

**HUMAN RESOURCE MANAGEMENT – LECTURE 1**

**CHAPTER 1 – CREATING VALUE THROUGH HUMAN RESOURCES**

**LESSON 1**

**CREATING VALUE THROUGH HUMAN RESOURCES**

**Learning Objective 1 - How is Organizational Success Determined?**

Why do I think studying HR is important? Even if you don't want to work as a manager or a human resources specialist, studying the principles of human resource management will help you comprehend why your employer does much of what it does. Human resource abilities are beneficial for everybody who manages and leads others in the organization, not just those who aspire to be human resource professionals. You can hire, manage, and inspire people more successfully if you have human resource capabilities. These abilities are general and can be used in any type of organization.

Does successful HR contribute to organizational success? Yes, studies have shown that companies with effective human resource management are more successful. Because fewer individuals are leaving the company, employee satisfaction is high, and workers feel empowered at work, the workforce is more stable.

Making organizations more effective is, of course, the main objective of human resource management. Investigating the idea of organizational success is a good place to start when learning about the topic of human resource management. We are aware that certain businesses are more prosperous than others.

HR and the Life Cycle of the Organization

Similar to this, the life cycle approach to organizational success contends that as an organization expands, so do its measurements of effectiveness. The organizational life

cycle, a progression of stages that an organization goes through throughout the course of its existence, is at the core of this model of success.

The **organizational life cycle**, is a series of stages through which an organization moves during its lifetime. The stages of growth begin when the organization is founded and end when it ceases to exist. The four common stages in the organizational life cycle:

- the entrepreneurial stage,
- the communal stage,
- the formalization stage,
- the elaboration stage

Stage	Goal	Human Resource Contribution
Entrepreneurial	Survival and growth	Need to hire and maintain employees; emphasis on creating plans for measuring performance and deciding pay
Communal	Develop identity and overcome conflict	Need to develop clear communication channels; emphasis on building strong loyalty among employees
Formalization	Efficient production	Need to create formalized practices for hiring, training, and compensating; emphasis on continual improvement of employee skills and motivation
Elaboration	Adaptation and renewal	Need to alter practices to meet changing demands; emphasis on new ways of organizing work tasks

### Success from Stakeholder Perspectives

From the perspective of the stakeholders, we can see organizational performance from a second angle. Individuals or groups that have an impact on or have the potential to have an impact on an organization are referred to as stakeholders.

#### ***Stakeholder Groups – Employees***

One significant group of stakeholders is the workforce. They carry out tasks to produce goods and services, which affect the organization's capacity to meet its goals.

Their lives are also obviously influenced by the organization. Taking care of employees' needs is essential to the success of any organization.

The human resources department plays a significant part in making sure the company complies with employment and safety laws, as well as helping to create work tasks and programs that lower turnover. Many human resource practices protect the interests of employees. For instance, the human resource department often plays a major role in ensuring that the organization complies with employment and safety laws. A number of these laws are designed to make sure the organization treats employees fairly. Another way human resource management improves the lives of employees is by helping to design enjoyable work tasks. Employee turnover, which occurs when employees leave their jobs and find new ones, is decreased by good human resource management. Low turnover is a strong sign that employees' needs are being met. When people are happy in their current positions, they are less likely to search for new employment opportunities.

### ***Stakeholder Groups – Customers***

Another significant stakeholder group is the customer base. Customers have a significant impact on an organization because without their purchases of products or services, it is obvious that it will be difficult for it to achieve its goals. The goods and services available to customers can also affect their lives both positively and negatively. According to research, effective human resource management raises customer satisfaction, largely as a result of interactions between customers and employees. These examples show how this is possible:

- Employees tend to treat customers the same way they believe managers treat them.
- Employees who feel the organization values them and treats them with respect, reproduce these good attitudes and behaviors in their interactions with customers.
- Employees who feel management doesn't care about them, are less likely to be positive and helpful to customers.

### ***Stakeholder Groups – Owners (including shareholders)***

Owners, including stockholders, make up a third category of significant stakeholders. Owners have an impact on an organization through choosing the leaders and decision-makers. The majority of the time, the organization's earnings are their top priority, and the organization's ability to give them money and return profits has a significant impact on them in a variety of ways.

According to research, businesses with staff that believe their positions are secure, are paid well, and have access to greater training tend to have higher individual performance, which leads to positive changes like sales growth. Businesses that guarantee high levels of employee expertise by effective job design, careful employee selection, and beneficial training are more profitable. Effective policies also encourage workers by monitoring performance, deciding on promotions fairly, and associating pay with performance. Employees with improved skills, better pay, and a sense of job security perform better individually, which translates into desirable changes like sales growth.

### ***Stakeholder Groups-Society***

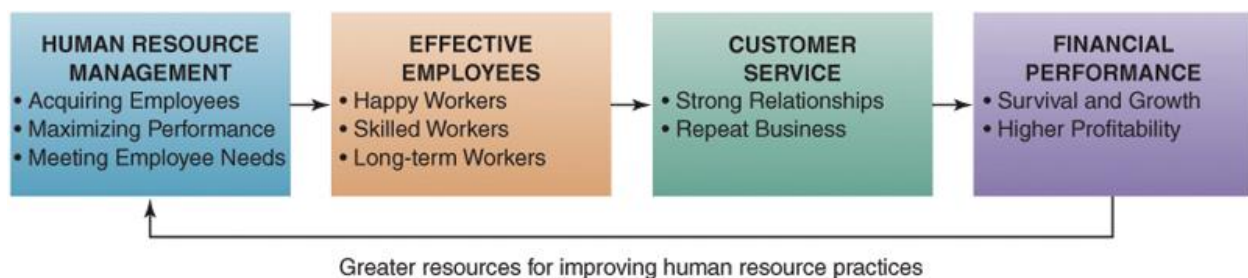
The larger community in which the organization functions is represented by society. Society nevertheless plays a crucial role as a stakeholder, although being further distant from the organization than the stakeholder groups discussed so far. Through their environmental policies, as well as by supporting local charities and engaging in other similar activities, businesses have an impact on society. However, a variety of political and social influences can have a significant impact on organizations. Discuss the impact of shifting attitudes regarding large vehicles on the American auto industry. Businesses that take better care of their communities tend to be more successful than those that disregard environmental and social issues. Other advantages to society emerge from the organization's efficient use of its people resources. It offers open lines of contact to

workers, which might lessen instances of unethical business practices. Additionally, skilled and driven workers create products and services that contribute to a better world.

### ***The Chain of Success***

The needs of each set of stakeholders must be met, and these needs differ from group to group. Thankfully, addressing the problems of one group can frequently assist in addressing those of other groups. First, excellent personnel are hired through effective human resource management, who are then inspired to perform to the best of their abilities and have their social and psychological needs met. Long-term partnerships with competent and contented workers result from this. The chain of success, which is depicted in figure 1.1 and summarizes the interaction between employee, owner, and consumer interests, is therefore critically dependent on effective people management. Having and retaining exceptional personnel gives a company a competitive edge in satisfying consumer expectations, which translates into profitability and allows companies the means to further develop their human resource management procedures.

Figure 1.1 The Chain of Success



### **Learning Objective 2 – What Does Human Resource Management Provide to an Organization?**

People management tasks can be summed up as core human resource functions. These functions serve as the foundation of a human resources department. Furthermore add that there are six main functional areas of human resource management that have been identified by the Society for Human Resource Management (SHRM), the professional association for HR practitioners (core functions). Talk about them with the students as you bring each one up. Strategic management, workforce planning and employment, human resource development, total rewards, employee and labor relations, and risk management are among these responsibilities, as illustrated in Table 1.2.

Table 1.2	<i>Core Human Resource Functions</i>
Function	Description
Strategic Management	Working with other parts of the organization to establish goals and provide quality goods and services
Workforce Planning and Employment	Identifying jobs that capture employee tasks; recruiting and selecting desirable employees
Human Resource Development	Measuring employee performance; teaching employees new knowledge, skills, and abilities
Total Rewards	Paying employees fairly; administering benefits such as insurance
Employee and Labor Relations	Establishing and managing relationships between the company and employees; working with labor unions
Risk Management	Establishing procedures to provide a safe and secure working environment

*Source:* Information from Society for Human Resource Management (SHRM) and affiliated Certification Institute. See the PHR/SPHR/GPHR Handbook at <http://www.hrci.org/certification/bok/nbok/>

Establishing strategic goals and carrying out strategies for how to deliver high-quality goods and services requires collaboration with other parts of the company. This is known as strategic management.

Job design and placement are the two main components of workforce planning and employment. Specialists in human resources handle every task, including posting job ads, holding interviews, and making the ultimate judgment on candidates.

Ensuring that employees acquire the information, skills, and abilities necessary for present and future performance is the responsibility of human resource development. Surveys and assessments reveal information about potential training needs in several fields. Employees create individualized improvement goals after receiving performance reviews. Information from assessments is also used by the human resources division to create official training and development initiatives.

Total Rewards through overseeing benefit and salary insurance programs. The majority of human resource departments are also in charge of handling payroll tasks including creating and dispersing paychecks. It can be difficult to administer benefits like health insurance, and human resource specialists typically need to provide a lot of technical inputs.

labor and employee relations. A large portion of this role is devoted to collaborating with labor unions in companies where employees are covered by them. The human resources division is heavily involved in negotiating the conditions of union contracts, which include not just pay scales but also operational guidelines. Specialists in human resources also organize the processes for submitting and resolving employee concerns. In the absence of labor unions, the human resources division works closely with managers and staff members to guarantee that workers are treated fairly.

The promotion of physical and mental health at work is a goal of risk management. It need specific understanding of governmental regulations to perform this position because significant laws regulate occupational health and safety. Plans for preventing accidents are frequently developed by human resource departments. They also set up protocols to guarantee that workers are wearing the appropriate safety gear.

### **Learning Objective 3 – What Do Human Resource Specialist Do?**

#### **Human Resource Roles**

Roles in human resources encompass both people and procedures. The responsibility of a human resources professional includes spending time communicating with each employee one-on-one. For instance, employees frequently ask the human resources department of a company about harassment policies, health issues, and retirement benefits. The development of organizational procedures for attracting and retaining skilled employees is another aspect of the human resources job. The contributions of human resource specialists in these positions include tasks like posting job adverts, assisting with the creation of compensation plans, and developing performance metrics. Table 1.3 offers a list of duties that is more detailed.

The list in table 1.3 is useful, but it leaves out some significant ways that human resource departments contribute strategically. Roles and competencies are emphasized in frameworks for capturing these or more strategic contributions.

**Table 1.3**

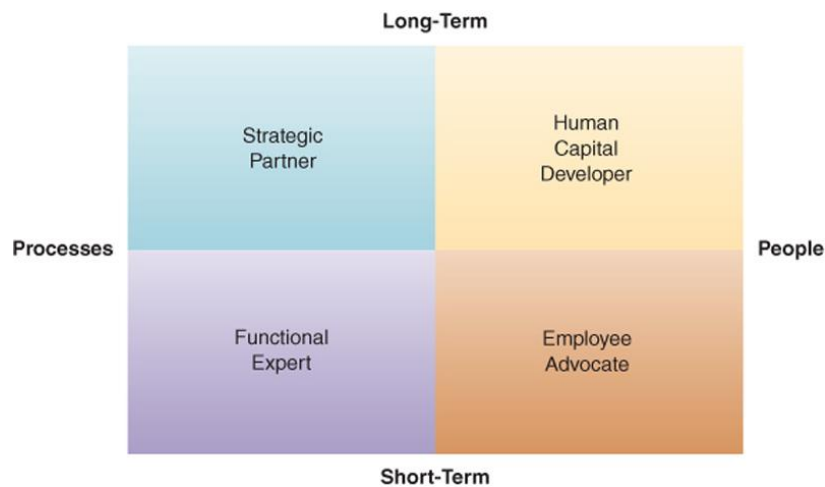
*Typical Human Resource Specialist Tasks*

Administer compensation, benefits, and performance management systems, and safety and recreation programs.
Identify staff vacancies and recruit, interview, and select applicants.
Allocate human resources, ensuring appropriate matches between personnel.
Provide current and prospective employees with information about policies, job duties, working conditions, wages, opportunities for promotion, and employee benefits.
Perform difficult staffing duties, including dealing with understaffing, refereeing disputes, firing employees, and administering disciplinary procedures.
Advise managers on organizational policy matters such as equal employment opportunity and sexual harassment, and recommend needed changes.
Analyze and modify compensation and benefits policies to establish competitive programs and ensure compliance with legal requirements.
Plan and conduct new employee orientation to foster positive attitude toward organizational objectives.
Serve as a link between management and employees by handling questions, interpreting and administering contracts, and helping resolve work-related problems.

by contrasting long-term and short-term contributions, human resource roles Short-term initiatives typically focus on daily tasks like conducting surveys, keeping databases, and offering staff counseling. Developing organizational plans, managing change processes, and organizing ways to learn new abilities are some examples of long-term activities that are more strategic in nature.

The grid in Figure 1.2 is the outcome of combining the long-term and short-term dimensions with the people and process dimension. According to the figure, human resource specialists must play the four crucial roles of functional expert, employee champion, strategic partner, and human capital developer. Knowing these four responsibilities can help you better understand the real tasks that human resource specialists perform.

Figure 1.2 – Human Resource Roles



**Functional expert role** is a human resource role concerned with providing technical expertise related to functions such as hiring, training and compensating employees.

**Employee Advocate role** is a human resource role concerned with looking out for the interests of employees and ensuring that they are treated fairly.

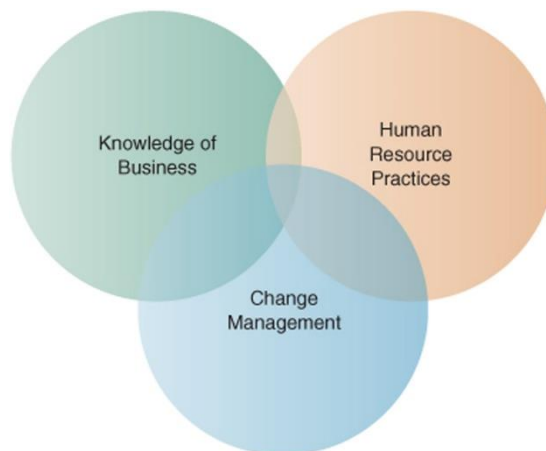
**Strategic partner role** is a human resource role concerned with providing inputs that help an organization put its competitive strategy into action.

**Human capital developer role** is a human resource role concerned with facilitating learning and skill development.

## Human Resource Competencies

Examining the competencies required by human resource professionals will help you better grasp what they do. A competency is the combination of knowledge, ability, and skill required to carry out a desired activity. Human resource specialists need to have a wide range of skills in order to perform their diverse tasks. The majority of these skills fall under one of the three major areas represented in figure 1.3.1: managing change, managing human resources, and knowing the business. As the picture shows, each competency has specific knowledge and skill requirements, but the competencies also heavily overlap.

Figure 1.3.1 – Human Resource Competencies



### **Knowing the Business**

Business knowledge abilities in the areas of financial management, customer relations, competition analysis, globalization, manufacturing capability, and information systems are particularly important for human resource professionals. For the strategic partner role, which demands human resource specialists to connect their activities with those of other organizational leaders, knowledge of these business factors is especially crucial.

## **Carrying Out Human Resource Practices**

The human resource practice competencies, which relate to the knowledge, skill, and ability needed for employee recruitment, hiring, training, and compensation, are a fundamental set of competences. Human resource professionals must understand how to fairly divide tasks, establish reporting structures, and design inspiring roles. They must be informed about hiring practices that aid in attracting, choosing, and promoting the best candidates.

## **Managing Change**

The set of competencies related to change management may be the most challenging to define and quantify. Competencies in change management aid an organization's expansion and situational adaptation. Human resource professionals must establish credibility and trust in order to be successful in this position. They can do this in part by forming positive connections with several people all around the company. Change managers must be creative, and it is advantageous for them to know how to foster creativity in others.

## **Learning Objective 4 – How will Current Trends Affect Human Resource Management?**

### **Current Trends and HR**

We have already seen that the ability to manage change is a key aspect of human resource management. The labor market is one important area in which changes can influence the organization's human resource practices.

**Population Trends** – Demographics trends related to the characteristics of people in a certain population. Organizations are interested in population trends for two main reasons:

- To help them determine how the demand for their goods and services might change
- To provide insight into the number and type of workers that are likely to be available in the future

**Labor force trends** focus not on the population as a whole but on the number and characteristics of people who will be working or looking for work.

**Employment trends** identify the type of work opportunities that will likely be available in the future. One ongoing trend that is expected to continue is the shift from goods-producing to service-providing employment.

**Education and training trends** tell us something about what competencies people will need to perform jobs in the future and how organizations can better focus their recruitment efforts.

**Globalization trends** influence human resource management at many companies. Globalization refers to a process in which companies move beyond their national borders to do business in other countries. Globalization will require human resource departments to create processes that effectively manage people working in various foreign countries

### **Learning Objective 5 – How do Strategic and Functional Perspectives combine to Direct Human Resource Practices?**

Through good human resource practices organizations can become more successful in a number of ways. In order to be truly effective, human resource management must combine strategic planning with day-to-day functional activities. Specific areas where this

combination can take place include improving methods for securing employees and then maximizing their performance.

#### Strategic and Function Perspectives and Today's HR Practice

- HR field has change from emphasizing functional skills such as hiring, conducting pay surveys and providing training.
- To requiring a strategic understanding of the whole business. Including activities such as planning and change management.

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### **SELF EVALUATION TESTS/QUIZZES**

#### **Section A True or False: (10 points)**

1. Companies with good human resource practices have more satisfied workers. (**TRUE**. Companies who treat employees well have more satisfied workers, who in turn provide better customer service.)
2. Companies with happy employees are more profitable. (**TRUE**. High employee satisfaction has been consistently linked to good organizational performance.)
3. Companies lose money when they try to be good social environmental citizens. (**FALSE**. More socially responsible companies actually have higher profits on average.)

4. Having a successful career in the future workplace will require young employees to work effectively with older people.  
(**TRUE.** Trends suggest that the workforce will get older over the next few years as the percentage of people aged 55 to 64 increases.)
5. Human resource specialists can provide critical information and support that helps make life better for employees.  
(**TRUE.** The employee advocate role is an important part of the contribution made by human resource specialists.)

### Section B – Discussion Questions

#### 1. Does Effective Human Resource Management Increase Organizational Success?

**Answer:** Organizations are more successful when they have good human resource practices. Success comes from having a stable workforce, which develops when fewer people leave the organization. People are less likely to leave when they have freedom to make choices about how to do their work. They also stay longer when they have full-time jobs that pay them well. Professor Batt thus concluded that good human resource practices lead to lower quit rates, which in turn increase growth in customer sales

#### 2. Are Great Places to Work More Profitable?

**Answer:** Effective companies consistently do a better job of making their employees happy. The employees in these firms work harder and are more successful at using company assets to make money. The researchers conclude that organizations are indeed more profitable when they treat employees well.

### Section C – Reading Materials for interactive discussion

Access the link <https://www.humanresourcesonline.net/how-p-g-s-4d-culture-helps-with-successful-digital-transformation> Published: 12 May 2020

Title : How P&G's 4D culture helps with successful digital transformation