

1. Should businesses have a separate Human Resource Department? [10]

The workers are the most important asset of any business so it is important that they are well managed. This is where the human resource department becomes important. The HRM department performs many important tasks including HR planning, recruitment and selection of workers, providing training programs, discipline procedures, performance appraisals, dismissal and/or redundancy, managing industrial relations with trade unions as well as making sure that employees are well motivated.

The HR department has to plan for the future staffing needs of a business i.e. they must make sure that they will have right number of workers with the right skills. If they do not do this then the business may have difficulty in continuing its production and operations such delays or wastage. The HRM department is also responsible for making sure that the workers well trained and have the skills needed to produce good quality products or provide good quality service to customers. If the workforce is well trained then they will be productive and this will reduce average cost thus enabling growth and increase in profit. Also, if the workers are well motivated and have good morale, they will work hard and absenteeism and labour turnover will be low.

These are the reasons why it is important for large businesses to have a separate HRM department. In small firms the HRM tasks can be performed by the owner or partners themselves.

2. How can the effectiveness of a Human Resource Department be assessed? [10]

The effectiveness of HR departments can be measured by evaluating labour productivity. If the right workers have been recruited and the right training given, then productivity will be high and average cost will be low. Lower average cost means that the firm can lower its selling price to increase demand and gain a larger market share from its competitors. Also, if workers are well trained there will be less wastage and less quality rejection which also reduces costs and increases profit. Less accidents will occur if workers are well trained and they will know how to use the machinery properly thus reducing risk of damage and lowering maintenance problems. If employees are well motivated they will cooperate with managers better and there will be less chances of conflict at work. This will reduce industrial action by trade unions and create a harmonious work environment. Customer satisfaction will be high due to less delays and reduced quality problems. This would help to develop a good reputation/goodwill of the firm. A well reputed firm will in future be able attract more customers and will also be able to recruit good workers. These are the ways of assessing the effectiveness of the HR department.