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The challenges faced by HRM with growth in firm

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Abstract
Human resource management (HRM) is the strategic approach to the effective management of employees in a company or organization. It is designed to maximize employee performance in service of an employer's strategic objectives. Human resource management is primarily concerned with the management of people within organizations, focusing on policies and systems. The overall purpose of human resources is to ensure that the organization is able to achieve success through people. HR professionals manage the human capital according to the size of the organization and focus on implementing policies and processes. They can specialize in finding, recruiting, training, and developing employees, as well as maintaining employee relations or benefits.HR department is the bridge between the employees and organisation which leads to success of the growth and the firm.

Keywords: Human resource management, challenge, firm

Introduction
In the current global work environment, most companies focus on lowering employee turnover and on retaining the talent and knowledge held by their workforce. New hiring not only entails a high cost but also increases the risk of a new employee not being able to adequately replace the position of the previous employee. HR departments strive to offer benefits that will appeal to workers, thus reducing the risk of losing employee commitment and psychological ownership. The aim of this paper is to understand The Challenges faced by Human Resource Management (HRM) in a growing firm or organisation

Challenges Faced by HR
There is no universal threshold a small business needs to reach before starting to build an in-house HR team, but 50 employees is a typical benchmark. At this point, it becomes clear that standardised, formal HR processes are necessary to avoid the chaos that can ensue as more new people joining the firm

Whereas previously an organisation may have hired a part-time HR practitioner or consultancy, a permanent HR professional is now needed to build an internal HR operation that can support the next phase of the firm's growth.

When the business reaches between 150 to 200 employees it's likely that an experienced HR leader supported by a small team will be required. Throughout this transformational period, whoever is responsible for the HR function will inevitably have to overcome a number of hurdles. These are made even acuter if the business is expanding at a rapid pace. In this blog, we'll look at some of the most common HR challenges a growing business will face, and suggest how they can be tackled to ensure the organisation isn't held back.

Managing the Ever-Growing Administrative Burden
With every new hire comes more administration and as the company grows in size, HR needs to find new ways to manage this efficiently. Carrying out this administration is necessary and it can't be ignored or de-prioritised, so doing everything manually will very quickly become unsustainable. In a growing company, arguably HR's first task is to find a way to do the basics in the most efficient way possible, before focusing on more strategic activities.

It's still common for larger businesses to manage as many as 500 employees via Excel – with everything from holidays, expenses, timesheets and emergency contact numbers held in a series of clunky spreadsheets. Working in this way requires a huge amount of manual intervention and is highly prone to human error.

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Such an approach doesn't just increase the administrative burden; it also impacts reporting – sometimes taking days just to pull together basic people-related management information (MI). And as every hire heightens the risk of legislative exposure, compliance can be hard to stay on top of when you're buried under a pile of admin tasks.

Keeping up-to-date with an ever-changing raft of workplace regulations is key to protecting both the company and your employees. But in a growing business, it's probably going to require HR to establish and document new processes and procedures. The General Data Protection Regulation (GDPR) is a very relevant example of a piece of new legislation concerning the use of personal data, which will undoubtedly result in a significant amount of work heading in HR's direction.

The most common approach is to introduce HR technology. This will help you automate much of the administrative side of HR, as well as enable employees and managers to process many HR transactions directly via self-service. While this is going to mean securing financial support to make the investment, once such a tool is in place it can make a huge difference to HR efficiency.

Managing Culture Changes
As a business makes the transition from a start-up to a more established operation, there comes a tipping point – whereby the owner of the business truly accepts they can no longer be involved in everything. Their role must change from 'entrepreneur' to 'leader of people' – and while hiring an HR team may signal the business owner's intent to relinquish more control, in practice, this will be a difficult process.

Often, the founders of a company wish to retain a huge amount of influence across all areas of the business and continue to make key people decisions, despite appointing a specialist team.

However, the leadership in particular need to accept that HR has a job to do, and give them the power and autonomy to do what they need to do – whether that's formalising the recruitment process, analysing the cost of absence or devising an employee value proposition.

At the same time, HR professionals must be prepared to assert their influence in a smaller, growing company if they are to make things happen. HR teams need to take on a little 'entrepreneurial spirit' of their own, exuding the confidence to win people over, while demonstrating that a good foundation in HR will be good for the business. Otherwise, HR will only exist to do the paperwork on the management team's behalf.

Improving the recruitment process
Successful recruitment is the cornerstone of a growing business and HR naturally has a huge role to play. As a company expands, HR professionals should be looking to help improve all aspects of the recruitment process – from the employer brand to the employee value proposition (EVP), to candidate acquisition and on boarding. Entire books are written on each of these subjects in their own right, yet they are all a key part of creating a positive experience for new candidates. Fundamentally, in a growing company, it's the job of HR to ensure the right people are brought in at the right time.

The experience of existing employees also has a symbiotic relationship with recruitment. A big HR challenge for a growing business is to be very aware of the company's online reputation as a place to work. Increasingly, candidates are looking to reviews of your organisation from past or even current employees using websites such as Glass Door. Previously, the damage that could be caused by disgruntled employees would be minimal, but now things are far more transparent.

Insight is one way HR can tackle the challenge of improving the recruitment process. By analysing your people data you will undoubtedly find clues that can inform better decisions and lead to more strategic actions. For example, for your best-performing employees – find out which job sites or portals they came from, or how they applied. Similarly, look at your weakest performers or staff who stayed for the shortest period of time. Did they all come from the same recruiter, portal or application method? This is just one example that may enable you to refine your recruitment strategies, resulting in better future hires.

Conclusion
The cost of inefficient, ineffective HR Any growing business supported a heavily-manual HR function will inevitably reach a point where it becomes over-worked, in-turn resulting in a substandard service. If not dealt with, the impact on the business can be serious, especially if the organisation needs to scale quickly.

In this scenario, the HR team will actually become an inhibitor to growth and may even become a key risk. Compliance can quickly become a major problem, with fines greater than ever, if HR is not on its game. Without solid HR processes, the business will revert back to ways of working that were just about good enough when the operation was much smaller. This may ultimately breed a culture of unhappy managers and employees, which can lead to higher attrition and impact your reputation as an employer.

While at times this post paints a bleak picture, the challenges and their associated impact are highlighted to help you avoid some common pitfalls. While it can be tough to build an internal HR function in a small, growing business, it is also an incredible opportunity to build an operation to be proud of. Efficiency has to be the primary focus, to begin with – to then free up the HR team to devote time to those key initiatives that will make the biggest difference.

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