

# Human Resource Management

## Chapter 1

# Creating Value Through Human Resources

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# Learning Objectives

- After reading this chapter you should be able to:
  - Explain how human resource management, from the organizational life-cycle and stakeholder perspectives, can facilitate organizational success.
  - List the core functions of human resource management.
  - Explain what human resource professionals do to help create successful organizations.

# Learning Objectives

- Identify important labor trends that are affecting organization and their human resource practices.
- Explain how effective human resource management requires a combination of strategic and functional perspectives.

# What is Human Resources and Why learn about HR?

- **Human resource management** focuses on the people side of the organization.
- **Why learn about Human Resource Management?**
  - One reason, it that studies have shown that organizations with strong human resources practices create more satisfied employees, who in turn work harder to satisfy customers.
  - This translates into giving the organization a competitive advantage- simply put HR can affect an organizations bottom line.

# Why is studying HR important to me?

- Human resource skills are useful not only for the individual aspiring to be a human resource professional but for everyone who has responsibility for leading and managing others in the organization.

# Why is studying HR important to me?

- Human resource skills will help you hire, manage, and motivate employees more effectively.
- These skills are universal and can be applied to any organization.

# Does effective HR increase Organizational Success?

- Yes, Studies have shown that organizations are more successful when they have good human resource practices.
- The workforce is more stable- fewer people leave the organization, employee satisfaction is high and they feel empowered in their work.

# How is Organizational Success Determined?

- The textbook views Organizational Success through two perspectives:
  - Success at various stages of the Life Cycle.
  - Success from the Stakeholder viewpoint.

# HR and the Life Cycle of the Organization

- The **organizational life cycle**, is a series of stages through which an organization moves during its lifetime.

# HR and the Life Cycle of the Organization

The four common stages in the organizational life cycle:

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

# Human Resources across the Organizational Life Cycle

**Table 1.1**

*Human Resources across the Organizational Life Cycle*

<b>Stage</b>	<b>Goal</b>	<b>Human Resource Contribution</b>
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

- The second view of organizational success is from the stakeholders view point.
  - **Stakeholders** are defined as individuals or groups of people who are affected by or can who affect an organization.
  - But this definition presents a problem can anyone tell what it is?
    - It is very broad and could include almost anyone.

# Success from Stakeholder Perspectives

- So, we really look only at a group called the Primary stakeholders these are employees, customers, and owners (shareholders).

# Stakeholder Groups - Employees

- Employees make up an important group of stakeholders.
  - They complete tasks to make goods and services, an influence the organization's ability to achieve its objectives.
- Human resources department plays a major role in ensuring that the organization complies with employment and safety laws, help design work tasks and programs which reduce turnover.

# Stakeholder Groups - Customers

- Research supports the notion that good human resource management improves customer satisfaction, largely through customers' interactions with employees. This can be seen in the following ways:
  - 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' chief concern is the organization's profits, and the extent to which the organization returns profits.
- Research show organizations where employees who have better skills, training, are well paid, and feel their jobs are secure have higher individual performance, which translates into desirable improvements like growth in sales.

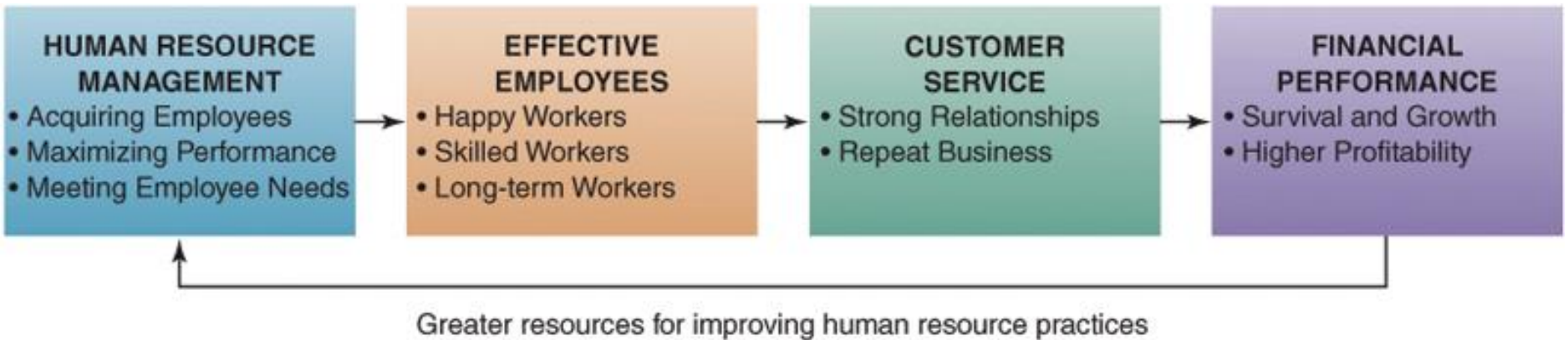
# Stakeholder Groups-Society

- Organizations affect society through their environmental practices, as well as their support of community charities and other such activities such as United Way activities.

# Stakeholder Groups-Society

- Political and social forces can strongly influence organizations-OHSA
- Organizations that are better community citizens are generally more profitable than organizations that ignore environmental and social concerns.

# The Chain of Success



# Core Human Resource Functions

**Table 1.2**

*Core Human Resource Functions*

<b>Function</b>	<b>Description</b>
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/>

# Typical Job Description of a HR Specialist

**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.

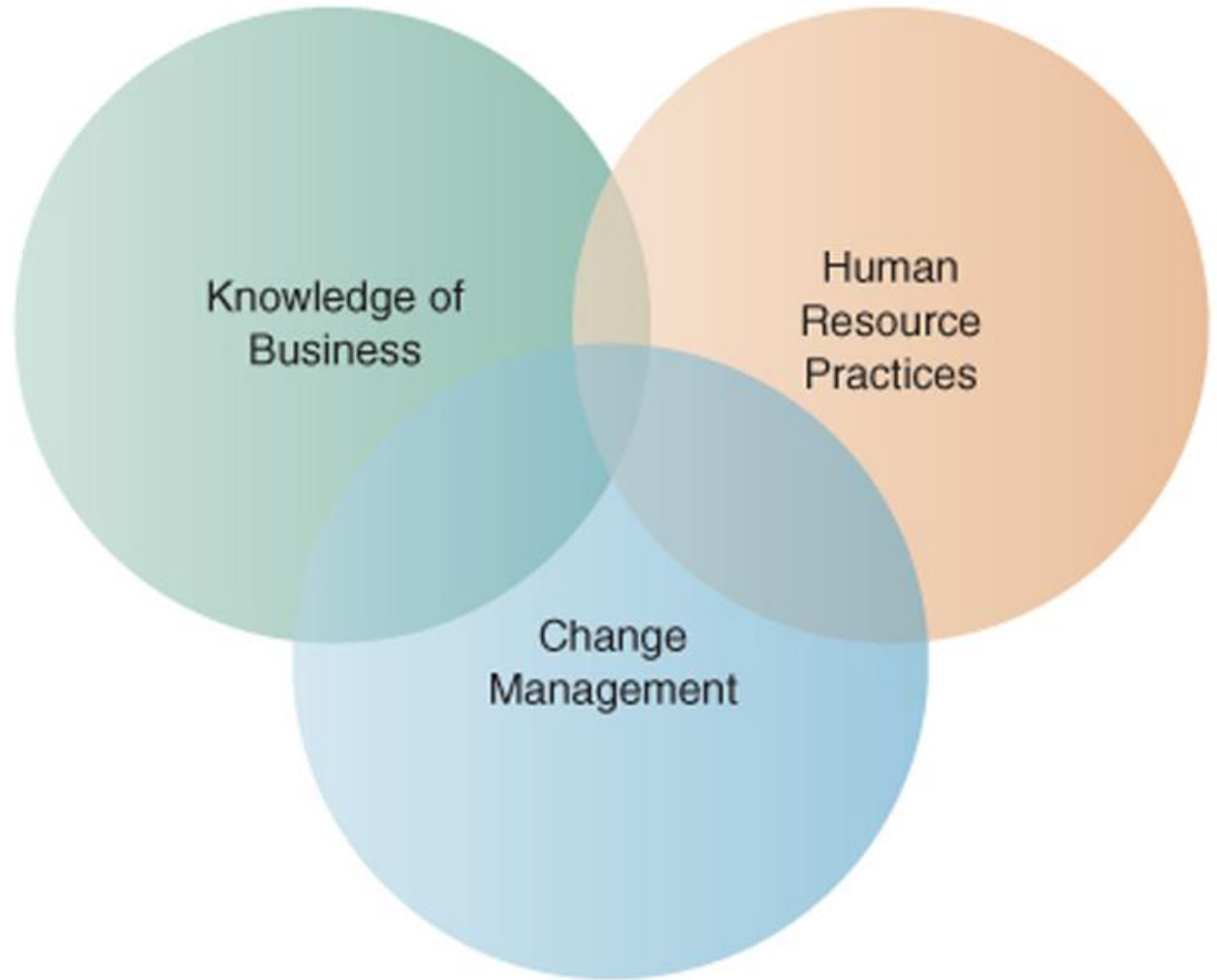
Serve as a link between management and employees by handling questions, interpreting and administering contracts, and helping resolve work-related problems.

# Human Resource Roles



Source: Figure based on information from Dave Ulrich, *Human Resource Champions*: (Boston: Harvard Business Press, 1997); and Dave Ulrich and Wayne Brockbank, *The HR Value Proposition* (Boston, Harvard Business Press, 2005).

# HR Competencies



# HR Competencies

- **Business Competencies**

- Business Process Reengineering – Lean Six Sigma
- Change Management
- Cost-Benefit Analysis
- Customer Relations
- Financial Management
- Marketing
- Negotiating
- Organization Awareness (Organization Behavior)
- Organizational Needs Assessment
- Project Management
- Strategic Human Resource Practices coupled with Strategic Planning

# HR Competencies

- **Business Knowledge** - financial management, customer relations, globalization.
- **HR Practice Knowledge** – recruiting, selection, training, compensation.
- **Change Management** – helping the organization to grow and adapt to new conditions.

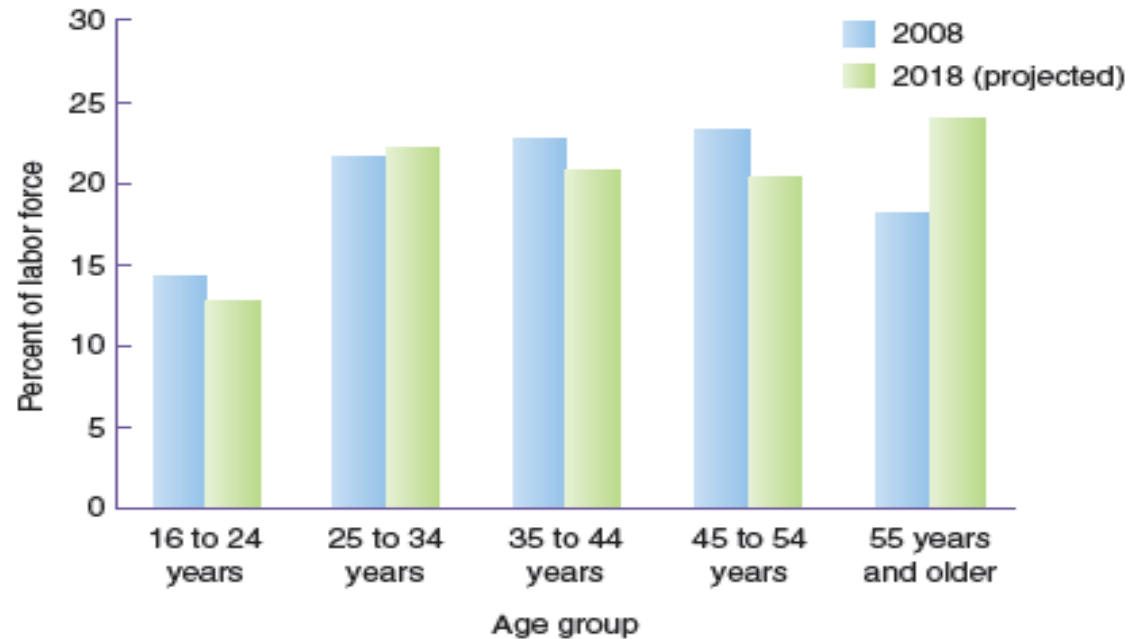
# Current Trends and HR

- Workforce diversity particularly older workers, women, and members of minorities.
- Job growth is expected in the fields of health care, education, and human resource management-service sector

# Current Trends and HR

- Globalization will require human resource departments to create processes that effectively manage people working in various foreign countries

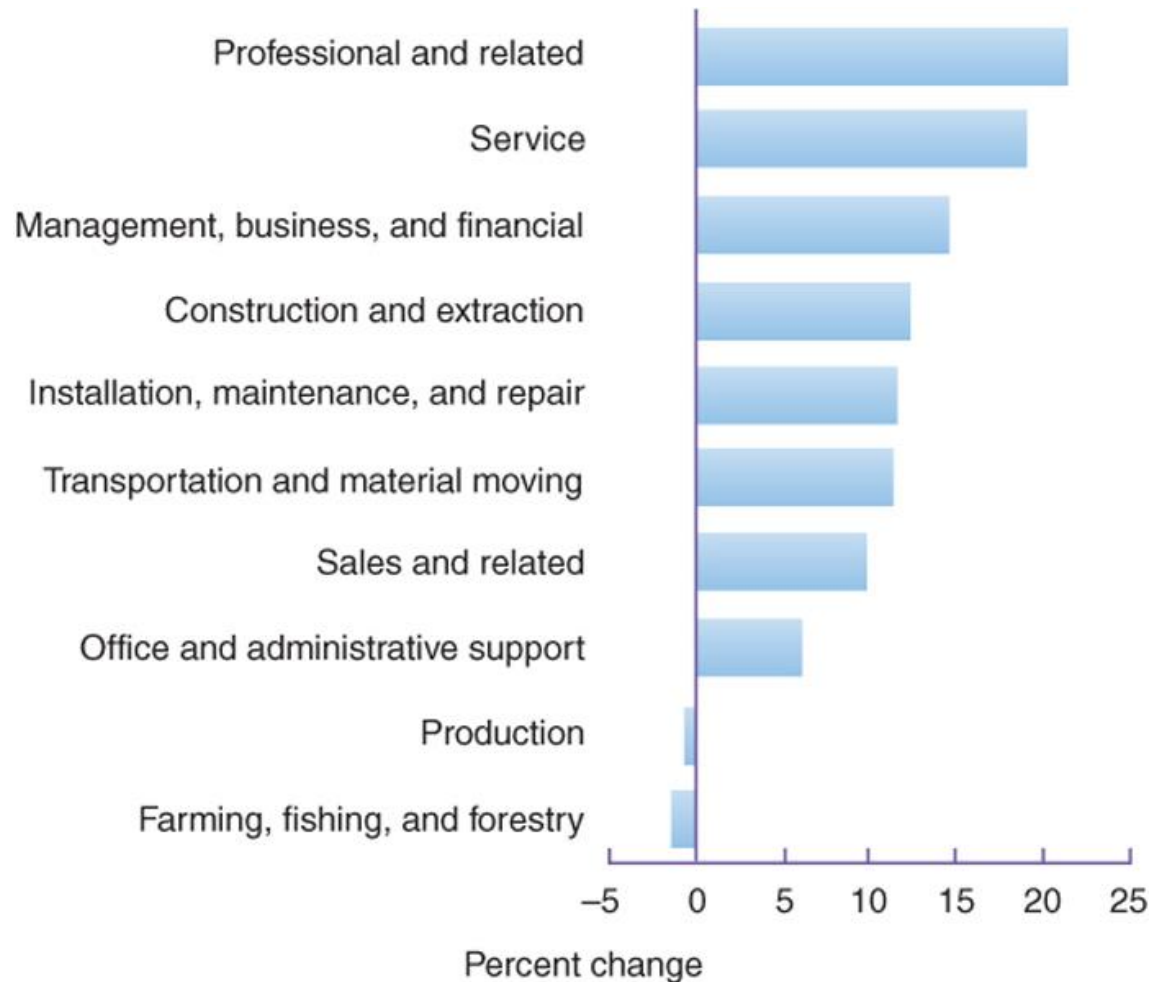
# Labor Force by Age



**Figure 1.4** Labor Force by Age. *Source: Information from U.S. Department of Labor Bureau of Labor Statistics website, <http://www.bls.gov/oco/oco2003.htm>.*

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# Trends in Occupations



Source: Information from U.S. Department of Labor Bureau of Labor Statistics Web site, <http://www.bls.gov/oco/oco2003.htm>.

# 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.

# Strategic and Function Perspectives and Today's HR Practice

- To requiring a strategic understanding of the whole business. Including activities such as planning and change management.