

MGMT2718 Course Notes:

Chapter 1: Introducing HRM: Strategic Human Resource Management:

1.1 What is human resource management?

Human Resource Management – *managing people within the employer-employee relationship. Involves productive use of people in achieving the organisation's strategic business objectives and the satisfaction of individual employee needs. Adds value by designing and implementing HR policies and practices that motivate employees to translate their know-how into productive behaviour.*

- HRM is in a key position to affect customers, business results and shareholder value.
- HRM is either part of the problem or part of the solution in gaining the productive contribution of people.

Pfeffer's 7 Dimensions of Effective People Management that produce enhanced economic performance:

1. Employment Security
2. Rigorous Selection
3. Self-Managed Teams and Decentralised Decision Making
4. High Compensation linked to Individual and Organisational Performance throughout the organisation
5. Extensive Training
6. Reduced Status Distinctions
7. Extensive sharing of Financial and Performance information throughout the organisation

Associated with higher work and life satisfaction:

1. Job Design
2. Employee Participation
3. Open Communication
4. Equal Opportunities
5. Family-Friendly Practices and
6. Anti-Harassment Practices

High-Performance HRM – *has a positive effect on organisation performance by increasing employee knowledge skills, abilities and other characteristics; empowering employees to act and motivating them to perform.*

- When high performance HR is employed using a soft HR approach (employee involvement, commitment and collaboration), employees are given more autonomy and control over their work, experience less pressure and have an overall positive assessment of high-performance HR.
- High-performance HR may be affected by a number of factors; national culture, strategic orientation and the effectiveness of their administration.

- High-performance HR management policies and practices generate profitability gains, share price increases, higher company survival rates, increased sales, higher export growth, increased organisational commitment and lower labour turnover.
- Training and development influences employee commitment and engagement and has a positive effect on organisational performance.
- HR practices focused on employee commitment were linked to increased trust, cooperation and knowledge sharing.
- Organisations employing high-performance HR managers are perceived more positively and as being more skilled.
- The HR function is recognised for contributing to the bottom-line.

1.2 HRM and Management:

- HRM is that part of management dealing directly with people, whereas management includes other functions.
- HRM is intimately related to all other aspects of management because its purpose is to improve the productive contribution of people.

Approaches to HRM:

Instrumental HRM – *(hard approach) stresses the rational, quantitative and strategic aspects of managing human resources. Performance improvement and improved competitive advantage are highlighted. Important to integrate HR policies and practices with the organisations business strategy.*

- Risks creating industrial conflict.

Humanistic HRM – *(soft approach) while still emphasising the integration of HR policies and practices with strategic business objectives, recognises that competitive advantage is achieved by employees with superior know-how, commitment, job satisfaction, adaptability and motivation. Employees are seen as proactive contributors to the organisation's strategic business objectives rather than passive units to be allocated rationally along with any other factor of production. Emphasises employee development, collaboration, participation, trust and informed choice. Aim is to generate resourceful employees through HRM.*

- Can create union problems.

1.3 The multiple roles of the HR Manager:

- HR managers are expected to understand the business as well as any line manager and to be their equal in contributing to the organisation's competitive success.
- HR manager must be able to develop and implement HR strategies that support the organisation's business objectives, improve productivity and enhance employee wellbeing.
 - Has been criticised for marginalising employee-focused HRM and downgrading ethical considerations.
- There is considerable evidence to show that high-performance HR policies and practices enhance both the image of HR and organisational performance and have

positive effects on employee capability and motivation which translate into a more competitive workforce and successful organisation.

Strategic Partner:

- Must be able to ask appropriate questions and contribute to business decision making.
- HR manager must have business acumen and customer orientation and an awareness of the competition to be able to link business strategies to HR policies and practices.
- There is evidence to indicate that there is a growing awareness of the need for HR managers to become actively involved at the strategic level and recognition that organisations that have. CEO who appreciates the significance of HRM have a competitive advantage.
- Focus is on achieving business goals

HR Functional Expert:

- Must be able to re-engineer HR activities through the use of technology, rethink and redesign work processes, seek the continuous improvement of all organisational processes, see HR as creating value and measure HR results in terms of efficiency (cost) and effectiveness (quality).
- Contributes to strategy development, business innovation, customer service and the development of the organisation's leaders.
- The functional expert is aware of current HR and related research and specialist information sources (including big data analytics), and implements best practice HR to improve decisions and deliver results
- Should be able to demonstrate the connections between employee attitudes and behaviour, business issues and outcomes.

Employee Advocate:

- Must be able to relate to and meet the needs of employees.
 - Be the employee's voice in management discussions, be fair and principled, assuring employees that their concerns are being heard and by helping employees to find new resources that enable them to perform their jobs successfully
- Help employees contribute more fully
- Can create tensions and the HR manager must learn how to balance the demands of both.
- Consider employee responses to any HR initiative designed to enhance organisational performance.
 - Failure to do so will see HRM facing a loss of trust by losing sight of the 'needs, aspirations and interests of the workforce'.
 - Ignoring employee-related outcomes may also result in lower job satisfaction, lower commitment and reduced performance, which, in turn, negatively affect organisational performance

Agent for Change and Cultural Transformation:

- Leading change in the HR function and by developing problem-solving communication and influence skills.
- Must know how to manage change.

- Help organisation adapt to emerging challenges.

Talent Manager:

- Identifying, hiring and developing the human resources critical to the organisations success.
- Target and establish dossiers on potential candidates who possess the knowledge, skills and abilities required by the organisation (now or in the future) to achieve its strategic objectives
- The recognition that it is high-quality people who make the difference to business success is forcing HR managers to pay more and more attention to employees who add value and to quickly remove those who do not

Organisation Ambassador:

- Role model
 - Values, culture, strategies and the nature of business itself.
 - Seen as a knowledgeable resource capable of representing the organisation with employers, trade unions, government officials, customers, the media and the general community.

Board and Senior Executive Resource:

- HR manager should be at the forefront in contributing to the board of directors' understanding of how HR policies and practices promote business success and mitigate risk.
- Value advisor on trends.
- Prepared to tackle problems of corporate governance and ethical issues.
- Able to act as a counsellor, confidant and coach to the senior executive team.

Legal Advisor:

- HR practitioners can now be prosecuted and held accountable for incompetence, wrong advice and failure to comply with workplace laws.
- Have a legal duty to ensure that there is organisational compliance to workplace laws.

1.4 HRM Activities:

Involves the acquisition, development, reward and motivation, maintenance and departure of an organisations human resources.

HR Activities:

1. **Job Analysis** → determining job tasks/responsibilities and required attributes. Job descriptions and specifications. Represents a starting point for HR planning and other HR activities.
2. **Workforce Planning** → determining demand and supply of appropriate workers.
3. **Recruiting** → attracting pool of applicants for the job vacancy.
4. **Selection** → selecting the best candidate based on the information granted.
5. **Training and Development** → ensuring workers have the required skills for current/future job.
6. **Career Planning** → identifying employee career goals and helping them work towards them.

7. **Remuneration** → determining how to reward employees.
8. **Health and Safety Programs** → providing a safe environment. Guarantee physical and mental wellbeing of employees.
9. **Managing Diversity** → successfully integrating diverse populations into the workforce.

Benefits:

- By improving the quality of work life, benefits reinforce the attractiveness of an organisation as a place to work and emphasise that it cares about its employees.

Industrial Relations - *employee attitudes and behaviour and the relationships between an organisation and its employees.*

- If relationships are characterised by open communication, fair and equitable HR policies and practices, and high work and life satisfaction, there will be trust, cooperation, commitment and high performance.

1.5 HRM, Productivity and Organisation Performance:

- HRM can be assessed in via; labour turnover, job satisfaction and employee engagement.
- **Productivity** is an indicator of organisation and HRM performance
 - *The output of goods and services divided by its input.*
- Improving labour productivity requires improving employee-management relationships
- High-performance HR work systems that make work more satisfying and rewarding lead to increases in employee **discretionary effort** and productivity.
- Organisations that promote skills development, employee participation, high relative pay and job security similarly achieve lower turnover rates and higher sales growth.
 - Some argue, increased employee discretionary efforts is not the product of higher jobs satisfaction and commitment, but the result of work intensification and management pressure.

HRM and Risk:

- Pressure to focus more on risk management
- Danger is that HR managers, as a result, may become risk averse and fail to see opportunities and/or take appropriate action
- The HR manager should be able to understand how and where things may go wrong and the extent of any negative effects.
- HR managers also need to monitor the success of both their risk assessments and their subsequent actions.

Types of Risk:

- **Behaviour Risk** — *are our managers ethical? Do they set a good example? Do our remuneration systems reward behaviours our organisation wants to promote? What is the risk of employee bad behaviour to our public image?*
- **Reputational Risk** — *are our **human resource information systems (HRIS)** secure? Are we able to identify rogue employees? Does our culture promote good governance?*

- **Security Risk** — *do we have emergency plans in operation? Are we prepared for a terrorist attack? Are our facilities secure?*
- **Culture Risk** — *are we too focused on political correctness? Is it shutting down freedom of expression? Do we tolerate diversity of opinion? Is there the risk of 'group think'?*
- **Talent Risk** — *are we at risk of losing our top performers? Are we investing sufficiently in our people? Do our employees have the right skills? Are our people engaged? Do our selection systems minimise the risk of making a wrong hire? Are we hiring the right people?*