

## Refined HRM Notes

### Week 1 HRM THEORY

#### HRM Definitions

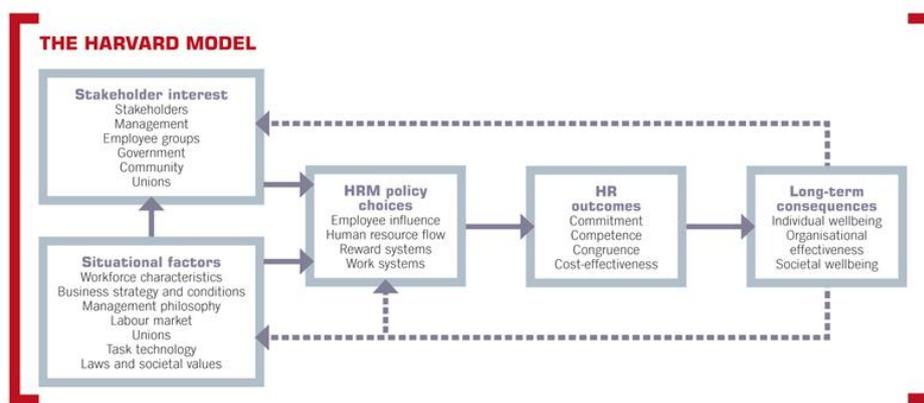
- HRM is about managing the employment relationship
- The management of employees for their benefit and for the benefit of their organisations (Nankervis et al.)
- HRM is about influencing individual attitudes and behaviour
- HRM refers to policies, practices and systems that influence employee's behaviour, attitudes and performance (Kramer et al)
- Strategic HRM is about achieving business objectives
- A pattern of planned HR deployments and activities intended to enable an organisation to achieve its goals
- HRM is about management control directed mainly at management needs for human resources to be provided and deployed. It is totally identified with management interests and is relatively distant from the workforce as a whole (Wolf in sheep's clothing)

#### HRM Theories and assumptions

- People are of value (RBV, human capital)
- Relationships between employees and the organisation on a legal, social/stakeholder/ power level
- Is a management function/activity that influences organisations and individual outcomes (SHRM, organisational effectiveness, performance, productivity)?
- Influence individual attitudes and behaviours (psychology/social psychology)
- Needs to be implemented as a coherent bundle/set of integrated activities to be effective (Horizontal and vertical alignment)
- Is represented as a model or a system
- Linked to this is affected by factors both inside and outside the organisation (contingency theory – Jenkins and Delbridge)
- May have different outcomes depending on theory (SHRM, Harvard)

#### Two Key Models

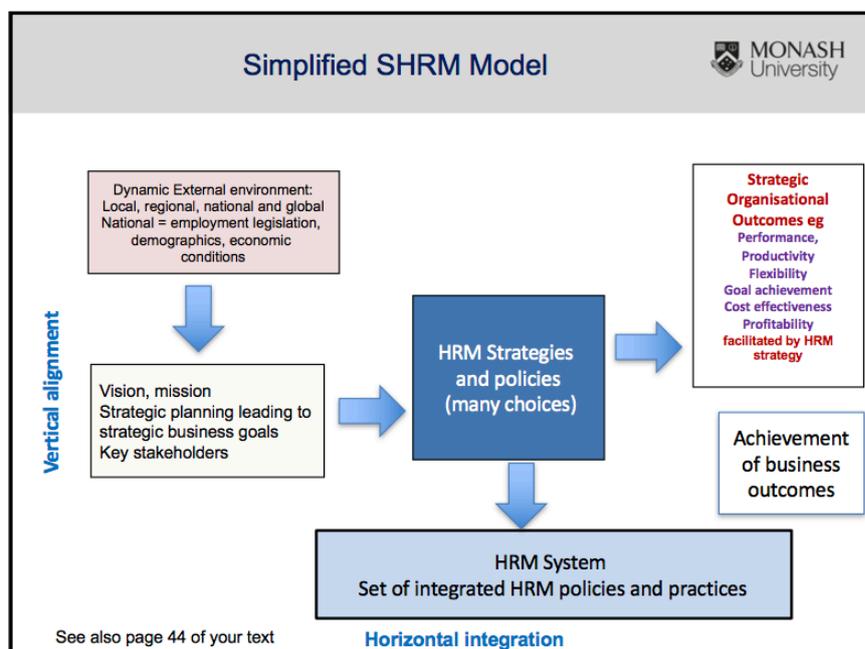
Harvard:



- Stakeholders – multi-stakeholder perspectives, recognise the number of groups of people that have an interest in HRM

- Shareholders, management, government, union groups, community etc.
- External/situational factors impacted on HRM – workforce characteristics, business strategy and conditions, management philosophy, labour market, unions, task technology etc.
- Organisations must make decisions based on these external constraints coupled with their internal practises
- Policy choices – can choose to manage its HR, but these resources may be constrained (labour law, stakeholders etc.)
- Model has outcomes – assumes that if you make policy choices, you will achieve certain things (commitment, congruence, competence, cost effectiveness)
- People must be skilled, committed, alignment between what the organisation is doing in terms of managing the employees, cost effectiveness – eliminating HRM cost)
- Long term consequences for individual well-being, organisational effectiveness, societal well-being. Individual (meet people’s needs and aspirations). Organisational (profit, sustainability, competitive advantage). Societal wellbeing (assumes a social contract or responsibility to stakeholders and communities in which they operate e.g. law abiding, sustainable, equitable, socially responsible)
- Pluralistic model – not only concerned about the outcomes of the organisation, but also thinks about internal and external effects on broader society and the company’s internal employees
- Jenkins and Delbridge suggest that focusing on individual needs may lead to better organisational engagement and performance

SHRM:



- Environment – external PESTN, law, economy, workforce, women having babies, people retiring  
Impacts on how an organisation manages its employees
- That subsequently influences an organisations vision, mission and strategic planning – decisions about what it wants to do (smaller, lower costs, profit driven etc.) Who are the key stakeholders?
- Once deciding its strategy, it develops the HR strategy that is directly aligned
- Strategic outcomes of the organisation → Productivity performance, flexibility, all of the above – depending on what their strategy is
- Employees are not listed as stakeholders! (Contrast to Harvard)

- This model assumes key stakeholders are management and shareholders (narrow economic model)
- Ideas of integrated – HR practises are aligned and integrate with each other
- Synergy between practises and the strategy of the organisation
- Vertical and horizontal alignment

### HRM Power and Conflict

- Contrasting power and interests of employers and employees

<b>Unitarism (SHRM)</b>	<b>Pluralism (Harvard)</b>
Shared goals, mutuality of interest, common goals, mutual commitment. Employees and management are assumed to share the same interests and goals (Davidson et al)	Many different stakeholders who may have an interest in what an employer/organisation/union/government does.
Employees needs are ASSUMED to be met along the way as organisational strategic objectives are met	Assumes that there is a conflict between stakeholders as they seek to protect their interests
Human capital, resources that must be managed to obtain competitive advantage	Where power lies in relationships between stakeholders
Assumes all choices will create happy, satisfied employees	The need for negotiation, trade-off, resolution
Hard HRM – The measurement and management of employee costs and outcomes for organisational benefit. Hard HRM is tough and calculative, largely focusing on the crucial importance of the integration between HR policies and systems with business requirements. Instrumental approach.	Soft HRM – The soft HRM approach looks for ways to UNLEASH THE RESOURCEFULNESS of employees through commitment and involvement that in turn increases their effectiveness. RESOURCEFUL, NOT RESOURCES. Employee centred, viewed as assets. Humanistic approach.
Dynamic external factors which influence vision, mission and strategic planning. Resulting in HR policies and practises that produce organisational outcomes (productivity, efficiency etc.)	Assumes that meeting employee needs through HRM can create positive work attitudes and actions and engender commitment, satisfaction and engagement

### The Changing Employment Contract

- HRM is viewed as a way to influence attitudes and behaviour but is also about the social and legal nature of the employment relationship
- Employment relationship (legal – contractual)
- Psychological contract (tactic expectations about employment relationship)
- Social contract (mutual norms underpinning employment relationship)
- Also related to motivational aspects of employment such as intrinsic work motivation

### Week 2 HRM Theory and Models Part 2

#### Theoretical Perspectives of HRM:

Theory/Theoretical perspective – set of assumptions or contentions that underpin how we understand different phenomena. A set of assumptions, propositions or accepted facts that attempt to provide a plausible or rational explanation relationships among a group of observed phenomenon. The relationship between managing employees in a particular way and employee commitment and organisational effectiveness.

- Behavioural – motivation, engagement, reinforcing attitudes, values & Behaviours. What impact can HR have on people’s motivation?
- Economic – resource based view of the firm (SHRM) sees people as a resource. Assumption underpinning this perspective is that people are the resource to the organisation and are of value
- Strategic – informed by the resourced based view, aligning HRM strategy with business strategy
- Casio and Graham – example. Arguing that if we engage in brand organisation that it will benefit the organisation
- Social Science – Power, politics and ethical influences. Recognises the effect of organisational and stakeholder interests

### SHRM

- SHRM considers recruiting, on-boarding, training and performance management processes as a set to promote a positive employer brand and achieve strategic outcomes (Cascio and Graham)
- A pattern of planned HR deployments and activities intended to enable the organisation to achieve its goals
- Value from human capital needs to be extracted for organisational purposes
- Focus on cost effectiveness and efficiency
- Single outcome – meeting organisational strategic objectives
- A coordinated and integrated approach to HRM that ensures the strategies and processes are aligned with broad organisational goals and strategies (Nankervis)
- SHRM provides organisations with competitive advantage through the management of HR (Davidson et al)
- SHRM is the choice, alignment and integration of an organisations HRM so its human capital resources most effectively contribute to strategic business objectives (Cascio and Graham)
- SHRM’s strategies and policies translated into systems and processes to create an HR strategy directed towards strategic business outcomes (IR relations, job design, attraction and retention, learning and development, PM, RM, safety and wellbeing, HR planning)

### Strategic Alignment and integration

- SHRM’s model strength is built on the assumption that HRM systems and processes can be integrated into management practises and aligned with strategic goals
- Horizontal fit – How do key elements of the HR system work as an integrated whole?
- Vertical fit – Does this HR strategy enable the implementation of organisational strategy? E.g. Jetstar low cost example

### RBV

- The SHRM model is underpinned by the RBV model
- Employees are human capital that add value to the firm when effectively organised using HRM policies and practises
- Most valuable resources are its people
- Human capital that must be managed to gain competitive advantage
- People managed through HRM practises – a firms’ ability to attract the right kinds of people with the right skills
- Assumes people are of value – a particular resource that can be managed and that value can be drawn out of them through HRM practises.
- Human capital – the characteristics of a firms’ human resources, including all of the knowledge, experience, skills and commitment of a firms’ employees and their relationships with each other and those outside the form (Barney & Wright)