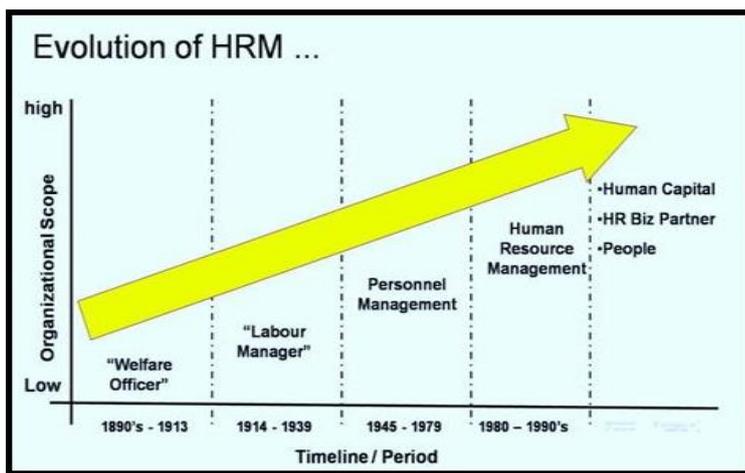


Week 1: INTRODUCTION TO SHRM

WHAT IS HUMAN RESOURCE MANAGEMENT?

- Human resources includes the knowledge, skills and energies that we can in use in our labour power
- HRM is about developing the organisation's social capital and fostering the overall performance
- HRM is never the exclusive property of HR specialists
- Strategic tensions and problems with HRM
 - Economic (cost effective labour; organisational flexibility and human resource advantage)
 - Socio-political (social legitimacy and managerial power)

Evolution of HRM

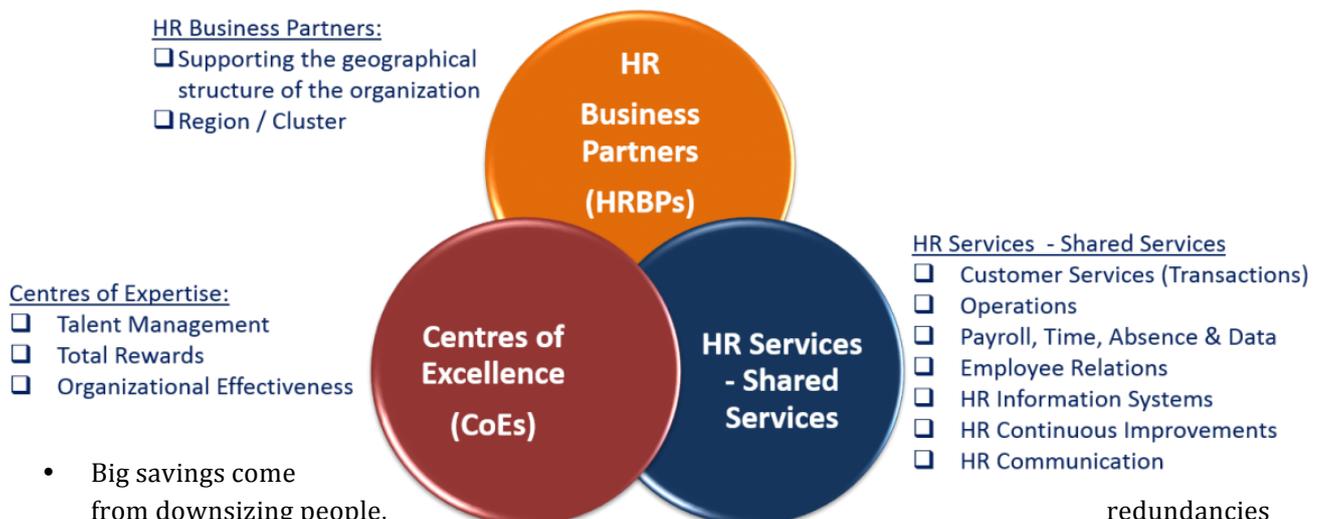


- HR started as a welfare and administrative function

- Move towards HRM as a result of technology

Transformation of HRM (from 2000 onwards)

- Agility, adaptability, sustainability



- Big savings come from downsizing people,
- Fine for the short term but long term is this a good strategy?
- Historically, HR was an administrative function but now has much more strategic contribution
- Shifts to enterprise agreements, minimal unionisation, push to manage own brands, skill and talent sourcing.

HRM emerges from the cocoon

- Focus shifts from cost → asset
- Overall purpose is achieving success through people
- *Human* or *resource*
- People are an asset as opposed to cost – need to be looked after (eg remuneration), invest in asset and improve them

HRM → Strategic HRM?

- Managing people as a path to gaining a sustained competitive advantage
- A strategy is a declaration of intent
- **Strategy** is a long term plan, looking ahead at the future
- ‘Strategic’ implies something that is seriously consequential for the future of the firm
- Strategic plan is a formal document setting out an organisation’s goals and initiatives over a define time period
- **SHRM**: is an approach to managing people that deals with how the organisation’s goal will be achieved through its human resources by means of integrated HR strategies, policies and practices

Defining features of SHRM

- Seeing people as a ‘strategic resource’ for the achievement of a competitive advantage – aligning sourcing and training to the business strategy
- Formal and specific planning
- Concept of choice – options, decisions
- Matching HRM to business strategy
- Integration or fit of strategies – vertically and horizontally
- Crucial role of managers down the line – building leadership capability

TYPES OF STRATEGY

- **Intended**: deliberate strategy that we plan and create “strategic planning”
- **Emergent**: unrealised strategy that emerges because of a disruption in the market “strategic thinking”
- HR has to be attuned to both
- Levels of strategy for organisations
 - Corporate level
 - Business level [cost advantage, differentiation, innovation]
 - Functional level
- SWOT, PESTLE, Porters 5 forces

Porter's Five Forces



EXAMPLES:

SOUTHWEST AIRLINES

- One of America's most successful airlines
- Competitive advantage in labour; culture of 'family' collaboration

Week 2: BEST FIT OR BEST PRACTICE?

STRATEGIC HRM

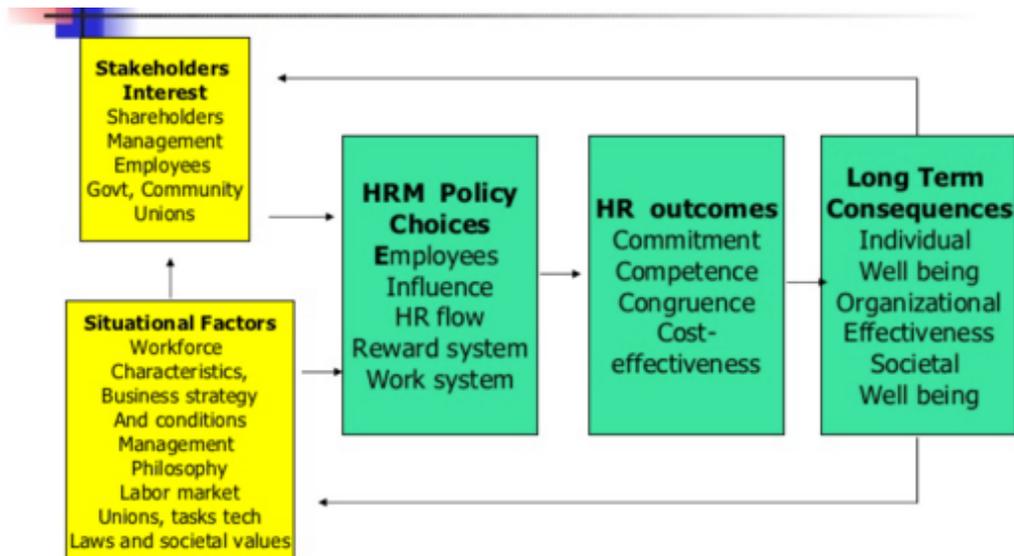
Best Fit: CONTINGENCY "ONE SIZE FITS ALL"

- Organisational (fit with competitive strategy)
- Societal fit (eg corporate social responsibility)
- Industry fit

Best Practice: UNIVERSAL "THE BEST WAY WE CAN DO THINGS"

- High performance work systems
- Pfeffer's 7 best practices

Map of HRM Territory



- Timeline concept – relationship of the employee before starting the organisation, there is a relationship already
- Having an employer brand
- Employee value proposition (what's in it for me?)

Best Fit and Best Practice Theories

- Debate over how HRM is and should be linked to wider business strategy
- Some see SHRM resting on a **contingency position**: firms matching their HRM to their particular strategies and environment; other see HR practices as being **best for firms regardless of context**
- Firms **rarely adopt one single strategy or approach to HRM**- strategies are rarely uniform because managers at different levels and same levels have a different view of what HR means

The Best-Fit School – Contingency

- Situational factors inevitably affect choices in labour market: *contingency models*
- Best fit theories pursue a matching argument – match the people with the job
- What factors? Best fit with what?
 - Factors in the external environment eg right types of education, availability
 - Factors in the internal environment eg culture, mobility, promotions
- Is this a bad thing? Manipulating people to fit in the organisation?
- When something goes wrong the company falls into trouble because everyone thinks the same

Focus on best fit with competitive strategy

- Higher organisational performance if aligning HR strategy to competitive strategy
- Three key areas of competitive advantage: differentiation; quality and innovation

Porter's 'strategies' are mapped with required **employee behaviours** and the HR techniques to foster these behaviours

Type of Strategy	Required Employee Behaviours	Accompanying HR Techniques
Innovation	<ul style="list-style-type: none"> • High degree of creativity • Longer term focus • High degree of cooperation and interdependence • Equal attention to process and results • High degree of risk-taking • High tolerance of ambiguity 	<ul style="list-style-type: none"> • Select high skill employees • Allow employees to develop skills usable in other organisational positions • Performance appraisal which assess individual and group performance • Rewards which reflect organisational performance and internal equity • Broad career paths • Give employees discretion • High investment in HR • Tolerance of occasional failure • Longer term focus for performance management

Life Cycle Model

- HRM must develop through a series of stages to match phases in an organisations cycle
- Start-up-phase: loose and informal HR
- Growth – more formal HR and functional specialists added- develop full range of HR practices
- Maturity – consolidation of practices
- Decline – new issues associated with downsizing and being taken over

Societal Fit

- Behaviour of organisations heavily shaped by labour law and the need to comply, corporate citizen

Industry Fit

- Research shows that organisations tend to imitate what is seen to work in their industry
- Industries are not uniform within clusters of firms, HRM will vary from industry to industry

CRITICAL ANALYSIS OF CONTINGENCY MODEL

- Model overlooks employees interests:
 - View is built of unitarist assumptions
 - Need to integrate employee needs with business needs
 - Importance of the relational psychological contract
- Does 'fit' imply a rigidity and inflexibility that could be damaging?
- Does the model exclude strategic choice

The Best Practice School

- Some HR practices are better than others and all organisations should adopt these best practices
- This is a normative argument
- Three types of best practice: high commitment; high involvement and high performance

