

Topic 1: Strategic HRM

Human resource management is concerned with the management of people within the employer-employee relationship.

- Involves finding the best and most efficient ways to use people so as to give the organisation the best chance of achieving its strategic business objectives
- Also concerned with meeting the needs of individual employees

Instrumental (or hard) HRM stresses the rational, statistical and strategic aspects of HRM. Its major focuses are performance improvement and increasing competitive advantage. Under this model, the integration of the organisation's HR policies and practices with its overall strategic business objectives is considered as of high importance.

Humanistic (or soft) HRM, while still emphasising the integration of the company's HR policies with its overall objectives, recognises that competitive advantage and superior performance is best achieved by employees who are highly motivated, dedicated and experiencing high levels of job satisfaction. Thus the soft approach focuses first and foremost on creating these experiences for employees.

Generally, organisations will blend a combination of the two approaches, in accordance with their overall strategic business objectives and taking into account their individual employees' needs and characteristics.

Factors that may contribute to a person's motivation to work

People are motivated to work by a range of factors and reasons. Some of these include:

- Working to live (to be able to buy food, provide for one's family, afford basic accommodation)
- Working to afford comfortable and enjoyable living standards (the ability to live in a good home, to pay for holidays, education, entertainment)
- Societal view that it is unacceptable not to work
- Sense of achievement, giving back to the community

The 'psychological contract'

The psychological contract is an unwritten (and unspoken) contract between an employer and his/her employees whereby each party has expectations vis-à-vis the other. These expectations are external to legal expectations and requirements which may appear in legislation or in one's official employment contract.

For example, an employee may expect certain treatment from their employer and an employer may expect a certain level of competency and performance from his/her employees.

Roles of the HR manager

The HR manager is often required to take on a number of roles within the organisation:

- Strategic partner
 - HR managers, having thorough knowledge of both the organisation's strategic business objectives and the organisation's people is able to link these two together in a way that will have people working most efficiently to achieve the objectives
 - Often, senior management may be overly concerned with meeting objectives but not able to determine how best to get the organisation's people working in a way that will allow them to be worked towards and ultimately achieved
 - Legal adviser
 - There are of course many legal requirements when it comes to people management within an organisation
 - HR professionals have knowledge regarding OH&S issues, employment contracts, dismissal practices and other legal issues
 - They are able to advise senior management on these issues, should they arise, to ensure legal compliance
 - Employee advocate
- (1) One of the most important roles of the HR manager is to get to know the needs, capabilities and thoughts and feelings of their organisation's people
- (2) HR managers should act as an advocate for employees and a link between employees interests and those of employers
- Change agent
 - HR managers can instigate change as they are well-acquainted with both the organisation's strategic business objectives and the people which the organisation requires in order to achieve these objectives
 - They can devise ways to link the two together in order to initiate change

Strategy refers to the direction in which the organisation wishes to move and what needs to be done in order for that movement to occur.

Strategic management is made up of two key components:

- (1) Strategy formulation
- Involves defining the organisation's mission, selecting key objectives; and analysing the organisation's internal and external environments
- (2) Strategy implementation
- Involves actually implementing the chosen strategy through policies and functional activities

Strategic HRM is the process of ensuring that the organisation's HR practices and policies are in line with the achievement of the organisation's overall strategic business objectives. In essence, it is about ensuring that the company has the right people doing the right jobs at the right time, so as to enable the organisation to achieve its objectives.

Topic 2: HR Planning

Human resource planning (or employment planning) is concerned with forecasting the organisation's future HR demands (requirements) and supply (availability). Its purpose is essentially to 'guarantee' that the future HR needs of the organisation are met.

HR planning is important because major difficulties can arise when HR supply and demand do not match. For example, a surplus of employees can create unnecessary cost for the organisation, while being short-staffed can be work is not adequately completed or deadlines are not met.

HR planning occurs *after* strategic HR planning, so that the organisation's mission and objectives are set, then HR policies and practices are developed in light of this information and *then* the organisation's people needs are determined and planned for.

Environmental factors impacting upon HR planning

- More women working
- People working into their later years (retiring later)
- Casualization of the workforce
- Technological changes
- Outsourcing

HR forecasting

The HR manager must be able to conduct three forecasts:

- A forecast of the organisation's **future HR needs** (demand – how many people will be required, what kinds of people are required in terms of attributes, qualifications, experiences and skills)
- A forecast of the organisation's future internal HR supply
- A forecast of the future external supply of HR

Approaches to forecasting future HR needs

- The **quantitative approach** to HRP involves using mathematical and statistical methods to predict the organisation's future people needs
- E.g. turnover analysis (how quickly people leave the org.)
- The **qualitative approach** involves using the opinions and recommendations of expert managers to predict future people needs
- E.g. the Delphi technique; whereby a panel of expert line managers (for example) are asked questions about the organisation's future HR needs; HR then collects the answers, analyses them, formulates them and then feeds the responses back to panel members who then revise their responses in light of the new information. The process is then repeated until a consensus is reached

Approaches for forecasting future HR supply from within

- One **qualitative approach** is conducting a skills inventory (a list of each employees current experiences, skills, knowledge and qualifications is compiled, so as to show the likelihood of qualified employees being available should position open)
- One **quantitative approach** is turnover analysis and the Markov analysis
- Turnover refers to how quickly employees leave the organisation; exit interviews can be useful for determine why employees leave and where they go once they have left
- Markov analysis involves devising a matrix of employees to determine the likelihood of employees being eligible for promotion to other roles