

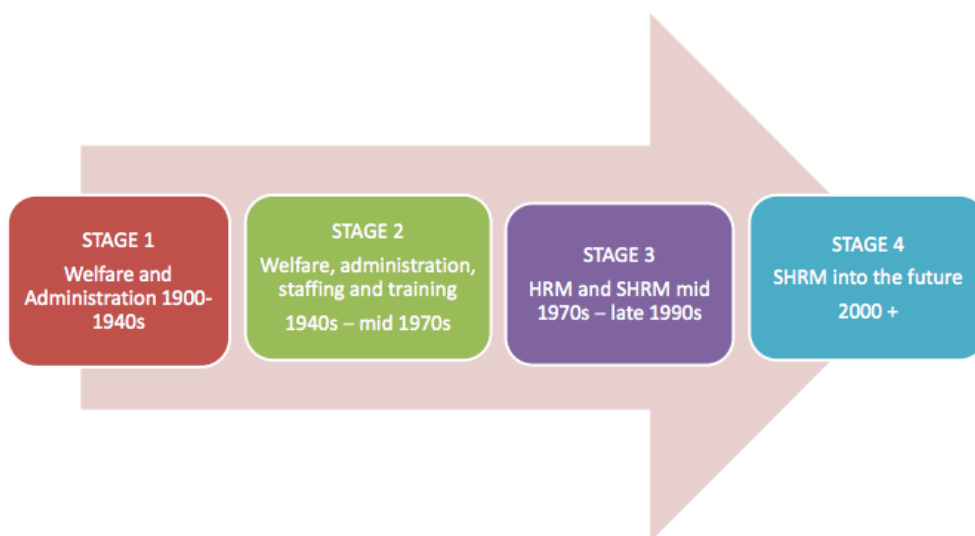
HRM107 Notes

Chapter 1- Evolution of HR Management

What is Human Resource Management?

- **HRM-** The management of employees for their own benefit and for their organisations
- The focus of HRM is on managing people within the employer- employee relationship
- Involves the effective and productive use of people in order to achieve an organisation's strategic business objective and goals
- Creation of a competitive advantage through labour
- HR involves bringing people together to work on cross functional issues through the sharing of knowledge and expertise.
- Concerned to resolve the following issues:
 - What quantity and quality of employees will be required now and in the future to satisfy or exceed organisational objectives?
 - Which strategies will be most effective in attracting, choosing and efficiently incorporating employees into the organisation?
 - How can well chosen employees be kept productive, satisfied and motivated to contribute to organisational growth and effectiveness?
 - What strategies are required to ensure that all HR activities are linked and accountable?

Stages in the Development of HRM



Stage 1

- Personnel functions performed by supervisors, line managers and early specialists
- Trade unions were active, focusing on issues of pay and working conditions
- Personnel functions during this period were mainly restricted to administrative areas

Stage 2

- Marks the beginning of a specialist and more professional approach to personnel management
- Financial, social and family pressures began to hinder the productivity and output of employees, and they became increasingly harder to recruit
- Increased provision of welfare services for employees was seen as a means of attracting and retaining employees and ensuring their continued productivity.

Stage 3

- Personnel management was becoming HRM, representing a change towards the integration of personnel functions, strategically focused on overall organisational effectiveness.
- This evolution was enhanced by industrial relations changes, including award restructuring and enterprise agreements
- HRM recasts employees as human resources who are vital organisational assets possessing knowledge, skills, aptitudes and future potential

Stage 4

- Strong indications that SHRM theory and practices will be continually transformed as a consequence of globalism, new technology and associated fundamental changes in the nature of work and jobs

Differences between PM and HRM

- **Personnel management**- refers to a set of functions or activities often performed effectively but with little relationship between the various activities and overall organisational objectives.

● **Table 1.1** Differences between personnel management and HRM

	PERSONNEL MANAGEMENT	HRM
Time and planning perspective	Short term, reactive, ad hoc, marginal	Long term, proactive, strategic, integrated
Psychological contract	Compliance	Commitment
Control systems	External controls	Self-control
Employee relations perspective	Pluralist, collective, low trust	Unitarist, individual, high trust
Preferred structure/system	Bureaucratic/mechanistic, centralised, formal/defined roles	Organic, devolved, flexible roles
Roles	Specialised/professional	Largely integrated into line management
Evaluation criteria	Cost minimisation	Maximum utilisation (human asset accounting)

Source: Adapted from Anon. (1987) Human resource and industrial relations. *Journal of Management Studies*, 24 May, p. 507.

Strategic HRM into the future

- Issues impacting SHRM:
 - Globalisation
 - New technology
 - Changes in the nature of work and jobs
- HR professionals are required to add value to four key stakeholders in this dynamic environment:
 - Employees
 - Line managers
 - Key customers
 - Investors

The changing employment contract- legal, social and psychological

- The employment contract comprises a set of overlapping contracts- legal, social and psychological
- **Legal contract**- legal documents that detail employer and employee rights and responsibilities
- **Social contract**- the mutual understanding and set of social norms that underpin an employment relationship
- **Psychological contract**- the expectations and beliefs of employees and their managers about working conditions and relationships in the workplace
- There is an increasing emphasis on the psychological contract between organisations and their employees. This refers to the reciprocal expectations of individual employees and their individual managers and includes obligations between the two parties as well as beliefs about fairness, trust and the delivery of worthwhile employment relationships.
- For example, employer demonstrations of their concern for employee's physical, social, intellectual and emotional needs- illustrated through WH&S, work life balance and employee wellbeing.
- Employee engagement is linked to a strong, positive psychological contract.

HRM and SHRM- Evolving concepts and models

Harvard Model

- Shows HRM as a set of broad strategic choices in response to the demands of organisational characteristics within the context of the external labour market.
- The Harvard model suggests that SHRM strategies, policies and processes fall into four broad areas:
 - Employee influence and involvement
 - Human resource flow
 - Rewards systems
 - Work systems

Unitarist or pluralist

- **Unitarist**- the perception that employer and employee interests are shared and that there is no need for conflict between them

- **Pluralist**- the view that conflict is inevitable between employers and employees and therefore must be resolved effectively

'Soft' or 'Hard' HRM

- **Hard HRM**- The measurement and management of employee costs and outcomes for organisational benefit
- **Soft HRM**- HRM approaches that focus on employee needs. And may include consultation, engagement and support/
- **Hard HRM focuses on:**
 - Strategic, managerial issues
 - Effective utilization of HR towards broad goals and objectives
 - The rational, quantitative and strategic aspects of managing human resources.
- **'Soft' HRM focuses on:**
 - Involvement of employees through consultation, empowerment, commitment and communication

HRM and industrial relations

- Some writers suggest that industrial relations systems and traditions interfere with the application of HRM theories
- Others observe that the management of human resources includes management of the industrial relations systems and practices of each organisation

The Harvard Model of HRM

