

# MGMT2718 – Week 1

## What is HRM?

The productive use of people in achieving the organisation's strategic business objectives and the satisfaction of individual employee needs.

Key components:

- The productive use of employees to achieve the organisation's business objectives
- Satisfaction of employee's needs

HRM is a major contributor to the success of an org. because it is in a key position to affect customers, business results and ultimately shareholder value. It adds value by designing and implementing HR policies and practices that motivate employees to translate their know-how into productive behavior. Leading companies such as Coca-Cola Amatil, Google and Microsoft recognise that human capital is their most important resource and take action to maximise it by: focusing on selecting, developing and rewarding top talent, encouraging open communication, teamwork and collaboration; and refusing to tolerate poor performance or compromise their long-term objectives for short-term gains.

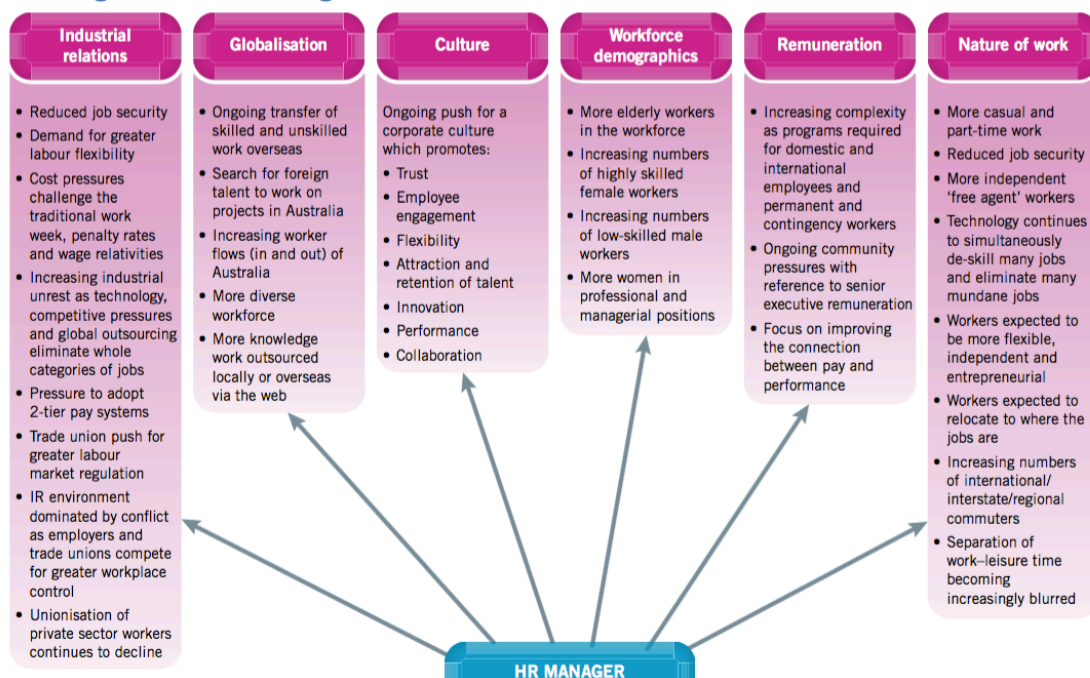
Best employers – treat people as important, adaptable to change, have strong positive cultures, carefully select new hires, encourage innovation, have trusted mgmt., recognise performance, have a credible/competent HR function, demonstrate commitment to CSR, encourage diversity, provide flexibility, open communication channels, healthy and safe work environment, emphasise employee development etc.

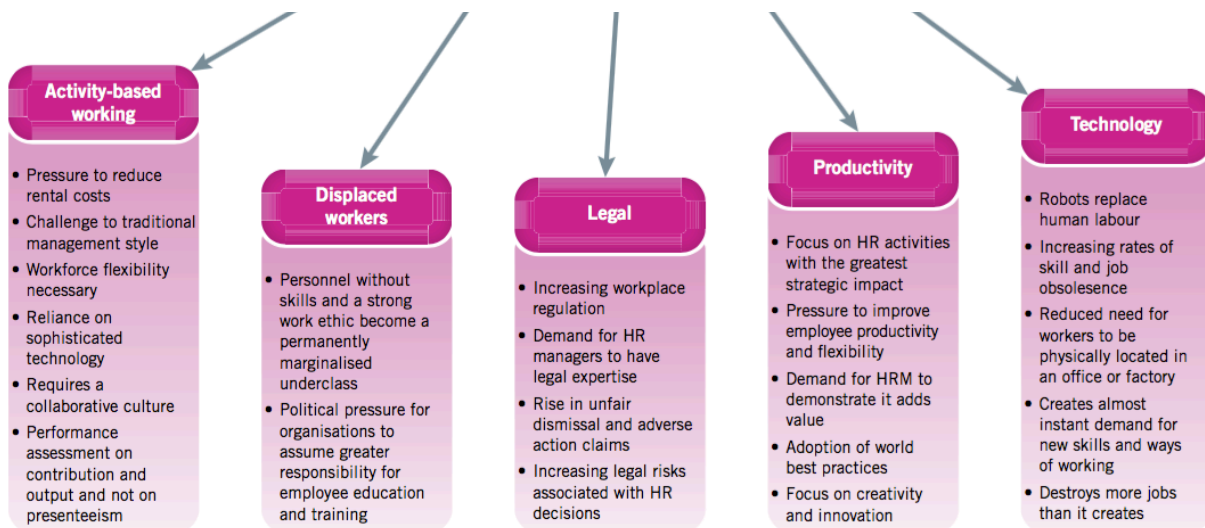
High performance HR practices positively influences both:

- **Human capital** (the knowledge, skills and abilities [KSA's] present in an organisation's HR. It is the product of learning, education and training)
- **Social capital** (describes the strength of personal relationships existing within an org. It promotes knowledge sharing, employee motivation, teamwork and collaboration)

**Bottom line** refers to a final result such as net profit after taxes. Confusing people skills with people management is a common mistake made by many HRM practitioners.

## HR Changes and Challenges





## Approaches to HRM

### 1. Instrumental (Hard) Approach

- Focuses on the rational, quantitative and strategic aspects of HRM
- Performance improvement and improved competitive advantage are highlighted.
- Extremely important to integrate HR policies and practices with strategic business objectives in order to improve performance.

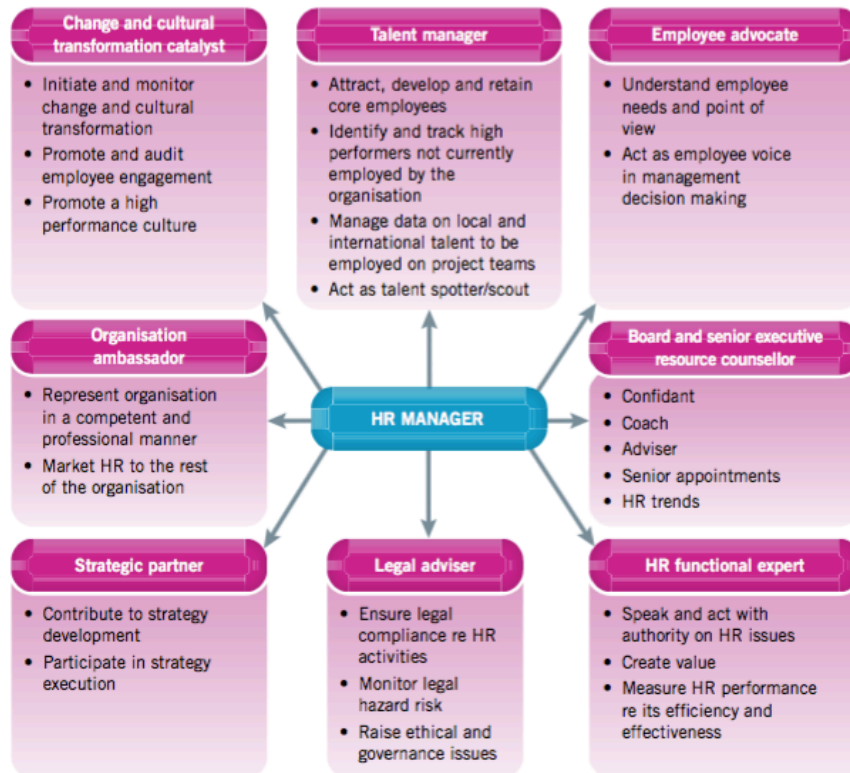
### 2. Humanistic (Soft) Approach

- Also recognises the need to integrate HR policies and practices with strategic business objectives, but places an emphasis on employee development, collaboration, participation, trust and informed choice.
- Employees are seen as proactive contributors to the organisation's strategic business objectives rather than as passive units to be allocated rationally along with any other factor of production.
- Aim is to generate resourceful employees through HRM.

In practice HR managers are able to reconcile both approaches.

## Roles of the HR Manager

- 1. Strategic Partner:** refers to HR management being an essential part of the mgmt. team running an organisation and contributing to the achievement of the organisation's objectives by translating strategy into action through HR practices and policies.
  - Focus is on achieving business goals
  - Asks appropriate questions and contributes to business decision-making.
  - Must have business acumen, a customer orientation and an awareness of the competition.
- 2. Administrative/ Functional Expert:** refers to the efficiency of HR managers and their effective mgmt. of HR activities (such as selection) so that they create value.
  - Reengineer HR activities to make things happen better, faster, cheaper
  - Focus in on improving operational efficiency (cost) and effectiveness (quality)
- 3. Employee Advocate:** requires the HR manager be the employee's voice in mgmt. decisions.
  - Relate to and meet the needs of employees
  - By being fair and principled, by assuring employees their concerns are being heard and by helping employees find new resources that enable them to perform their jobs successfully.
- 4. Change Agent:** Serve as a catalyst for change
  - Help organisation adapt to emerging challenges



## HRM Activities

<b>1. Job Analysis</b>	<ul style="list-style-type: none"> <li>Defines a job in terms of specific tasks and responsibilities</li> <li>Identifies the KSA's and qualifications required to perform it successfully</li> <li>Product = job descriptors and job specifications</li> </ul>
<b>2. Workforce Planning</b>	<ul style="list-style-type: none"> <li>Organisation ensures it has the right no. of qualified people in the right jobs at the right time</li> <li>Comparing supply and demand for human resources</li> <li>This comparison produces decisions to add, reduce or reallocate employees internally.</li> </ul>
<b>3. Recruitment</b>	<ul style="list-style-type: none"> <li>Process of seeking and attracting a pool of applicants from which qualified candidates for job vacancies can be selected.</li> </ul>
<b>4. Selection</b>	<ul style="list-style-type: none"> <li>Involves choosing from the available candidates the best candidate to perform successfully in the job based on the info gathered.</li> </ul>
<b>5. Performance Appraisal</b>	<ul style="list-style-type: none"> <li>Involves assessing individual performance, giving feedback and establishing a plan for performance improvement.</li> <li>Info gathered also used for linking rewards to performance, identifying training/development needs and making placement decisions.</li> </ul>
<b>6. Training and Development</b>	<ul style="list-style-type: none"> <li>Activities focus on the attitudes, skills and knowledge required for employees to learn how to perform their jobs, improve their performance, prepare for more senior positions and achieve their career goals.</li> </ul>
<b>7. Career Planning</b>	<ul style="list-style-type: none"> <li>Identifying employee career goals and helping them work towards it</li> </ul>
<b>8. Remuneration</b>	<ul style="list-style-type: none"> <li>Determining how to reward employees</li> </ul>
<b>9. Health and Safety Programs</b>	<ul style="list-style-type: none"> <li>Providing a safe working environment to guarantee physical and mental wellbeing of employees</li> </ul>
<b>10. Managing Diversity</b>	<ul style="list-style-type: none"> <li>Successfully integrating diverse populations into the workforce to maximise the contribution of all employees</li> </ul>

**Industrial relations (IR)** - Traditionally takes a broader perspective, involving industrial tribunals, trade unions, employer associations and governments and their roles in the making of rules governing the employer– employee relationship.

**Employee relations** - Deals primarily with employee attitudes and behaviour and the relationships between an organisation and its employees. Sometimes regarded as being the same as industrial relations (IR). However, ER focuses more on workplace relations than traditional IR.

### HRM Productivity and Organisation Performance

- Common indicator of organisation and HRM performance is productivity.
- **Productivity** is an organisation's total output of goods and services divided by its total inputs.
- Two approaches can be used: total or multi factor productivity and single factor productivity.
- **Total** = ratio of total outputs to total inputs from labour, capital, materials, technology and energy.
- **Single** = ratio of total outputs to a single category of inputs eg. Labour is no. of employees
- Productivity improvements are necessary for the economy and the org. to be competitive.
- Improving labour productivity involves improving employee-mgmt relationship.
- High-performance HR work systems that make work more satisfying and reward => increases in employee discretionary effort (voluntary effort of employees in excess of min amount required to satisfy job requirements) and productivity.
- Critics argue increased discretionary effort isn't the result of higher job satisfaction or commitment but the result of work intensification and mgmt. pressure.
- Although high-performance HRM may bring employees many advantages (such as increased autonomy and involvement) must ensure that such benefits aren't outweighed (work intensification, insecurity & stress).

### Ethical Issues and HRM

HR managers are increasingly faced with complex, ambiguous and conflicting issues involving Q's of morality and standards of behaviour. Eg. Should managers receive performance bonuses while employees lose their jobs? Is it ethical for companies to require workers to speak English at work?

**Whistleblowers** are employees who make known an organisation's illegal, unethical or improper practices to a third party for example a newspaper.

- Although some protections exist whistleblowers face risk of retaliation eg. Threats, abuse, ridicule, social isolation, termination etc.
- HRM has a responsibility to ensure that compliance systems and the org's culture promote ethical behaviour, trust, open communications and accountability. Appropriate HR policies and practices that provide employees 'safe' options to inform mgmt. must be in place.
- Employees must know they will be protected and given procedural fairness.
- Associated problem is disgruntled employees who make malicious false allegations.

### Strategy

**Defines the direction in which an organisation intends to move and establishes the framework for action by which it intends to get there.**

- Deals with the Q "where do we want to go and how do we get there?"
- Way of dealing with external influences in a proactive way
- Purpose is to achieve comp. advantage by capitalizing on the organisation's strengths and minimizing its weaknesses
- Eg. Growth, retrenchment, stability

A **stakeholder** is any individual group of organisation that is affected by or has a vested interest in an organisation's policies and decisions. They try to influence the way an org. operates by supporting or opposing its strategies.