

## HUMAN RESOURCE MANAGEMENT'S FUNCTION IN THE DEVELOPMENT OF LEADERSHIP

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### Abstract

The article's goal is to illustrate the contribution human resources (HR) may make to managers' and leaders' efficacy.

**Keywords:** leadership, organisations, effective methods, skills,

**Introduction.** The growth of managers must be fueled by human resources (HR), since effective managers are the key to good company outcomes. It's critical to put in place efficient methods and procedures as soon as possible, even in cases when an organisation doesn't have evident leadership problems. Ensuring that the organisation has the right individuals performing successfully in leadership roles at all levels is one of HR's primary responsibilities. This means that HR needs to concentrate on five main areas: job architecture, performance specification, incumbent assessment, success recognition, and developing leadership skills. HR must also refute the idea that "hard skills," which are frequently regarded as being more significant, should take precedence over "soft skills." As soft skills are what leaders require to maximise performance from others, they are actually harder to learn and in my opinion, more significant.

**Literature review.** Leadership and HRM are two key factors affecting outcomes at organizational, team/unit, and individual levels either within the same country or in a cross-border context (Boada-Cuerva, Trullen, and Valverde Citation2019; Chang Citation2016; McClean and Collins Citation2019; Steffensen et al. Citation2019). However, the development of the two fields to date has largely occurred in parallel (Vermeeren, Kuipers, and Steijn Citation2014), thus not capturing the full range of potential benefits and insights to be gained from analyses drawing on both fields and creating an urgent need to integrate research on leadership and HRM in various contexts (Boada-Cuerva, Trullen, and Valverde Citation2019; McClean and Collins Citation2019; Steffensen et al. Citation2019). Leadership and HRM may interact with each other when shaping various outcomes, complementing or substituting each other's impact. Several recent studies have started to investigate such interactions (Chuang, Jackson, and Jiang Citation2016; Jiang, Chuang, & Chao, Citation2015; McClean and Collins Citation2019; Steffensen et al. Citation2019). For

example, Jiang, Chuang, and Chiao (Citation2015) have found an interactive effect between service-oriented high performance work systems (HPWSs) and service leadership on service climate. In addition, HRM practices and leadership behaviour may mediate the other's influence on outcomes (Han et al. Citation2018; Lopez-Cabrales, Bornay-Barrachina, and Diaz-Fernandez Citation2017). However, this stream of research is still at an early stage and more theoretical and empirical studies are needed to advance our understanding of the complexities involved in the interaction of leadership and HRM at multiple levels, and in different types of context including domestic and international situations.

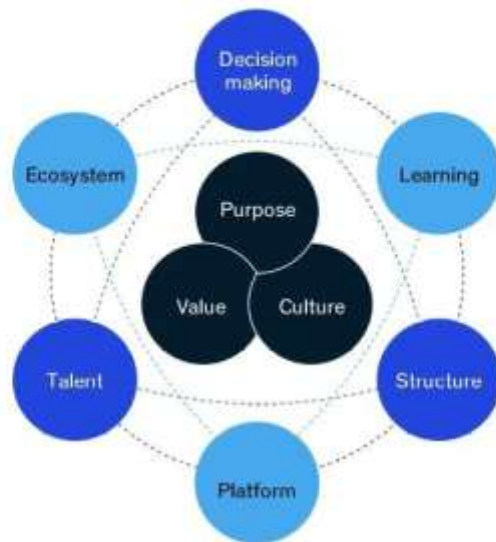
Numerous studies on HRM and leadership have primarily focused on Western theories, concepts, and measures, disregarding the distinct characteristics of leadership and HRM influenced by the cultural, institutional, and historical contexts of the Asia Pacific region (Rowley, Ishikawa, and Oh Citation2019; Rowley, Oh, and Jang Citation2019). For instance, countries influenced by Confucian culture exhibit a prominent paternalistic leadership style, which holds significant implications for performance (Lau, Li, and Okpara Citation2020). Moreover, effective HRM practices in the Asia Pacific region may differ from those in the West (Cooke et al. Citation2019; Ouyang et al. Citation2019). Notably, high control HRM practices have been found to be positively and significantly associated with firm performance in China (Su & Wight, Citation2012; Su, Wright, and Ulrich Citation2018). Understanding the interplay between these unique features of leadership behavior and HRM across different regions and their implications for organizational outcomes and employee well-being is of utmost theoretical and empirical significance.

**Research Methodology.** Companies that operate with a clear purpose have a higher chance of achieving significant long-term value creation. This not only leads to improved financial performance but also boosts employee engagement and fosters trust among customers. McKinsey, a renowned company, has recently conducted research on how businesses can effectively prepare for the future. The ongoing experimentation indicates that companies that are ready for the future possess three common characteristics: a strong sense of identity and purpose, a focus on speed and simplicity, and a commitment to continuous learning and innovation.

In this transformative journey, HR plays a crucial role in driving positive change across these three key areas. Additionally, HR can support this process by implementing nine imperatives that emanate from these areas (Exhibit 1).

Exhibit-1

Nine imperatives can help HR leaders ready their organizations for the future.



- **Who we are**  
Being clear about organization's "why," "what," and "how": why it exists, what it does, and how it runs
- **How we operate**  
Flattening the organization with teams that make fast decisions and treat people as the scarcer capital
- **How we grow**  
Get ahead and stay there by outlearning others, reaping value from data, and utilizing the ecosystem to drive value creation

● HR driving    ○ HR facilitating

**Purpose**

- Establishing and radiating the organization's purpose

**Culture**

- Taking employee experience (including their work spaces) to the next level
- Driving leadership and culture

**Value**

- Rebalancing talent resources; mapping talent to value

**Decision making**

- Capturing speed in decision making from crisis operations (eg, COVID-19 era)

**Structure**

- Adopting new models; simplifying the organization

- Making the workforce more flexible; reducing employee cost

**Talent**

- Driving strategic workforce planning and talent magnetism
- Introducing next-generation performance management

**Learning**

- Reskilling and upskilling talent; creating a learning culture

**Platform**

- Building an agile, digital HR platform

**Ecosystem**

- Collaborating with HR-tech players and others in the wider HR ecosystem

Organizations that possess the ability to strategically reallocate talent have a significant advantage over their competitors. In fact, studies have shown that these organizations are more than twice as likely to outperform their peers. To truly harness the power of talent and drive value, it is crucial to shift the best individuals into critical roles that directly contribute to the organization's success. This requires a departure from the traditional approach, where talent and roles are seen as interchangeable based on hierarchy.

To ensure that the right people are in the right positions, a thorough evaluation of where the organization truly creates value and how top talent can contribute is essential. Take, for example, Tesla and Apple, two companies renowned for their innovation and user-centric approach. These organizations prioritize these cultural values, which ultimately drive their success.

To facilitate this shift, HR departments should adopt a rigorous talent management approach. This includes developing an analytics capability to effectively mine data for hiring, developing, and retaining the best employees. HR business



partners play a crucial role in articulating the staffing needs to the executive management team. They should see themselves as internal service providers, ensuring that human capital investments yield high returns.

One effective way to engage business leaders in talent management is through the use of semiautomated data dashboards. These dashboards can track the most important metrics for critical roles, providing valuable insights for regular talent reviews. By leveraging data-driven insights, organizations can make informed decisions and optimize their talent allocation. Organizations that prioritize talent reallocation in line with their strategic plans have a significant competitive advantage. By shifting the best individuals into critical roles and embracing a data-driven approach to talent management, organizations can unlock their full potential and outperform their peers.

During a virtual conference held by McKinsey in May 2020, HR executives expressed their intention to prioritize certain initiatives in the coming two years. These initiatives aimed at enhancing agility and identity within their organizations. Among the attendees, 27 percent stated their focus on responding with agility, while 25 percent emphasized the importance of driving leadership, culture, and employee experience. Additionally, 13 percent of the participants highlighted the significance of mapping talent to value, and an equal percentage emphasized the establishment and dissemination of purpose (Exhibit 2).

Exhibit-2

**HR leaders say they are prioritizing initiatives that strengthen agility and identity.**

Initiative selected by HR leaders as a top 3 priority for the next 18–24 months, %<sup>1</sup>



<sup>1</sup>Of 268 selected initiatives; question: As an HR leader, what are your top 3 priorities for the next 18–24 months?  
Source: HR Leader Survey, The Role of HR During Uncertainty and Beyond, virtual conference, May 2020

**Research and analysis.** Extensive research has revealed that effective people management plays a pivotal role in driving superior economic performance. Notably, one crucial aspect of people management that the HRM function focuses on is leadership development. Research on successful companies' HRM practices has revealed that these companies surpass their competitors in terms of economic profitability by implementing the discussed leadership development practices.

When we refer to successful companies, we are specifically referring to those esteemed organizations that have maintained their position in the prestigious Fortune

100 list for over a decade. It is important to acknowledge that many companies, despite their initial inclusion in the Fortune 100 list, have failed to sustain their positions in subsequent years. Therefore, the fact that these exceptional companies have not only retained their positions but also surpassed their peers and competitors is a testament to their exceptional performance. According to the findings of the research, we shall examine the four most effective methods through which HR can shape leadership development to achieve organizational success.

### **1. Leadership training and development**

Managers play a vital role in motivating and empowering their teams. The more confident and capable leaders are in taking charge, the more inspired and driven their employees become. In fact, research shows that 88 percent of individuals are highly motivated by recognition and praise from their managers. Therefore, it is crucial for the HR department to closely examine how leaders within the organization can be effectively trained and developed to become exceptional leaders.

One way to initiate this process is by providing training and development opportunities for leaders, encouraging them to address any skill gaps they may have. HR can actively contribute to leadership development by acknowledging and celebrating leaders' strengths, while also identifying areas where improvement is needed. Additionally, HR can play a pivotal role in recommending relevant courses or offering mentoring programs tailored to individual leaders' needs.

### **2. Promotion systems**

Businesses often elevate individuals with advanced technical skills to leadership positions. However, it is important to recognize that possessing technical expertise does not automatically equate to possessing exceptional leadership skills. Human Resources (HR) must be mindful of the negative impact that poor leadership can have on employee morale and productivity, and take proactive measures to prevent this. Promotion systems should evaluate employees' skills and strengths, ensuring that individuals are promoted based on their suitability for the role. In addition to considering technical skills, HR should also assess candidates for promotion based on a range of soft skills, including communication, conflict resolution, and change management.

### **3. Employee-centric approach**

HR plays a crucial role in maintaining an employee-centric approach to leadership development. It is essential for managers at all levels to adopt a people-centric leadership model. One way HR can fulfill this responsibility is by ensuring that everyone in the organization understands what effective leadership entails. This can be achieved through the establishment of clear documentation and guidelines outlining the expected behaviors of leaders within the company. By doing so, HR can establish a common language and set clear expectations for leadership across the organization.

Furthermore, an employee-centric approach also involves enhancing the interpersonal skills of leaders and implementing effective strategies for hiring, retaining, and managing teams.

#### 4. Helping managers take a team-based approach

Comprehensive management encompasses more than just performance reviews and workflows. It involves the ability to inspire and motivate teams to achieve their best work. Effective leadership plays a crucial role in keeping employees satisfied, which can be achieved through well-designed promotion, hiring, and training systems that ensure the right individuals progress into leadership positions. Similarly, managers should be equipped with the necessary tools to enhance their teams' strengths. HR can assist leaders in empowering their teams by providing them with processes for coaching, training, and mentoring within the team. Additionally, HR can support leaders in developing their skills to identify potential future leaders.

**Conclusion.** In conclusion, leadership is the result of a harmonious blend of inherent talents and the deliberate cultivation of those abilities within the workforce. Consequently, the dynamic interaction between innate qualities and intentional development plays a pivotal role in determining the effectiveness of the HRM function and the endeavors of senior management to foster leadership within their respective organizations.

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