

The Role of Human Resources Management in Corporate Governance

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Abstract

Human Resource Management is part of the process that helps the organization achieve its corporate governance goals. Once the general directions and strategy have been established, the next step is to set firm goals and develop them into action plans. Objectives cannot be achieved without the necessary resources, which include people. Human Resource Management should be part of the process of determining what people are needed, how to use them, how to get them, how to lead them. Human Resource Management is different from other areas of management in that it must serve not only management but must act within the implementation of corporate governance.

The purpose of the research is to analyze the main types of management from the perspective of corporate governance. The main objectives of the article are represented by the correlations between the main types of management practiced and the hierarchical level.

Key words: corporate governance, shareholders, company, managers, decision-making

J.E.L. classification: O16

1. Introduction

Both in economic theory and in practice, the terms *human resources* and *personnel* are more and more common, with the derived phrases *human resources management*, respectively *personnel management*. Often, their use is inappropriate. Despite all the similarities between the two terms, the differences are substantial, and their correct use requires proper clarification. Resuming what has already been shown, we emphasize that by *human resources* we mean the reserve that society has at a reference time and that is available to the economic system to be used in various branches, as being able to carry out a series of activities between As for the term staff, it is synonymous with the term *employed staff* or *salaried staff*, ie one who is employed in a service by contract of employment and who, in exchange for his labor force, receives a salary (Nicolescu and Verboncu, 1999).

So, the term *personnel* has a much more limited scope than that of *human resources*, referring only to the active population able to work and which is employed in a service, ie the employed population. Given that *human resources* are the engine of any economic activity, we can say that *personnel activities* must be central to the activity of an economic entity. *Human capital* is the one that establishes, leads, executes and communicates them within organizations of any nature (Goss, 2004).

Human resource management consists of all activities aimed at ensuring, developing, motivating and maintaining *human resources* within an organization to effectively achieve its objectives and meet the needs of employees. *Human resource management* requires an

interdisciplinary and professional approach to personnel issues within an organization, because it must serve not only the purpose and interests of the organization leader, but must act in the interests of employees, human beings and by extension, in the interest of society. Also, human resources management establishes the system of relationships that appear and manifest within economic entities in any field of activity. From the point of view of traditional management, human resources management is a specialized field, but it can be said that it is one of the basic areas of a business / organization, on the one hand, because it deals with its own staff and, on the other. on the other hand, because there is concern for customers. Thus, the personnel managers must show interest, both for the people inside the economic entity and for those outside, those with whom the entity comes into contact (Cherrington, 2001).

The main purpose of the article is to analyze the main types of management, hierarchical level correspondences, respectively collations between them in order to implement corporate governance.

2. Literature review

To reveal the eloquent as basic characteristics of human resources management, it is necessary to define and shape as accurately place their content in the literature is expressed a variety of views. At the same time, however, most specialists consider that human resource management, like any other scientific field, is the result of a specialized research, of a rapid evolution and diversification that is registered in more and more fields of activity. Thus, depending on the purpose pursued, the research undertaken and the issues addressed, the general management was divided into a multitude of specialized areas, including human resources management (Peretti, 2007).

Human resource management is a young branch of management, first established in the United States, especially during the 1980s, and in 1989 the American Society for Personnel Management changed its name to the Society for Human Resource Management. Then human resource management developed, being practiced in all market economy countries. Everything that is done in an enterprise is the result of the action of the people who make it up. All means of work (machinery, installations, equipment, buildings) and objects of work (raw materials, materials, fuels, energy) are meaningless if people do not put them into operation. Therefore, each functional side of the enterprise is determined by human competence, motivation and organizational action (Cherrington, 2001).

The identification of the necessary labor force, the recruitment and training of the personnel, its management, as well as other particularly complex activities are the main components of the activities that fall in the field of personnel function. They provide the human resources necessary to carry out the activities that contribute to: achieving in the best conditions the objectives of the enterprise; rational use of human resources, continuous development of their professional competence; ensuring appropriate working conditions and protection; staff remuneration (Emilian, 1999).

The main activities in the field of human resources management are considered by most authors be the following (Manolescu, 2000):

- ✓ strategic planning of human resources;
- ✓ ensuring equal employment opportunities;
- ✓ analysis, description and evaluation of positions;
- ✓ the staffing or staff of the enterprise;
- ✓ staff recruitment and selection;
- ✓ professional training and staff development;
- ✓ performance evaluation in the activity carried out;
- ✓ management of incentives and the system of compensations and aids;
- ✓ ensuring the health conditions of the staff and the safety of work;
- ✓ labor relations and corporate communication;
- ✓ relations with trade unions;
- ✓ information systems and staff evaluation.

Strategic resource planning is at a top-level level of management, as the strategic planning process aims to anticipate changes in society and their effects on the enterprise. Human resource management is directly concerned with the managerial problem of ensuring human resources in the enterprise, especially in terms of its planning, supervision and control, and less concerned with solving or mediating the problems of employees (Manolescu, 1998).

The issue of human resources management includes organizational activities aimed at the flow of staff in the unit, the conditions for its maintenance and development (Popescu, 2001):

- ✓ staffing, consisting of job analysis, human resources planning, staff recruitment and selection;
- ✓ maintaining (maintaining) staff: compensation, health and safety, accommodation, labor relations;
- ✓ human resources development, consisting of improvement, performance evaluation, individual and organizational development.

In conclusion, while personnel management pays particular attention to the social side of human resources of an organization, human resources management looks at the side organizational, with its economic and social purpose, ie professional performance.

3. Research methodology

The main objective of the article is to analyze the main types of management, hierarchical level correspondences, and collations between them in order to implement corporate governance. After establishing the objective of which was the basis of scientific research study was designed research plan which included the following steps:

Step 1 - *Establishing the research community*

Step 2 - *Identify the survey unit*

Step 3 - *Elaboration of the questionnaire*

Step 4 - *Determining the sampling method*

Step 5 - *Quantitative exploratory analysis*

The data collection was carried out between November 2019 and May 2020, with the help of the questionnaire, a quantitatively structured research tool. The duration of completing the questionnaire was about 20 minutes.

There are essential differences between general management, human resources management and business management from the perspective of the hierarchical level. They are exemplified in Table no. 1.

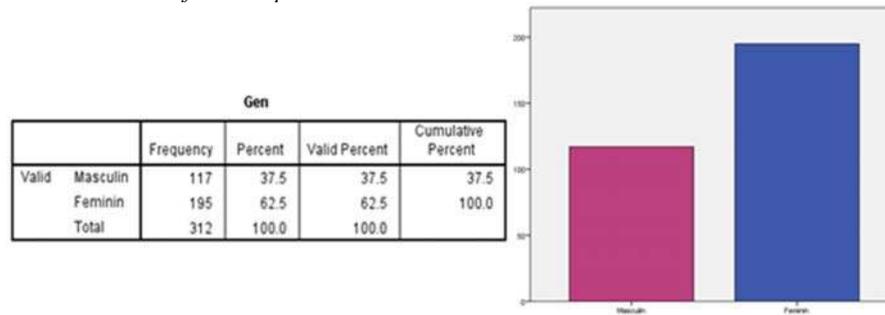
Table no. 1 Different types of management and hierarchical level correspondence

Hierarchical correspondence	Types of management		
	General management	Human Resources Management	Business management
Strategic leadership	<ul style="list-style-type: none"> ✓ The reason why the institution exists ✓ Vision ✓ Strategic options ✓ Success factors 	<ul style="list-style-type: none"> ✓ Compliance with Human Resources policy ✓ Development and change programs ✓ Resources ✓ Key competencies 	Business leadership and management techniques
Government leadership	<ul style="list-style-type: none"> ✓ Objectives ✓ Setting performance levels for goals ✓ Indicators ✓ Tracing responsibilities 	<ul style="list-style-type: none"> ✓ Recruitment ✓ Knowledge Human Resource Management ✓ Evaluation ✓ Benefits 	Process of coordination of human, informational, physical and financial resources in order to achieve the goals of the respective organization
Team leader	<ul style="list-style-type: none"> ✓ Work processes ✓ Work organization ✓ Job Separation Tasks 	<ul style="list-style-type: none"> ✓ Coaching ✓ Cooperation ✓ Interplay ✓ Communication ✓ Ability to perform 	Process of achieving the objectives: planning, organization, leading (training and motivation) and control

Source: Developed by authors through adaptation and processing after Cherrington, 2001

The sample chosen for the research consists of 312 managers, of which 117 men and 195 women, respectively (Figure no. 1).

Figure no. 1 Structure of the sample



Source: processing data obtained through SPSS program

In the processing, processing and analysis of the collected data, the special statistical research software S.P.S.S. (Statistical Package for the Social Sciences), with which we calculated the Spearman rho correlation coefficient.

4. Findings

In order to demonstrate the existence of the variation between hierarchical level and the types of management, the results of the Spearman rho correlation coefficient are presented in Table no. 2.

Table no. 2 Spearman rho correlation coefficient results

Correlations					
			<i>General management</i>	<i>Human Resources Management</i>	<i>Business management</i>
Spearman's rho	<i>Strategic leadership</i>	correlation coefficient	.533**	.733**	.861**
		Sig. (2-tailed)		,000	,000
		N	312	312	312
	<i>Government leadership</i>	correlation coefficient	.893**	.593**	.831**
		Sig. (2-tailed)	,000		,000
		N	312	312	312
	<i>Team leader</i>	correlation coefficient	.733**	.881**	.523**
		Sig. (2-tailed)	,000	,000	
		N	312	312	312

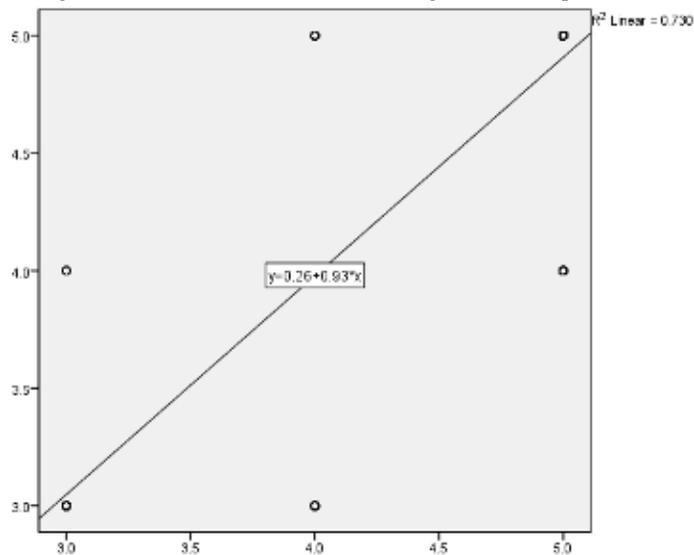
** . Correlation is significant at the 0.01 level (2-tailed).

Source: processing data obtained through SPSS program

Following the analysis of the results of the Spearman rho correlation coefficient, we can highlight the following correlations:

1. There is a very significant positive relationship between **Strategic Leadership** and **Business Management** ($\rho = 0.86$, $df = 310$, $p < 0.001$). From the scatter plot it can be seen that the point spread is relatively limited, which indicates a strong correlation ($R^2 = 0.73$). The slope of the scattering of the results is a relatively straight line, indicating a linear rather than a curvilinear relationship (Figure no. 2).

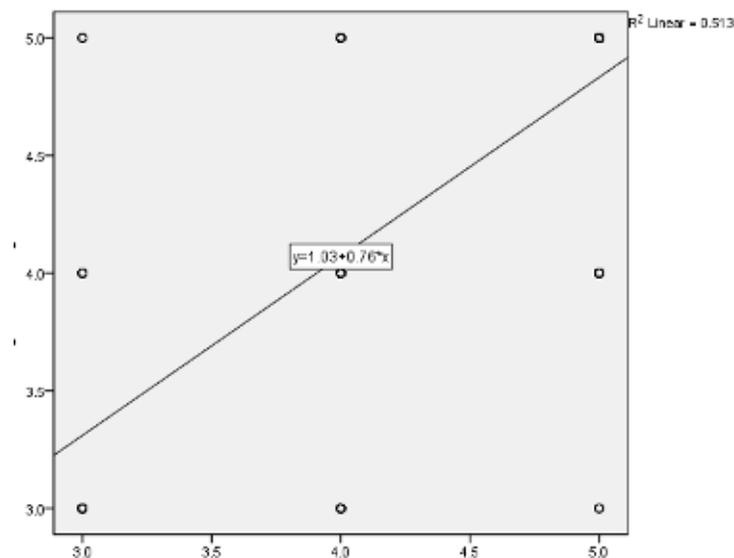
Figure no. 2 Scatter diagram: the correlation between Strategic Leadership and Business Management



Source: processing data obtained through SPSS program

2. From Table no. 1 it can be seen that there is a significant significant positive relationship between **Government Leadership** and **General Management** ($\rho = 0.89$, $df = 310$, $p < 0.001$). The scatter plot reveals that the point spread is relatively limited, which indicates a moderate to strong correlation ($R^2 = 0.51$). The slope of the scattering of the results is relatively straight, indicating a linear rather than a curvilinear relationship (Figure no. 3).

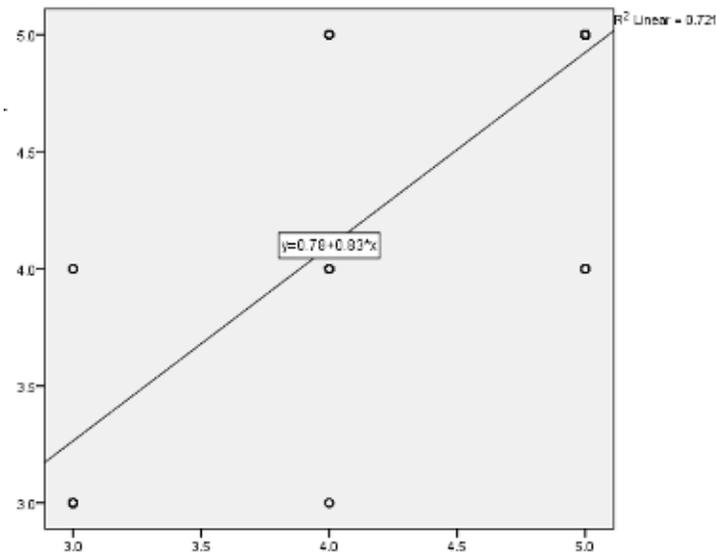
Figure no.3 Dispersion diagram: the correlation between Government Leadership and General Management



Source: processing data obtained through SPSS program

3. There is a very high positive relationship between *Team Leader* and *Human Resources Management* ($\rho = 0.88$, $df = 310$, $p < 0.001$). The scatter plot (Figure 3) reveals that the point spread is relatively limited, indicating a strong correlation ($R^2 = 0.72$). The slope of the scattering of the results is a relatively straight line, indicating a linear rather than a curvilinear relationship (Figure no. 4).

Figure no. 4 Scatter diagram: the correlation between Team Leader and Human Resource Management



Source: processing data obtained through SPSS program

5. Conclusions

The development of theory and practice in the field of human resources management requires, first of all, the knowledge and full understanding of the role and particularities of human resources in corporate governance. The role of human resources in the development of corporate governance differs considerably; In large institutions this is a separate function but closely linked to the human resources service. In small institutions it often does not even exist and the training / development activities are carried out ad-hoc.

The human resources department can be responsible for coordinating training requests and possibly organizing corporate governance qualifications. Managers need to identify training needs either by reference to new goals or tasks to be achieved, or based on the results of performance reports. These needs must be prioritized according to the objectives and resources of the activity. Usually, the coordination and control of the training budget is the responsibility of the human resources department. In such a case, the service also deals with the provision and evaluation of training.

Human resource management activities, absolutely necessary for the proper functioning of a corporate governance are:

- *Organization of human resources* - involves, on the one hand, organizational design, which consists in providing the required resources for all necessary activities, grouping them in a way appropriate to cooperation, communication and decision
- *The procurement of human resources* is done on a planning basis, followed by the selection and recruitment processes, so that there is no shortage of staff in any sector, and the positions are filled by those who have the skills and abilities required to do so.
- *Human resource development* involves, on the one hand, managerial development, ie providing learning opportunities for managers in order to increase their ability to work with people, as well as career management, consisting in identifying employee needs, planning and career development.

- *Rewards management* consists in designing fair and flexible remuneration structures, implementing various motivational systems for employee loyalty, introducing non-financial rewards.
- *Performance management* involves monitoring employee performance and evaluating them in accordance with clearly established criteria.
- *Labor relations management* involves creating a positive climate in employee-employer relations and work teams, advising managers.

The role of the human resources department in the field of corporate governance is similar to that assumed in performance management. It consists in providing support and advice for hierarchical management in order to properly apply the procedures related to discipline and dissatisfaction. The procedures must be applied strictly in accordance with the existing law / procedures and recorded precisely at each stage. It is customary for the service to issue and follow written warnings. Records of all disciplinary measures taken must be kept. Procedures can also be included in the training of managers, because fortunately such problems do not occur frequently in most institutions. Mainly, the service has the responsibility to ensure the correctness at each stage, the access of the respective employee to all available support, to the staff representatives and to the protection of the law.

That is why it can be said that the development of human resources management in the structure of corporate governance is of great interest in Western countries, and in Romania it cannot be an exception. The development of human resources through management within the company can also be approached through the control function of the administrator-shareholder relationship and by analyzing the formal bureaucratic structure and the corporate culture. The notion of management can be easily assimilated with the management of a company, which then leads to the establishment of an equivalence between management and administration itself and to a confusion regarding the role of managers and managers.

In conclusion, the main challenges of human resource management regarding corporate governance are:

- ✓ make institutions more accountable, transparent and accessible,
- ✓ establish a performance-based approach,
- ✓ to change the perception of performance,
- ✓ to facilitate relocation and restructuring

Last but not least, the corporate culture and the examination of the cultural processes within the company should not be ignored in order to complete the analysis of the corporate governance structure.

6. Acknowledgment

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