

Human Resource Management

Introduction to and Evolution of HRM

Human Resource Management refers to the policies, practices and systems that influence employees' behaviour, attitudes and performance.

HRM Concepts

Unitarism and Pluralism

- **Unitarism:** Approach that refers to the common interest and shared goals between employers and employees, encouraging commitment from both
- **Pluralism:** Perspective that recognises that employers and employees will inevitably experience conflicts of interest and divergent goals

Hard and Soft HRM

- Hard HRM *E.g. Jetstar*
 - Management-centred
 - Tough, calculative and controlling
 - Organisation's strategy and needs come first
- Soft HRM *E.g. Virgin Australia*
 - Employee-centred
 - Employees are engaged and committed to their work
 - Meeting employees' intrinsic needs is a key aim of HRM

Strategic Alignment

- Horizontal fit (synergy)
 - Integration of key HR areas as a whole in the overall business strategy
- Vertical fit (adding value)
 - HR strategy and the organisational capabilities it creates enable the implementation of business strategies
- Temporal fit (adapting to the future)
 - Adequate investment in future HR needs and anticipated capabilities

Key HRM Terms

HR Strategy refers to the number of HR activities aligned to achieve certain outcomes E.g. Branding, recruitment

HRM Activities are planning, work design, attraction/selection, retention and training/development, performance management, reward management.

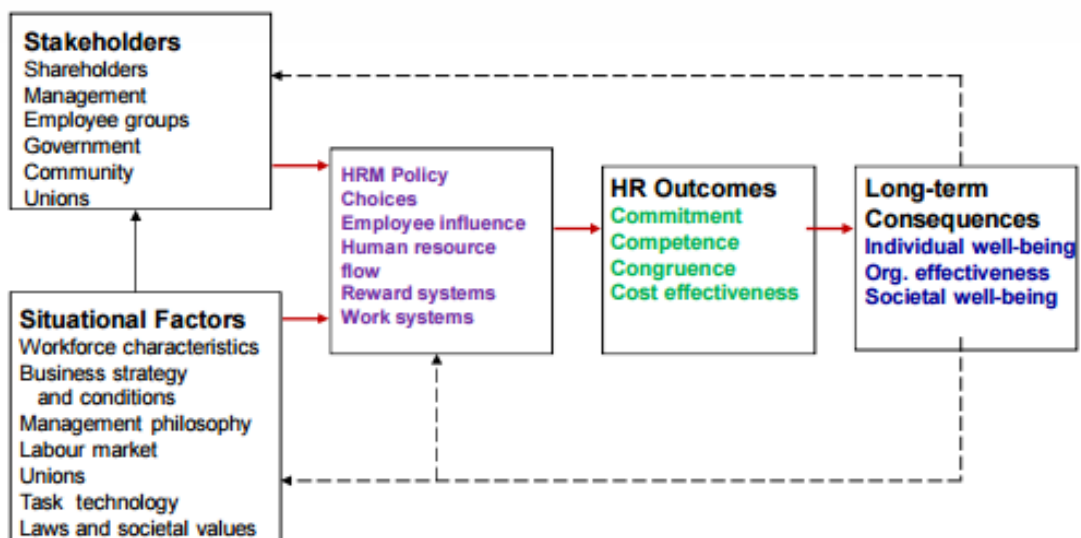
HR Practices are the individual aspects that make up the HRM activities E.g. Performance appraisal is part of the performance management model

HRM Models and Theory

HRM Models

The **Harvard Model** refers to HRM being a set of broad strategic choices within a set of contingencies.

- Assumes a pluralist perspective as the multiple stakeholders suggest conflicting interests
- Meeting employees' needs through HRM can create positive work attitudes, commitment and satisfaction
- Multiple beneficiaries of HRM are the individual, the organisation and society



1. **Stakeholder interests (power and conflict)**
 - Pluralist assumptions (can be conflict) eg is power shared between various stakeholders or held by one powerful stakeholder? eg Multi-national brewing company
2. **Situational factors (eg context/environment factors)**
 - Shape/constrain strategic choice eg labour market factors, demographics
3. **HRM Policy choices (multiple focus)**
 - Decisions about how to manage employees to **meet the needs of the organisation AND its employees**
4. **HR outcomes (what is the business strategy?)**
 - What the organisation wants to achieve from its HR policy choices (may be shaped by 1 & 2 above)
5. **Long term outcomes (multiple outcomes = pluralist)**
 - Assumed benefits of HRM for **individuals, the organisation and society in general**

The **Strategic HRM (SHRM) Model** refers to a pattern of planned HR deployments and activities intended to enable an organisation to achieve its goals.

- Assumes a unitarist approach of power
- Human capital (people) are a valuable organisational asset, a source of value
- Main beneficiary is the organisation as focus is on meeting its needs



▪ NAB's Business Strategy & Vision

Vision: To be Australia and New Zealand's most respected bank

Strategy: Focus on priority segments, Deliver a great customer experience, Execute flawlessly and relentlessly

Goals: Turn our customers into advocates, Engage our people, Generate an attractive return on equity

HRM Theories

The Resource Based View of the Firm (RBV) Model

- Economic value of human resources
- Importance of aligning human resources with HR strategy and its integration with business strategy to create a competitive advantage
- Focuses on the strategic analysis and management of employee skills, knowledge and abilities