

HUMAN RESOURCE MANAGEMENT

MODULE 2: Lecture 1

Introduction to human resource management, its context, and different components

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Introductions



Self-Assessment



Learning Outcomes

- What is human resource management (HRM).
- Theories and models of HRM.
- The context of HRM within organisations.
- Strategic and operational HRM.
- Develop awareness on how HRM impacts on organisational success.
- Impact of HRM on success of organisations.
- International HRM.
- Understand the broad areas of HRM and their relevance to organisations.
- The different key areas in HRM.
- The role of the HR function.
- The role of people working in HR.
- The role of line managers in people management.



What is human resource management (HRM)



What do you think about the term “human resources?”



Definitions (1) of human resources

“All those activities associated with the management of employment relationships in the firm.....includes the knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivations ”

Boxall and Purcell



Definitions (2) of human resources

“HRM is the process of acquiring, training, appraising, and compensating employees, and of attending to their labour relations, health and safety, and fairness concerns”

Gary Dessler



The functions of a Manager

A manager carries out the following broad tasks:

- **Planning** – goals, standards, plans, forecasts
- **Organising** – Assigning and coordinating
- **Staffing** – recruitment, performance, training, relations
- **Leading** – Getting others to get the job done, motivating people
- **Controlling** – checking that things are being done as planned



HRM

Balance between the *business / organisational needs* and the *wellbeing of employees* who make an organisation successful

Human
“resources”

People
management



HRM aimed only at solving problems?

According to Chamorro-Premuzic “All organisations have problems, and they nearly always concern people. How to manage them; whom to hire, fire or promote; and how to motivate, develop and retain them”



It's not only about problems – HRM can be regarded as to how people are managed at work to improve organisational effectiveness, within various ethical and moral considerations.

Development of HRM

- Personnel management originated during the 2 world wars as people needed to be recruited, managed, trained and motivated.
- HRM emerged in the 1980s
- Focus was on the impact which people had on an organisation and hence the related aspects such as proper recruitment, training & development, performance management, communication/ motivation/relations and compensation & benefits



Objectives of HRM

- To support the organisation in achieving its objectives
- To contribute to the development of a high-performance culture
- To ensure that the organisation has the right people who are competent, motivated and engaged
- To maintain a positive employment relationship
- To provide for a good employee experience & wellbeing
- To ensure that employees are treated fairly and ethically



Theoretical base of HRM

A few concepts



AMO Theory – Boxall & Purcell

Performance = **A**bility + **M**otivation + **O**pportunity to perform



Human Capital Theory – Nyberg

- How people contribute their knowledge, skills and abilities to enhancing organisational capability.
- The unique nature of human capital resources which has the potential to generate sustainable competitive advantage.



Motivation Theory – various

- Factors that affect goal-directed behaviours.
- This theory influences the approaches used in HRM to enhance engagement, reward people and management of performance.

Maslow's hierarchy of needs



Resource-Based Theory – Barney

- **Competitive advantage is achieved if a firm's resources are valuable, rare and costly to imitate.**
- **HRM can play a major role in ensuring that its human resources meet these criteria.**



Social Exchange Theory

- Social beings feel obliged to return favours.
- Feeling of loyalty, commitment and discretionary effort are a form of how employees contribute back to a good employer.
- Employees “pay back” the organisation if they feel that it treated them well.
- Concept of “mutual gains” (Kochan and Osterman, 1994) - organisations can and should pursue employment policies that produce benefits for both employees and themselves.



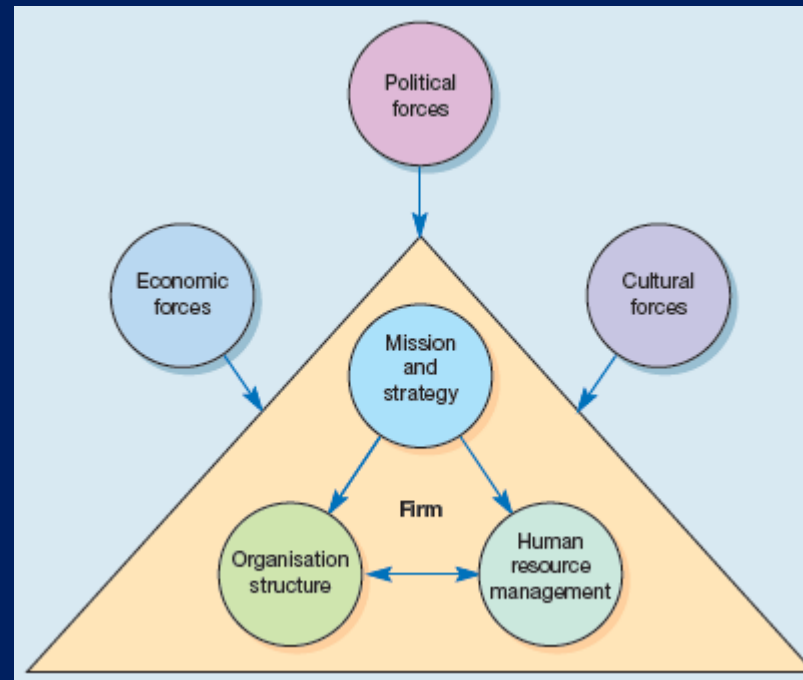
Models of HRM



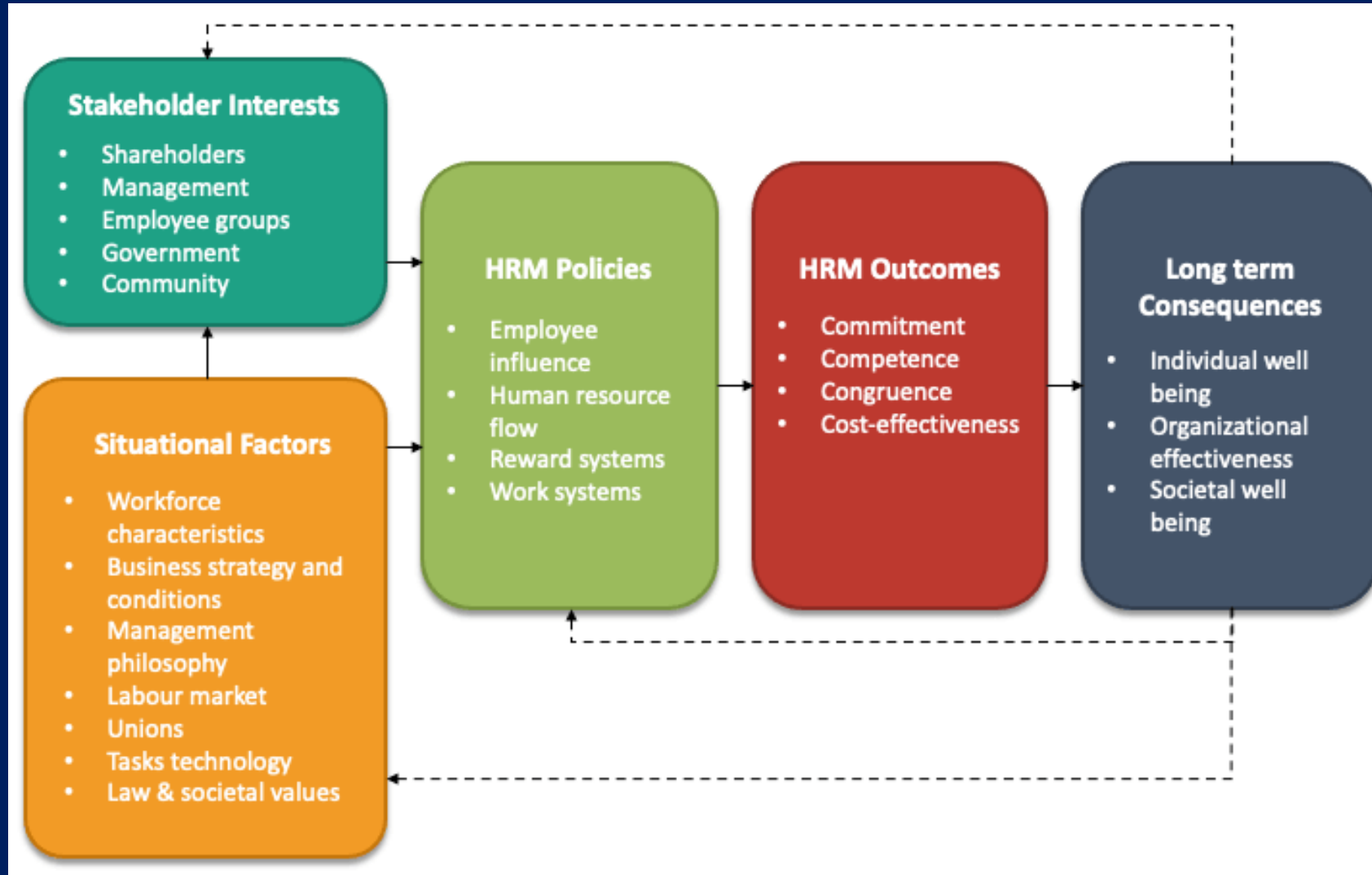
Matching Model

Fombrun, Tichy and Devanna

- HR should be aligned with the organisational strategy – hence the importance of HR to be more strategic in its approach.



The Harvard Framework – Beer et al



The 5P Model – Schuler

Strategic Human Resources Management Activities

Human Resources Philosophy

Expressed in statements defining business values and culture

Expresses how to treat and value people

Human Resources Policies

Expressed as shared values (guidelines)

Establishes guidelines for action on people-related business issues and HR programs

Human Resources Programs

Articulated as Human Resources strategies

Coordinates efforts to facilitate change to address major people-related business issues

Human Resources Practices

For leadership, managerial, and operational roles

Motivates needed role behaviors

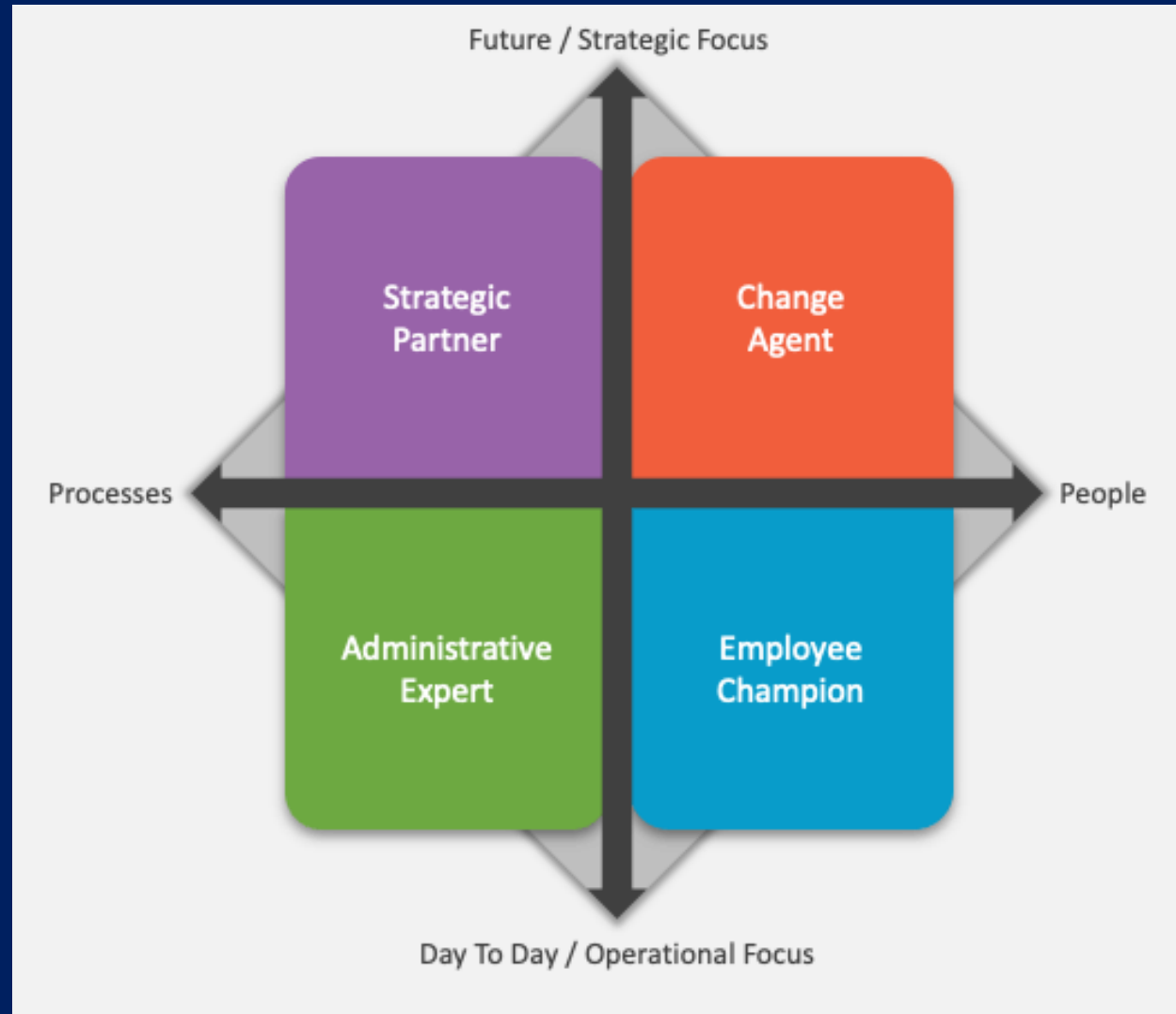
Human Resources Processes

For the formulation and implementation of other activities

Defines how these activities are carried out

Dave Ulrich HR Model

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The context of HRM within organisations



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Environmental factors

Concern and care for the environment e.g. through minimisation of pollution or environmental friendly practices e.g. use of recycled products or minimal use of paper.



INTERNAL

- Way employees are organised
- Interactions among staff
- How work is carried out
- Systems (manual / technology / automation)
- Public / Private / Voluntary
- Size of entity / complexity
- Type of people
- Trade unions

EXTERNAL

- National / international
- Globalisation
- Financial / labour markets
- Economic / social trends
- Technology
- Legislation

Nature of Work

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Work
flexibility

Aging
workforce

Knowledge
work (e.g.
less in
factories)

More power
to
employers
leading to
poorer
workers

Attitude
towards
work
(Work/Life
balance)

More
educated
employees

Ethnic &
cultural
diversity

Changing
external
environment

GIG
economy
(e.g.
platform
work)



Nature of Work – other aspects

Emerging technologies – Artificial intelligence / Robotics – leading to “augmentation” of work (i.e. job creation in other areas, substitution of labour and role expansion (e.g. automated medicine dispensing in hospital allowing nurses to spend more time with patients).

Work intensification – expecting a higher level of productivity from workers leading to loss of job satisfaction, increase in stress and undermining work-life balance.

Increased competitiveness – cut costs and change in balance of power between employer and employees.

Labour market – shortage of skills, employee expectations



Strategic & Operational HRM



Becoming a millionaire!



What steps would you take to get there?

What is strategy?

“The process of identifying the direction we should be moving in”

Julian Richer



3 Components in strategy

VISION

GOALS

ACTIONS

Strategic HRM

Formulating and executing HR policies and practices (or steps to take) that produce the employee **competences** and **behaviours** the company needs to achieve its strategic aims



LOOKING AT THE “BIG PICTURE”

The experience of Shanghai Ritz-Carlton Portman Hotel



n

Operational HRM



Impact of HRM on organisation performance



To do well organisations.....

.....depend largely on the quality, dedication, enthusiasm, expertise and skill of the people working for them.

.....need to invest in their people to enhance performance

.....are required to have appropriate policies and practices to impact on its overall performance



Measuring organisational performance

Financial:

- Shareholder value
- Profit
- Sales
- Return on investment
- Productivity
- Cost per unit produced / sold

Non-financial:

- Management expertise
- Quality of product / service
- Market share
- Reputation of organisation
- Level of customer service
- Ratio of output to employees



Impact of HRM – research shows that:

- People practices create value
- HR policy & practice affects employee attitudes & behaviours which in turn affects organisational performance (Woodrow and Guest)
- High performance work systems (HPWS*) reduce employee turnover & increase productivity hence on financial performance

Specific research on impact of HRM

Birdi et al (2008)

Impact of empowerment led to a gain of nearly 7% of value added per employee & 6% for extensive training

**Patterson et al
(1997)**

HR practices explained significant variations in profitability (19%) and productivity (18%). Significant were (1) acquisition and development of skills and (2) job design e.g. flexibility and variety

Thompson (2002)

HR practices appeared to be the key differentiating factor between more and less successful firms

Impact of HRM on organisational performance



International HRM



A definition

International HRM is the process by which multinational companies (MNCs) manage people across international boundaries. It involves the worldwide management of people, not just management of expatriates



Fundamental differences

- HRM is more complex as it involves operating across borders
- Necessary to manage a wider mix of people at head office & subsidiaries
- Choices have to be made regarding which policies to adopt
- Extent of HR decisions on e.g. appointments
- Different approaches to e.g. selection, training
- People need to have broader knowledge regarding other countries
- Organisations become more involved in personal lives of expatriates



Challenges in international HRM

- Workforce planning – through the involvement of subsidiaries
- Resourcing – policy decisions on how staffing requirements can be met
- Talent management – sourcing local vs international
- Performance management – usually this is common to all countries though an element of customisation would be appropriate
- Reward management – different pay rates based on the local labour market
- Multicultural working – more cross-cultural experience though they may perform worse than teams with less national diversity



Areas of HRM and their relevance to organisations







Video – What is HRM?

By Erik van Vulpen (Founder AIHR)

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https://www.youtube.com/watch?v=aPEUKLxxh_k



The key areas in HRM





1 - Recruitment & selection

What do you think does this process involve?



What is R&S?

- **Recruitment** is the process of finding and engaging the people the organisation needs.
- **Selection** is that part of the recruitment process concerned with deciding which applicants or candidates should be appointed to jobs.



- [illegible]

Other terminology used in R&S

Talent Management

People Resourcing

INTERNAL & EXTERNAL

2 - Training (Learning) & development

How do you learn and develop your skills and competences?





Defined

- Ensuring that organisations have the knowledgeable, skilled and engaged people they need.
- Enabling individuals to acquire knowledge and skills through experience and social contacts, coaching, mentoring and guidance provided by managers and others, self-managed learning, learning events and programmes

**Learning /
Training**
(Acquiring
knowledge /
skills)

Development
(Growth of
knowledge /
skills)

Education
(Acquiring
general
knowledge in
life)

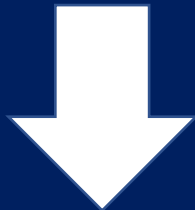


Performance is about the.....

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&



OUTPUTS



BEHAVIOURS

Examples

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3 - Performance management



Continuous process of improving performance by setting individual and team goals that are aligned to the strategic goals of the organisation, planning performance to achieve the goals, reviewing and assessing progress and developing the knowledge, skills and abilities of the people

4 - Rewards (Compensation & benefits)



Defined

Deals with the strategies, policies and practices required to ensure that the value of people and the contribution they make to achieve organisational, departmental and team goal is recognised and rewarded.

It provides answers to two fundamental questions:

1. How do we value people?
2. How are we going to reward them according to that value?

Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, autonomy, learning and development opportunities, and the increased job responsibilities

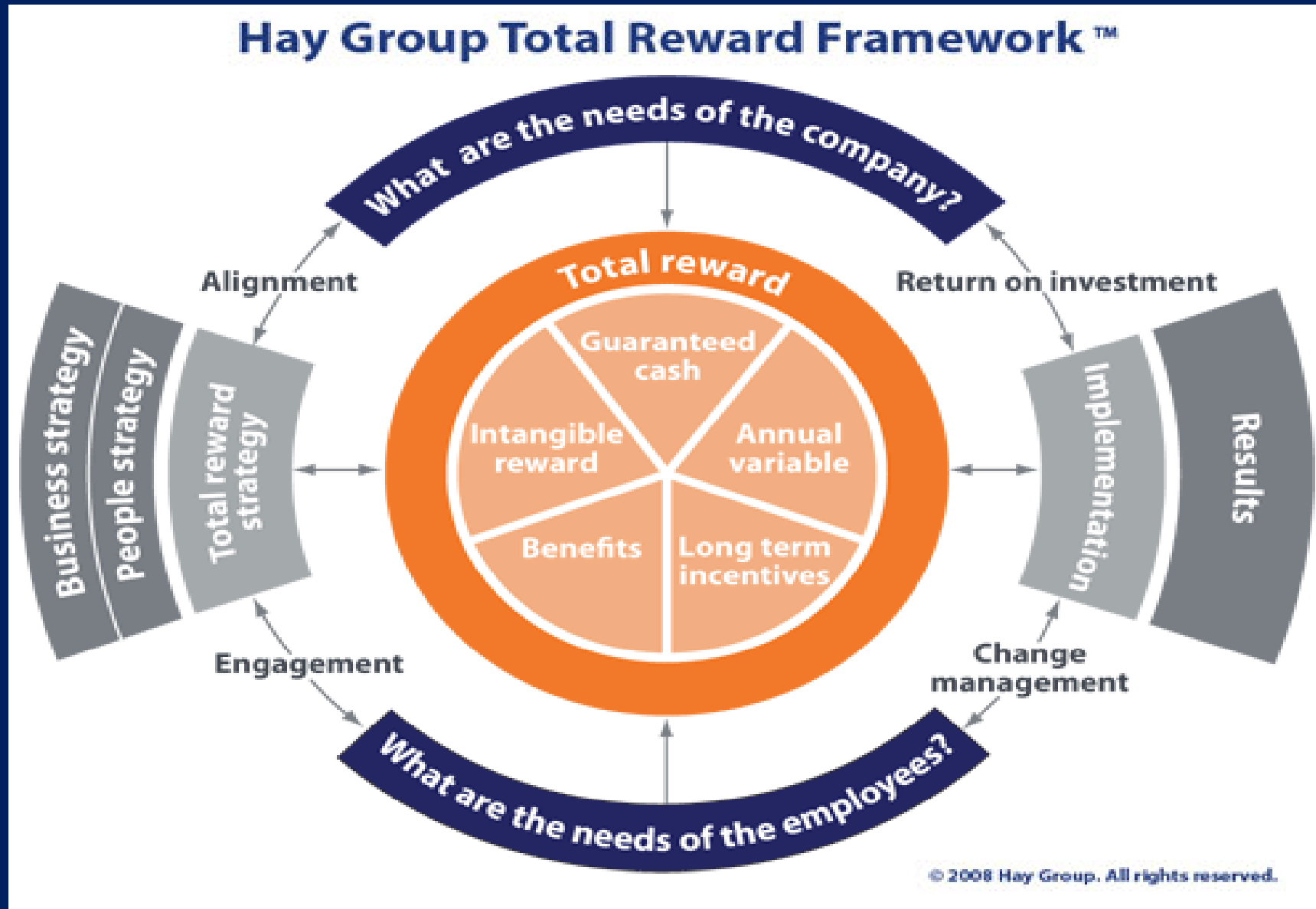


Question

**What are the
components of reward
and benefits ?**



Total reward framework



5 - Employment relations and well being

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Definition



Concerned with managing and maintaining the employment relationship – how management and employees live and work together and what can be done to make that work. This includes relating to people individually and dealing with them collectively through trade unions where they exist (industrial relations).

Components

Employment relations

Psychological contract

Industrial relations

Employee voice

Employee communications



The role of the HR function



HR's contribution

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Provide insight

**Contribute to
strategy**

**Improve
organisational
effectiveness**

Facilitate change

**Deliver HR
services**

**Provide
expertise**

Provide advice

**Enhance
employee
experience**

**Promote
wellbeing of
employees**

**Promote social
responsibility**

**Ensure
compliance**



The role of people working in HR



What is the role of HR?

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Ulrich's 5 role model

1 - Employee advocate – focuses on needs of employee through listening, understanding and emphasising

2 – Human Capital Developer – prepares employees to be successful in future

3 – Functional expert – concerned with HR practices

4 – Strategic partner – business expert, change agent, knowledge manager, consultant

5 – Leader – leading the HR function, collaborating with other functions and providing leadership

The HRM role of Line Managers in people management



Role of Line Managers in HRM

Pulcell *et al* (2003)

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Implementing HR policies

Making policies effective



- Recruitment
- Training
- Performance management

Day-to-day leadership
(operational issues,
communication,
performance, problem
solving etc)

Controlling work
(supervision, monitoring,
quality, motivation etc)

