

# **Human Resource Management**

- **Define the purposes and scope of HRM in Australia**

- People = key ingredient (must manage ethically/equitably/effectively)
- Nature of work is changing (changing IR laws, tech, org. restructuring)

## **Personnel Management**

- A set of functions of activities
- Focus on admin, welfare and industrial relations
- Short-term planning, compliance (psychological contract)
- Low trust, pluralist, bureaucratic structure
- Focus on cost minimisation

## **HRM**

- Integrated set of personnel activities
- Linked strategically with objectives (focus on overall org effectiveness)
- Employees seen as vital assets
- Long term, proactive/strategic, commitment (psychological contract)
- Unitarist, high trust/fairness, employee engagement, organic structure
- Focus on maximum utilisation

- **Development of HRM in Australia - its influences, issues and theories**

### **Harvard Model = SOFT HRM**

- HRM as a set of policy choices (reward/work systems)
- Org. performance + advocates equal concern for employee wellbeing
- Control through commitment (effective utilisation of employees)
- Long term focus, employee empowerment, delegated roles
- Employees as source of competitive advantage, democratic leadership

### **Michigan Model = HARD HRM**

- Focus on cost reduction and common sense seen as route to success
- Based on best 'fit' – strategic control, systems for managing people
- HRM role = furthering comp. advantage of the organisation
- Short term focus, autocratic leadership style, Employees as a resource

\* Central principle of both is the effective utilisation of HR to enable the achievement of organisational objectives

\* The importance of people as a source of competitive advantage becomes more important as service orientated and knowledge based corporations dominate the economy

### **Unitarist vs. pluralistic perspective**

- Unitarism = assumes common interest between employer/employee and mutual commitment
- Pluralism = assumes conflict is inevitable and that negotiation and resolution is needed in order to meet org. goals

### **Relationship to IR**

- HR = managerial focus
- IR = institutional focus

## **• Explain the concept of strategic HRM**

### **Strategic HRM**

- Flexible but strategic perspective (consider changes in society)
- Analysis of both the internal/external environment of organisation
- Ensure a good 'fit' between HR strategies and practices

### **Characteristics**

- Long-term focus, proactive approach
- Two-way linkage between HRM and strategic planning
- Contribution to the 'bottom line' of organisational performance
- Inclusion of line managers in HRM policy-making process

### **Ethics**

- The relationship between ethics and HRM = important to consider
- HRM should = area where ethical cultures are developed/cultivated
- Organisations have moral responsibilities towards stakeholders
- Main challenge = how people are managed to achieve goals/objectives

\* HRM is often seen as the most appropriate place for 'ethical conscience' of an organisation to be located

### **Future of HR**

- Line managers are more accountable than ever for HR
- HR investments increase organisational capabilities
- HR professionals will play new roles/requires new competencies

\* Shift from welfare role to strategic role

## **HRM in Context**

- **HRM operates within broader economic, social & political contexts**

### **SHRM**

- Aim for a 'fit' between HR & business strategies (strategic perspective)
- Ability to be flexible to cope with changes in external environment
- Changes = aging population, women's changing workforce participation, work-family balance and diversity issues

- **Evaluate current global/national economic and political contexts and the implications of each for SHRM in Australia**

### **Globalisation**

- Fosters the diffusion of the HRM practices within companies, across borders and between countries

### **GFC**

- Impact on workplace – lead to implementation of flexible arrangement
- Heightened awareness/criticisms of pay systems around the world
- Lead to different approaches to managing employee numbers
- Issues around performance-based pay & level of senior executive pay
- 2007 survey = focus on downsizing

### **Australian Economy**

- Many changes in industry and occupational structures including:
  - Decline in agriculture
  - Rise of service sector
  - The 'new' economy
- Service sector is the largest component of Aus economy in terms of:
  1. No. of businesses (from 1970's most dominant & important sector)
  2. Employment levels
  3. Gross value added

\* Employs 75% of total workforce and accounts for over 70% of GDP  
Largest employees = health care/social assistance and retail trade

### **Skill shortages in Australia**

- Level 1 = essential technical skills/long training time to develop skills
- Level 2 = essential technical skills/short training time to develop
- Skills mismatch = people with skills not already using (willing to apply)
- Quality gap = sufficient people with skills (but lack important qualities)

\* Hardest to fill = automotive trades, engineers, resource sector  
Easiest to fill = school teachers, social and welfare professionals

- **Impact of changing workforce demographics on HRM**

**Ageing Workforce**

- Median age of workforce projected to be 45 in 2015
- Mature aged workers increasingly being valued by employees
- Must adjust organisational policies/practices accordingly
- Need for more flexible practices as they have care responsibilities
- Boomers make up for 26% (majority) of the workforce

\* Changes have implications for all aspects of HR from attraction through to selection, retention, remuneration and performance management

**Flexibility**

- Major theme from both employee/employer perspectives
- Flexibility has become the driving force for re-structuring in many orgs
- Main forms of flexibility include:
  - Numerical (contracts = change # of employees to suit peaks/troughs)
  - Working time (ability to alter working hours – lengthen/alter roster)
  - Functional (multi-skilling = lateral perspective)

\* Employers = ability to vary employee work hours to meet demand  
Employees = ability to meet work, family or life demands

**Growing employment trend**

A shrinking proportion of permanent or 'core' employees has been supplemented by temporary and casual staff, consultants and outsourced service providers who are known as the 'contingent' workforce.

\* The Increasing proportion of casual workers is associated with the growth of the service sector and deregulation of the workforce

- **Significance of the changes in workforce participation rates of men and women and implications for HRM policies/practices**

**Women and work**

- Earnings: Women earn on average 17.6% less than men
- Glass ceiling: women hold only 9.2% of board positions
- Change on ground has been slow (legislation is not a complete answer)
- Career planning with a focus on retention & advancement = paramount
- Causes of inequality = rise of individual contracts, shift from position based to person-based pay, human capital theory, pay secrecy

\* More is needed than simply the introduction of family friendly policies to meet organisational goals for efficiency and employee needs

\* Practitioners must be conscious of external and internal contexts of the organisation which represent challenges/opportunities for HRM include:

- Globalisation & Demographic changes
- Changes in work and employment patterns

## **Human Resource Planning**

- **Define HRP and understand it's crucial relationship with strategic organisational planning**

### **HRP**

- Process of analysing and identifying the need for and availability of HR
- So that the organisation can meet its objectives
- Process is ongoing/systematic and long-term focus
  1. Labour demand forecasting
  2. Labour supply analysis (internal/external sources)
  3. Balancing supply/demand (comprehensive staffing plan)

- **Appreciate the links between HRP and SHRM**

### **Human Resource Planning**

- HRP is the bridge between HR strategies and HR functions
- HRP provides foundation for establishing an effective HRM program
- Foundation for coordination of HRM functions
- E.g. forecasting need for people (hiring elderly people due to aging pop  
e.g. – Westpac/Bunning's = 'smart business')

### **Factors Determining HR Plans**

- Organisational strategy (quantity and skill levels)
- Organisational culture
- Competitive/Financial environment (available resources)
- Current organisational situation

### **Goal setting/strategic planning**

- Reducing an expected labour surplus (economic hardship)  
E.g, downsizing, early retirement programs
- Avoiding an expected labour shortage (strong economic position)  
E.g. employing temporary workers, outsourcing, overtime hours

## **Nature and role of Human Resource Information Management Systems (HRMIS) in HRP and SHRM**

- **Apply the techniques of HRP**

### **Labour Demand Forecasting**

- Complex or simple techniques can be used
- Qualitative = "bottom up" involves employees/managers
- Quantitative = "top down" approach – Indexation
- "War for Talent" = gap between under skilled and highly skilled

\* E.g. if product diversification is planned, must estimate in advance the no. and type of employees needed to meet organisational objectives

### **Labour Supply Analysis**

- Determining if labour requirements are available
- When/where they are needed (internal or external sources)
- Begins with an analysis of existing supply employees

### **Balance Supply and Demand**

- When there are vacancies, actions plans are formulated
- Reducing expected labour surplus = work sharing, re-training
- Avoiding expected shortage = outsourcing, external recruits

### **Advantages of focusing on global markets/Disadvantages**

- Advantages = Cheaper labour, Open – minded, Bigger pool of talent
- Disadvantages = Visas, Cultural clashes, Risk involved

\*Offshoring is typically used for operational processes such as manufacturing/accounting (stigma against companies who offshore – backlash and frustration may occur)

### **Downsizing**

- Planned elimination of large no. of personnel to achieve effectiveness
- Due to intro of new tech, cost reduction, mergers, location change
- Flow on effects to society, initial cost saving but long term effects
- Ethical considerations involved when no clear justification given
- Loss of people 'irreplaceable assets' and reputational damage
- 'Survivor Syndrome' = loss of motivation and may seek new jobs

\*Adopting HR practices that support employee work-life balance increases levels of productivity, organisational commitment, improves morale and job satisfaction and decreases level of staff turnover

- **Discuss the advantages and disadvantages of HRP**

- Adv = better match between employee and org. objectives  
Increased productivity & profitability, better integration  
Labour costs better managed  
Employee morale can be maintained

- Disadvantages = Time consuming, complex, costly, management may not recognise the need for change

### **Effective HRP requires:**

- HR manager must be strategic thinker with close links to seniors/lines
- Effective linkage between HRP and HRM (must sit in org. framework)
- Adequate staff, time & resources and consider impact on stakeholders
- Consideration of sustainability & ethical implications of HRP activities

\* HRP can enhance the success of the organisation while minimising difficulties resulting from poorly anticipated labour surplus/shortages