

## INTRODUCTION TO HUMAN RESOURCE MANAGEMENT (HRM) (44-1)

Unasked EO. **HUMAN RESOURCE MANAGEMENT (HRM)** includes all management decisions and practices that directly affect the organization's employees.

### **Eight activities involved in human resource management:**

1. Compliance with equal employment opportunity (**EEO**) requirements.
2. Job analysis.
3. Human resource planning.
4. Employee recruitment, hiring, and training.
5. Performance evaluation and compensation.
6. Training.
7. Labor relations.
8. Employee health and safety.

### **An effective HRM unit is**

1. **action-oriented**--It focuses on finding solutions rather than merely keeping records.
2. **people-oriented**--It treats employees as individuals and tries to meet their unique needs.
3. **globally-oriented**--it exhibits a willingness to integrate the HR practices of the cultures and legal systems in which it operates.
4. **future-oriented**--It incorporates human resources into the firm's long-term strategic plans.

### **Three typical structures of HR departments:**

1. **Large organizations**--The HR executive usually reports to the top executive.
2. **Medium and small organizations**--The HRM function is often consolidated with other functions (such as public relations) into a single department.
3. **Not-for-profit organizations**--The HRM function is performed by a unit in the business office.

### **The four phases in the development of human resource management (HRM):**

1. **Craft system**--created craft guilds to supervise quality and production methods and to regulate employment conditions.
2. **Scientific management**--emphasizes efficiency and looks for the fastest and least expensive way to perform a task. The result, mass production, subdivides tasks into simple actions that can be performed by unskilled workers and creates a hierarchical organizational system.  
The development of personnel departments resulted from technological changes, organizational growth, the increased power of labor unions, **and** government concern about welfare of workers.
3. **Human relations approach**--emphasizes the link between workers' satisfaction and productivity.
4. **Organizational science**--focuses on the organization **and** on the individual employee.

EO 1. **THE STRATEGIC IMPORTANCE OF HRM ACTIVITIES**--HRM includes all management decisions and practices that directly affect the organization's employees.

The organization uses HRM to create a well-managed workforce able to achieve its goals.

Thus, the HR program must be designed to meet the strategic goals set by top management.

### **Five key concepts in strategic HRM:**

1. analyzing and solving problems in terms of **both** profit **and** service;
2. performing cost-benefit analysis of productivity, salaries, benefits, retirement, training, absenteeism, relocation, layoffs, **and** attitudes;
3. using planning models that include realistic, meaningful, challenging goals;
4. preparing reports analyzing HRM solutions to the firm's problems; **and**
5. training HR staff about the need for HR to contribute to the firm's profits.

EOs 2 + 4. **EIGHT GENERAL OBJECTIVES OF THE HRM FUNCTION:**

1. Help the firm reach its goals.
2. Use workers' skills and abilities efficiently.
3. Supply the firm with well-trained, motivated workers.
4. Maximize each employee's job satisfaction and personal growth.
5. Create and maintain an appealing work environment.
6. Communicate HRM policies to all employees.
7. Promote ethical policies and socially responsible actions.
8. Manage change for the benefit of workers, the firm, and the public.

**HRM strategy** is the plan that integrates HRM objectives, policies, and procedures.

**HRM objectives** are specific, measurable, quantifiable goals based on the general objectives listed above.

**HRM policies** are written guidelines that set the parameters for HRM decision-making.

**HRM procedures** are specific rules and directions for performing certain HRM activities.

EO 3. **THE PARTIES THAT PERFORM HRM ACTIVITIES**--In most firms, HRM activities are performed by HR manager-specialists and operating managers (such as supervisors, department heads, and vice presidents), but some firms contract with outside vendors (**outsource**) for their HRM activities. Operating managers perform HRM activities because they are responsible for the efficient use of *all* resources.

Organizational efficiency decreases when human resources are improperly managed, thus effective operating managers are aware of the importance of employees' training, performance, motivation, and job satisfaction.

**Conflict can arise between operating managers and HR managers when** their departments must make joint decisions about discipline, working conditions, termination, transfers, compensation, and/or promotions.

**The HR department can perform a proactive function for management by**

1. identifying specific organizational uses for HR talents,
2. evaluating job satisfaction in corporate departments, *and*
3. educating management and employees about available HR services.

EO 5. **THE FOUR STEPS IN THE DIAGNOSTIC APPROACH TO HRM:**

1. **Diagnosis**--Observe the work environment and identify its key factors.  
**Three sets of factors affect organizational effectiveness:**
  - a. **People**--See EO 8.
  - b. **External and internal environmental forces**--See EO 6.
  - c. **The organization itself.**
2. **Prescription**--Evaluate ways to address the problem. Choose a technique to address the problem.
3. **Implementation**--Decide how and when to apply the technique.  
Apply the technique.
4. **Evaluation**--Analyze the diagnosis, prescription, and implementation.  
Decide if further changes are needed.

The diagnostic model is referred to as the **ARDM** (**A**cquiring, **R**ewarding, **D**eveloping, and **M**aintaining and protecting) human management model.

EO 6. **SIX EXTERNAL ENVIRONMENTAL FORCES THAT AFFECT HRM:**

1. **Laws and regulations**--Federal regulations influence decisions about hiring, promotion, diversity management, performance evaluation, downsizing, and discipline.  
**Major areas of legislation and regulation include** equal employment opportunity and human rights, employment of undocumented workers, employment discrimination, compensation, employee benefits, workers' compensation, workplace safety, labor relations, *and* privacy.
2. **Labor unions**--Interaction with labor unions will be discussed in Assignment 10.

3. **Economic conditions--Two aspects of economic conditions affect HRM programs:**
  - a. **Productivity**--is the ratio of the production of **outputs** (goods and services) to the consumption of **inputs** (labor, capital, material, and energy).  
**A manager can improve productivity through HRM techniques such as using**
    - 1) the diagnostic framework to help employees improve their own productivity,
    - 2) recruitment and selection techniques to hire top performers,
    - 3) motivation and compensation techniques to improve retention, *and*
    - 4) training and development techniques to improve job performance.
  - b. **Work sectors--include**
    - 1) **the private sector**--businesses owned by individuals and stockholders,
    - 2) **the public sector**--organizations owned and operated by the government, *and*
    - 3) **the third sector**--organizations that are neither government-operated nor profit-oriented, such as museums, arts organizations, private schools, and churches.

Private-sector and third-sector HRM have similar structures.  
HRM in the public sector has a different structure and is subject to outside pressure from politicians, interest groups, and reporters.
4. **Competitiveness--Competitive advantage** is a superior market position relative to one's competitors.  
**Sixteen HRM activities help an organization sustain a competitive advantage:**
  - a. **employment security**--long-term commitment to avoiding employee lay-offs;
  - b. **selective recruiting**--choosing the right employee for each particular job;
  - c. **high wages**--paying wages higher than the prevailing market rate in order to attract better employees, reduce turnover, and improve employee satisfaction;
  - d. **incentive pay**--increased pay for improved performance;
  - e. **employee ownership**--using stock plans and profit sharing to give employees a financial stake in the firm's performance;
  - f. **information sharing**--informing workers about operations, productivity, and profitability;
  - g. **empowerment**--increasing workers' roles in decision-making;
  - h. **team building**--creating interdisciplinary teams that direct and monitor their own work;
  - i. **job training**--giving workers the skills needed to do their jobs well;
  - j. **cross-training**--training workers to perform multiple jobs;
  - k. **symbolic egalitarianism**--showing equal treatment of workers by eliminating perks such as executive dining rooms and reserved parking spaces;
  - l. **wage compression**--reducing the size of pay differences among workers;
  - m. **promotion from within**--filling job vacancies by promoting current workers;
  - n. **long-term viewpoint**--understanding that competitive advantage results from long-term planning;
  - o. **measurement**--evaluating program successes and employee attitudes and performance;
  - p. **overarching philosophy**--maintaining an underlying management philosophy that connects individual performances into a uniform whole.
5. **The labor force**--The composition and diversity of the labor force refers to factors such as age, gender, race, and ethnic origin.
6. **Geography**--The geographic location of an organization influences the size of its labor pool and the educational, behavioral, legal, political, and economic composition of that labor pool.

#### **SIX INTERNAL ENVIRONMENTAL FORCES THAT AFFECT HRM:**

1. **Strategy--A strategy** is a long-range plan for achieving organizational objectives.
2. **Goals**--Common organizational goals include employee satisfaction, survival, and adaptability. The value placed on an organization's HRM function depends on the importance of those goals to the organization's decision makers.

3. **Organizational culture--Organizational culture** is the system of shared values, assumptions, beliefs, and norms that unites the members of an organization.  
Culture provides a benchmark for measuring the standards of performance.
4. **Nature of the job**--Effective HRM matches the nature of each particular job with the nature and preferences of the worker who performs that job.  
**Factors that affect a worker's match with a particular job include his preferences regarding**
  - a. the degree of knowledge and skills required,
  - b. the extent of the worker's empowerment,
  - c. the physical requirements,
  - d. the relative pleasantness of the physical work environment,
  - e. the physical location of the work,
  - f. the time pressures and constraints involved with the work,
  - g. the amount of human interaction,
  - h. the amount of variety in job tasks,
  - i. **task identity** (the degree to which the job entails producing a complete, identifiable final product), *and*
  - j. job design (See Assignment 6).
5. **Work group--A work group** consists of two or more people who see themselves as a group and work together to accomplish an organizational goal.  
**An effective work group is one in which**
  - a. members work together as a team,
  - b. members participate in group discussions and make useful suggestions for attaining goals,
  - c. group goals are clearly defined,
  - d. there are enough resources to meet group goals, *and*
  - e. members rely on the group to satisfy their needs.
6. **Leadership**--The leader's experience and operating style influence the selection, communication, and implementation of HRM policies.

EO 7. **THE THREE LEVELS OF STRATEGY AFFECTED BY HRM ACTIVITIES:**

1. **strategic**--long term,
2. **managerial**--medium term, *and*
3. **operational**--short term.

**FIVE STRATEGIC CHALLENGES FACING HRM:**

1. **Technology**--Rapidly changing technology has resulted in improved communication, increased reliance on workers with technological knowledge, interconnected markets, *and* an increase in the number of workers who telecommute from home offices.
2. **Diversity**--The workplace is becoming increasingly diverse as the percentages of women, older workers, and minorities increase.  
**Managers must** increase diversity in management roles, meet the needs of dual-career couples, and retrain and/or retire an aging workforce.
3. **Skills gap**--The US will face a severe shortage of educated, skilled workers needed to perform the growing number of job that will require higher education and language and math skills.
4. **Organizational restructuring--Restructuring** means changing the reporting and authority levels in a firm. Restructuring may result in the elimination of entire departments or levels of hierarchy.  
**Downsizing** refers to a reduction in the number of workers.  
Corporate reorganizations increase employees' stress.
5. **Contingent workers**--The ranks of permanent full-time employees are increasingly supplemented by **contingent employees** (part-time workers, temporary workers, and outsource workers).  
**Part-time workers** work fewer hours, receive fewer benefits, and have more flexible schedules.

EO 8. **HOW PEOPLE FIT INTO A DIAGNOSTIC HRM FRAMEWORK**--The human resource element (ie, people) is the most important of the three components in the diagnostic HRM framework.

**When using a diagnostic framework to solve ‘people problems’, managers consider each employee’s**

1. **abilities**--including both existing skills and the extent to which the employee can be trained in specific new skills;
2. **attitudes**--collection of feelings and beliefs about people, facts, and ideas;
3. **preferences**--attitudes that cause positive and negative perceptions of people, facts, and ideas;
4. **motivations**--the internal forces or set of attitudes that energize behaviors and determine a person’s actions or inactions; *and*
5. **personality**--a person’s characteristic pattern of thinking and reacting to his environment.