

## Introduction

- Human resource management (HRM) is the policies, practices and systems that influence employees' behaviour, attitudes and performance
- Strategic human resource management (SHRM) is the pattern of planned HR deployments and activities intended to enable an organisation to achieve its goals
- Human capital management is a management approach that aims to capture all efforts related to people in an organisation. While it includes HRM, it focuses on measuring the effectiveness of HR activities, with an emphasis on enhancing the fit between those activities and the organisational strategic goals

### Theoretical perspective of HRM

- Behavioural view: identified behaviours necessary for the achievement of various organisational strategic objectives. Organisational characteristics, such as strategy, lead to HRM practices that elicit certain employee role behaviours, which in turn lead to identifiable outcomes, such as employee attitudes and organisational performance.
- Resource-based view: the organisation should be aware of its unique bundle of assets and should generate superior capabilities within target markets. Important role for HR as a source of unique advantage that comes from building and defending a set of connected HRM areas. HR is a competitive advantage.
- Political-influence view: non-strategic perspective, as it examines the effects of political factors on HRM practices.

### The changing context of the employment contract

- The employment relationship reflects overlapping contracts:
  - **Legal:** terms and conditions of work
  - **Social:** the mutual expectations and obligations that employers, employees and society at large have for work and employment relationships
  - **Psychological:** reciprocal expectations of individual employees and their individual managers - includes rights, privileges and obligations between employees and their organisations, beliefs about fairness and trust.

### The changing workforce

- Age: the ageing workforce is due to increased life expectancies and a low level of fertility, which has resulted in proportionally fewer children in the population
- Gender: the main force behind the long-term rise in the labour force participation rate has been an increase in the female participation rate, including an increase in the proportion of women with family responsibilities who are in the workforce.
- Ethnic diversity: Australia has one of the most culturally heterogeneous societies in the world, due to several waves of migration from a broad range of cultural and geographic backgrounds
- Employee values: because the workforce is predicted to become more diverse in terms of age, ethnicity and racial background, it is unlikely that one set of values will characterise all employees.
- Skill deficiencies: the supply of individuals with the necessary education and training will not meet the job demands of the Australian economy
- Changes in the employment contract: there are more diverse employment arrangements, more flexible working time patterns and more people working part-time hours
- Legislation: including workplace relations, EEO, OH&S, employee pay and benefits, and job security.
- Ethical considerations

## Competitive challenges influencing HRM

- The challenge of globalisation: companies are finding that, to survive, they must compete in international markets as well as fend off foreign corporations' attempts to gain ground at home. Australian businesses must develop global markets, use their practices to improve global competitiveness, balance and sometimes competing demands for global integration and local responsiveness, manage global workforce mobility and better prepare their employees for global assignments.
- The challenge of HR innovation: innovations in HR rely on the effective management of employees, their knowledge and work systems.
- The challenge of sustainability: company effectiveness and competitiveness are determined by whether the company satisfies the needs of stakeholders. Sustainability has been viewed as part of corporate social responsibility, particularly related to the impact a company has on its environment.
- The challenge of attracting and retaining people: this skill shortage places increasing importance on the role of HRM to attract and retain employees as a source of competitive advantage.

## Types of strategies

- Porters' generic strategies:
  - **Cost:** In cost leadership, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry.
  - **Differentiation:** In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.
  - **Focus:** The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others.
- Miles and Snows' strategic types:
  - **Defender Strategy:** organisations implementing a defender strategy attempt to protect their market from new competitors. As result of this narrow focus, these organizations seldom need to make major adjustments in their technology, structure, or methods of operation. Instead, they devote primary attention to improving the efficiency of their existing operations. Defenders can be successful especially when they exist in a declining industry or a stable environment.
  - **Prospector Strategy:** organisations implementing a prospector strategy are innovative, seek out new opportunities, take risks and grow. To implement this strategy, organisations need to encourage creativity and flexibility. They regularly experiment with potential responses to emerging environmental trends. Thus, these organisations often are the creators of change and uncertainty to which their competitors must respond. In such an environment, creativity is more important than efficiency.
  - **Analyser Strategy:** organisations implementing analyser strategies attempt to maintain their current businesses and to be somewhat innovative in new businesses. Some products are targeted toward stable environments, in which an efficiency strategy designed to retain current customers is employed. Others are targeted toward new, more dynamic environments.
  - **Reactor Strategy:** organisations that follow a reactor strategy have no a consistent strategy-structure relationship. Rather than defining a strategy to suit a specific environment, reactors respond to environmental threats and opportunities in ad hoc fashion.

### Major dimensions of HRM practices contributing to company competitiveness

- Managing the human resource environment: allows employees to make the greatest possible contribution to company productivity and competitiveness. Creating a positive environment for HR involves:
  - Linking HRM practices to the company's business objectives (strategic HRM)
  - Ensuring that HRM practices comply with federal and state or territory laws
  - Managing OH&S
  - Creating a relationship that benefits both the company and employee
- Building human resource systems: customer needs for new products or services influence the number and type of employees that businesses need to be successful.
  - Designing work that is motivational and satisfactory to the employee as well as maximising customer service, quality and productivity
  - Identifying HR requirements (HR planning)
  - Developing effective information systems for HRM
  - Recruiting and selecting employees for jobs
- Developing human resources: managers and employees need to develop new skills to be successful in the new environment.
  - Managing diversity and work-life balance
  - Evaluating and developing employees' performance
  - Preparing employees and managers for current and future work roles and identifying their work interests, goals, values and other career issues
- Rewarding human resources: incentives to current employees as well as pay and benefits to attract new employees.
  - Creating pay systems
  - Rewarding employee contributions

Contemporary issues for HRM: successful global expansions depends on the extent to which HRM practices are aligned with cultural factors as well as managing employees sent to work in another country

- Managing a global workforce
- Managing ethical issues
- Managing employee turnover and retention
- Evaluating and improving the human resource function

### HRM

- Positives:
  - HRM is difference and there is an HR advantage
  - Implications method, theory and practice
  - HRM proactively searches competitive advantage through HR
- Negatives:
  - Volatile external markets
  - Struggle for internal recognition/legitimacy both up and down
  - HRM needs to show its effectiveness and impact on enhanced employee performance

### Key concepts

- **Pluralist** Contrary to the 'unitarist' view, this perspective assumes that the employer–employee relationship is inherently conflicting, and that their diverse interests need to be negotiated or bargained by representative bodies
- **Unitarist** A view of industrial/employment relations that assumes common interests and cooperation between employers and employees

## Legal Context of HRM

### Current Legislation: The Fair Work Act 2009 (replaced WorkChoices)

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The *Fair Work Act 2009* established the tribunal now called the Fair Work Commission. It is the successor to the Australian Industrial Relations Commission.

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Minimum wages are set by the Minimum Wage Panel of the Fair Work Commission.

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The *Fair Work Act 2009* legislates for 10 minimum conditions to be known as the National Employment Standards (NES).

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Modern industry awards are created and include 10 conditions. One of these conditions is the minimum wage for those covered by that award.

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The NES and the modern awards together constitute the safety net – or minimum standards – for all employees.

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There is a requirement on the negotiating parties to bargain in good faith.

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There are three forms of agreements: single enterprise agreements, multi-enterprise agreements and greenfield agreements.

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There is an unfair dismissal regime for all employees in organisations of 15 or more employees.

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### Equal Employment Opportunity laws

- **Equal employment opportunity (EEO)** set of governmental regulations
  - Attempt to ensure that all individuals have an equal opportunity for employment (regardless of race, colour, religion, gender or national origin)
- **The ‘social /humanitarian case’**
- **The ‘business case’**
- Promoting EEO in a workplace will result in higher organisational performance able to meet the interests and aspirations of its customers results in a harmonious and productive workplace internally, and has been particularly popular in Australia

### Diversity management

- A process of managing people’s similarities and differences. It acknowledges, understands and appreciates differences in a workforce to value, use and develop the potential of all employees
- **Benefits**
  - Differences between people are a potential strength for the organisation
  - Personal growth for the employees
  - Has the advantage of creating superior business results
- **But** in Australia, managing diversity has not yet received any kind of statutory recognition

### Discrimination

- Acts involving a distinction, exclusion, restriction or preference between one individual/group and another, which purposefully or effectively disadvantages one
- Anti-discrimination laws in the workplace: individual complaint model that attempts to provide redress for an aggrieved individual who has suffered discrimination based on a group characteristic
- Confusing split between state and federal statutes
- Employers are responsible for the discriminatory acts of their employees in the workplace.
- Attributes of discrimination: gender, pregnancy, race, sexuality, colour, age or religion
- Kinds of discrimination:
  - **Direct discrimination:** treating a person less favourably based on a characteristic (e.g. gender) than someone with a different characteristic in circumstances that are materially the same
  - **Indirect discrimination:** when a compulsory requirement is attached to a job (which has nothing to do with the real performance of the job) which would prevent substantial proportions of groups from being able to comply and the individual in question cannot comply