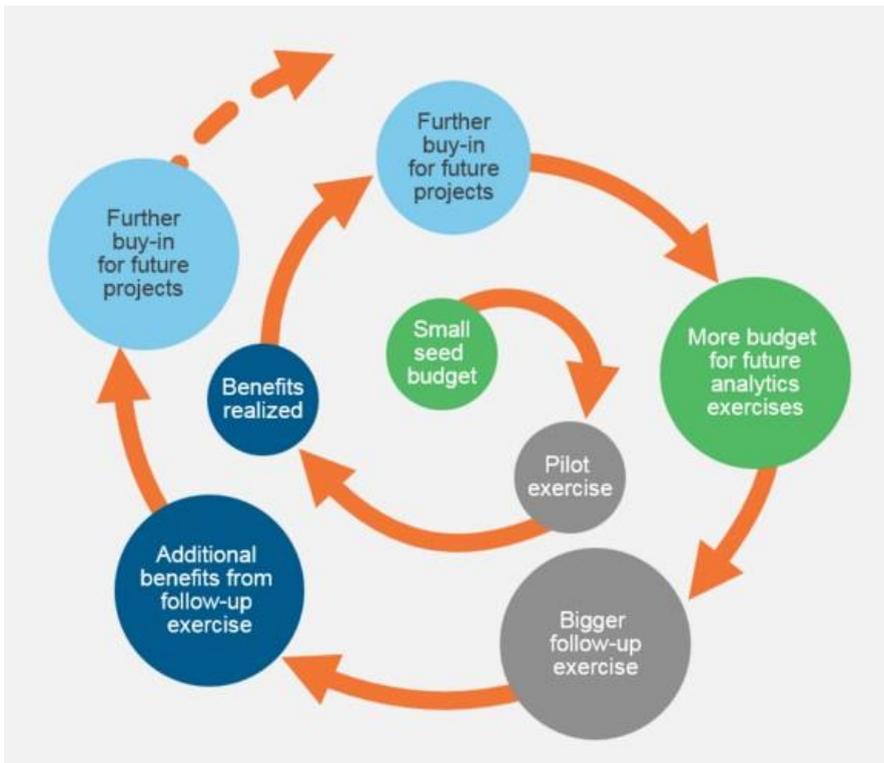
More and more managers talk about new and innovative ideas in the human resources field, especially for private companies. HR Analytics, a new method in this field is related to business decisions taking into account the impact of indicators of human resources throughout the organization. In this context, researchers talk about modifying the specific HR policies based on the data validated by attitude and opinion polls.

Besides the subdomains of recruitment and talent management, we can name the method of Talent Analytics, which is the use of sophisticated techniques of database analysis, combined with the analysis of techniques applied to data related to business indicators of the labor force. Thus, the most innovative organizations are currently changing their reflection of the human resources and its impact on the company. The companies emphasis is on the introduction of a digital dashboard that can provide rapid information (traffic light principle), such as establishing indicators and default problems that are immediate priorities for action. Some of this indicators can be:

- value engagement either applied company-wide or at an department level;

- the percentage of growth of social network of employees from one department;
- the level of communication within the company or in a department measured by engaging in a social game communication;
- deviation from standards of recruitment in a certain region
- the lack of critical skills.

**Figure 1: HR Analytical Spiral**



There are companies that have not calculated all these indicators as such, but they have the necessary data for the calculation in another form and indicators that can be used in specific calculation.

A necessary step in taking decisions on the basis of such indicators is to establish warning and intervention methods. To ensure the traffic light system method mentioned above, using green indicators which are in normal range of values; yellow indicators are in the danger zone and red for values that determine immediate actions. In this way, we can and prioritize actions and interventions for HR professionals. It is obvious the influence of figures on actions performed on human capital.

Companies can identify such differences between HR departments due to the efficiency and effectiveness of investments in human capital, directly impacting the performance of the organization. Among the elements that will differentiate the results from different HR departments we can mention: managing HR leader's vision; method of valuing employees in the HR (companies can track people's superior analytical skills since their recruitment); identification of new instruments for collecting data (social platforms, market research, specialized software for data analysis, new models for the compilation of weighted decisions), attracting talent and how to identify their potential as performers since early stage of recruitment and selection.

**Figure 2: Talent Analytics Maturity Model (Source: Deloitte)**  
**Private companies: the benefits of using an integrated software dedicated to human resources**



It is often said that the most valuable asset of a company is its labor force. If so, that means, selecting the best software solutions is essential for any organization, regardless of its size. Management "talent", career management, salary conditions and legal regulations in the field cannot be left to manual processes. Therefore, it is recommended choosing the right software solution that a company needs; and how, "integrating departments" add value, many companies are turning to selecting a software system that can effectively manage the daily activities and needs of the human resources department.

The existence of a well-developed package of payroll and human resources in an integrated system is important for the success of a software selection process and final ROI. The functionality of software solutions for human resource management will ensure the preservation of employee data in a secure manner, while providing quick access to the complete information of the employee. A robust human resource software will provide an "overview" of wages, taxes, benefits, career expectations and assessments of the employee and will be "sending" automatically modules of business intelligence data to be analyzed by the management of the company.

Benefits of using a software solution dedicated to human resources:

- *Centralize all information related to an employee in an employee's file:*  
Employee data, gross and net salaries, timesheets, advances, awards, certifications, holidays, sick leave, wage taxes, meal tickets and apprehension. There are even records of costs to cost centers (employees) who may be detailed on any of the components mentioned above. By accessing employee data sheet, at a glance, any manager can make an opinion about the evolution of an employee in the company.
  
- *It adapts to the specific of the company in which is implemented:*  
Payroll and human resources applications usually adapt to companies for which they are implemented. There are many payroll applications, software components that are highly configurable and enable various types of calculation of wages and benefits, whether we speak of budgetary institutions / government or private - trade, production or distribution.

- *It enables the definition of professional goals, schedule training sessions and tracks ratings:*

Defining job descriptions in accordance with the establishment of a company means defining performance criteria to which employees and management relate. A dedicated application has even more features related to HR: defining criteria for performance management of employees' professional objectives, planning training courses for employees and management evaluations. As companies find specific ways to manage human resources, the dedicated applications must be flexible and need to adapt quickly and easily to those specific needs of the companies.

- *Increases the retention of "talented employees":*

HR software has unlimited possibilities to record structured information and that is why it facilitates communication with employees and representatives of the organization, offering organizations the image of a "human" that records and cherishes initiatives or employees needs. Based on questionnaires, specialists in human resources may know the training needs of employees or company's payroll performance goals at the individual, department or organization level. Based on training needs, for example, the softwares can provide training programs and qualifications in accordance to the company's needs. Also, at the level of individual performance, a custom loyalty bonus to ensure long-term employees can be implemented. Human Resources softwares may include modules dedicated to ensure the easy implementation and monitoring of this kind of proactive human resources policies that bring satisfaction among employees and hence performance.

- *It gives the HR department a professional touch:*

In general, people are underlying the success of any business. Therefore specialists believe that a dedicated human resources software offers professional HR strategy and helps the company to be

more responsible and connected with company personnel and act or react quickly because all the information it need, is in one place. With rapid access to information, human resources specialists can create HR policies consistent with the organizational environment and can seek personalized approaches to company employees or ensuring consistency in the strategy selection and retention of the staff.

- *Automates the calculation of salaries and the relationship with the state on the payroll:*

Regardless of the payroll method, the software applications must be automated to calculate wages (based on introduced parameters: holidays, working hours etc.) and reducing the number of HR documents on paper. Online forms, which are extracted from the informatics solution, such as certificates of income, sick leave, wages flyers, etc.

- *It is adapted to national legislation:*

Even if legislative changes are fast moving, usually HR and payroll modules within HR softwares systems are adapted and up to date in accordance with relevant legislation. Even if payroll processes are automated, setting new regulations payroll applications is fast, in a few steps with the help of specialists providing IT to the company.

- *It provides monitoring tools for payroll and human resources policies:*

Payroll and human resources policies of a company have to carry the development vision of the company. HR softwares allow companies to analyze the results of policies implemented in HR by transferring data in Business Intelligence modules. Quantifiable objectives and policies are implemented through specific reports, ready to be analysed by HR professionals.

**Figure 3: Human Resources Management Software benefits**



### **3. Human resources outsourcing: good for private companies?**

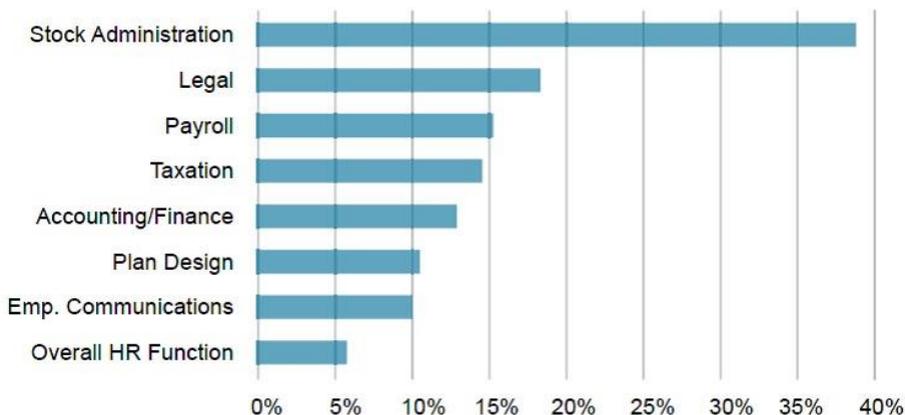
HR outsourcing represents a growing trend in the world taken by employers who wish to outsource human resources department in order to reduce costs, time and obligations with its own HR department.

Traditionally, the functions and processes of HR were conducted by a department of human resources within the organization, but to allow the development of other domestic branches, many employers, especially outsource the human resources department to a supplier with expertise and experience required for such activity. On a worldwide scale, there are factors that influence and change the world, which at the same time make outsourcing attractive to people's businesses.

In the current context of the Romanian domestic market, one of the main concerns of businesses is reducing costs. To keep at least the same efficiency and profitability, but also the purpose to reduce costs, companies can choose to turn to outsourcing of one or more departments. Outsourcing involves handing a internal department activity by a service provider. Outsourcing is a management decision, taken after a number of analysis carried out in the company: practical, it has to choose between creating a new

department, the implementation of a software specialist, or calling a supplier who can provide specialized people and appropriate software.

**Figure 4: Commonly outsourced tasks (source: Deloitte study, 2012)**



The first option involves new employees and obviously increase labor costs; the second version involves acquisition costs and maintenance of the software and the third option involves collaboration costs with the new service provider. Each of these solutions involves, therefore, certain expenses. The final choice must be made and according to other criteria such as the company's objectives in the medium and long term, or assess their capacities to sustain that activity compared with an external vendor to perform the tasks involved.

As assumed, an important decision process such as outsourcing compels decision makers within companies to the harmonization of advantages and disadvantages that may result from selecting the putsourcing option. The advantages of outsourcing can be: increasing efficiency by concentrating on other departments; support a specialized team. Among the disadvantages, we may include: the risk of choosing a supplier under the company's expectations that can not achieve these objectives; failure to develop a strategy with an appropriate control over outsourced activities.

In case the benefits balance in favor of the decision to resort to outsourcing, the next steps should be taken as choosing the right provider,

negotiating and concluding the outsourcing contract. Like any other contract, it must contain clear, well established, paying attention to issues related to the quality of the service.

#### **4. Conclusion**

The human resources are the first strategic resources of an organization, while the human capital in the new information society is replacing financial capital as a strategic resource. The human resources include a great human potential that must be understood, motivated and fully involved in achieving the organization's objectives. For this, human resource management decisions must always be adapted to the employees personality traits. Every organization is based on the development of the human capital and internal promotion: employees developing new skills, identifying potential and shaping the support for future managers, with a high exposure to new market trends. Even outsourcing the HR, managers should have a full control on the employees, getting to know them, their abilities and working closely so that targets are achieved.

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