



HUMAN RESOURCE MANAGEMENT



Part One: Introduction to Human Resource Management

1.1. Nature and Scope of Human Resource Management



1.1. Nature and Scope of Human Resource Management

1. The Concept of Management

- Management involves setting goals and allocating scarce(limited) resources to achieve them.
- Management is the process of efficiently achieving the objectives of the organization with and through people.
- Primary Functions of Management
 - *Planning* – establishing goals
 - *Organizing* – determining what activities need to be done
 - *Leading* – assuring the right people are on the job and motivated
 - *Controlling* – monitoring activities to be sure goals are met



Personnel Aspects Of A Manager's Job

- Conducting job analyses (determining the nature of each employee's job)
- Planning labor needs and recruiting job candidates
- Selecting job candidates
- Orienting and training new employees
- Managing wages and salaries (compensating employees)
- Providing incentives and benefits
- Appraising performance
- Communicating (interviewing, counseling, disciplining)
- Training and developing managers
- Building employee commitment



Personnel Mistakes

- ❑ Hire the wrong person for the job
- ❑ Experience high turnover
- ❑ Have your people not doing their best
- ❑ Waste time with useless interviews
- ❑ Have your company in court because of discriminatory actions
- ❑ Have your company cited by OSHA for unsafe practices
- ❑ Have some employees think their salaries are unfair and inequitable relative to others in the organization
- ❑ Allow a lack of training to undermine your department's effectiveness
- ❑ Commit any unfair labor practices

Basic HR Concepts

□ Getting results

- The bottom line of managing
- HR creates value by engaging in activities that produce the employee behaviors the company needs to achieve its strategic goals.





1.1. Nature and Scope of Human Resource Management

2. HRM-Defined

□ **Human resource management** is designing management systems to ensure that human talent is used effectively and efficiently to accomplish organizational goals.

- “HRM is concerned with the most effective use of people to achieve organizational and individual goals. It is the way of managing people at work, so that they give their best to the organization”. - **Invancevich and Glueck**
- “Policies and practices involved in carrying out the “people” or human resource aspects of a management position, including recruiting, screening, training, rewarding, and appraising comprises of HRM.”- **Dessler**

□ *Generally, HRM refers to the management of people in organizations.*



1.1. Nature and Scope of Human Resource Management

2. HRM-Defined

- The goal of HRM is to maximize employees' contributions in order to achieve optimal productivity and effectiveness, while simultaneously attaining individual objectives (such as having a challenging job and obtaining recognition), and societal objectives (such as legal compliance and demonstrating social responsibility).
- It is valid-and perhaps more honest- to refer to HRM as 'people management'
- **Human beings in an organization:**
 - Represent a *greater assets*
 - Perceived as *major generators of cost*



1.1. Nature and Scope of Human Resource Management

2. HRM-Defined

- **HRM is combination three concepts:**
 - **Human** - people (i.e. employees and managers)
 - **Resource** - assets/costs for organizations
 - **Management** - co-ordination and control to achieve set goals but humans, unlike other resources in the context of work and management, cause problems.
- **Importance of HR**
 - People is the key factor of production.
 - Productivity is the key to measure a nation's economic growth potential, and labor quality is the key to improving productivity.
 - Competition today is the competition for talents.

1.1. Nature and Scope of Human Resource Management

HRM and Personnel Management

Dimensions	PM	HRM
Rules	Importance of devising clear rules	Can do outlook, impatience with rule
Speed of decision	Slow	Fast
Management role	Transactional	Transformational leadership
Communication	Indirect	Direct
Selection	Separate ,marginal task	Integrated, key task
Labour management	Collective barraging contracts	Individual contracts
Job categories and grade	Many	Few
Job design	Division of labor	Team work
Conflict handling	Reach temporary truce	Manage climate and culture
Shared interest	Interest of organizations are uppermost	Mutuality of interest
Organization principles	Mechanistic	Organic
	Top down centralized	Bottom-up Decentralized
	Job evaluation	Performance related
	Controlled accessed to courses	Learning companies



1.1. Nature and Scope of HRM

2. HRM- Nature, Scope and Functions

▣ Nature of HRM

- **Inherent Part of Management:** It is inherent in the process of management performed by all the managers throughout the organization.
- **Pervasive Function:** It is performed by all managers at various levels in the organization; not left to someone else.
- **Basic to all Functional Areas :** permeates all the functional area of management such as production, financial, and marketing management.
- **People Centered:** It is concerned with all categories of personnel from top to the bottom of the organization.
- **Personnel Activities or Functions:** It involves in planning, employment, placement, training, appraisal and compensation.
- **Continuous Process:** It must be performed continuously.
- **Based on Human Relations:** Human Resource Management is concerned with the motivation of human resources in the organization.

1.1. Nature and Scope of HRM

2. HRM- Nature, Scope and Functions

□ Scope of HRM





1.1. Nature and Scope of HRM

2. HRM- Nature, Scope and Functions

□ Functions of HRM: Managerial and Operative

● Managerial Functions

- **Planning** : The planning function involves in determining in advance personnel requirements, personnel programs, policies etc.
- **Organization** : (a) preparation of task force; (b) allocation of work to individuals; (c) integration of the efforts of the task force; (d) coordination of work of individual with that of the department.
- **Directing** : Directing is concerned with initiation of organized action and stimulating the people to work. A HR manager guides and motivates the staff of the organization to follow the path laid down in advance
- **Controlling** : It provides basic data for establishing standards, makes job analysis and performance appraisal, etc. All these techniques assist in effective control of the qualities, time and efforts of workers.



1.1. Nature and Scope of HRM

2. HRM- Nature, Scope and Functions

▣ Functions of HRM: Managerial and Operative

- **Operative Functions**

- 1. Procurement of HR :** deals with obtaining of the proper kind and number of people necessary to accomplish organization goals.
- 2. Development of HR:** Development has to do with the increase through training, skill that is necessary for proper job performance.
- 3. Compensation to HR:** determination of adequate and equitable remuneration in the organization.
- 4. Maintaining Good Industrial Relation:** reducing strife, and promoting industrial peace
- 5. Record Keeping:** collecting and maintaining information concerned with the staff that serves in decision making.
- 6. HR Planning and Evaluation:** such as evaluation of performance, personnel policy of an organization and its practices, personnel audit, morale, survey and performance appraisal, etc.



1.1. Nature and Scope of HRM

2. HRM- Nature, Scope and Functions

□HRM- Activities

1. Human Resource Planning.
2. HR procurement: recruitment, selection and placement of personnel, i.e. employment function.
3. Training and development of employees for their efficient performance and growth.
4. Appraisal of performance of employees and taking corrective steps such as transfer from one job to another.
5. Motivation of workforce by providing financial incentives and avenues of promotion.

Remuneration of employees

1. Social security and welfare of employees.



1.1. Nature and Scope of HRM

2. HRM-Objectives

- To help the organization reach its goals.
- To ensure effective utilization and maximum development of HR.
- To ensure respect for human beings.
- To identify and satisfy the needs of individuals.
- To ensure reconciliation of individual and organizational goals.
- To provide the organization with well-trained and well-motivated employees.
- To increase employee's job satisfaction, motivation and self-actualization.
- To develop and maintain a quality of work life.
- To be ethically and socially responsive to the needs of society.
- To enhance employee's capabilities to perform the present job.

1.1. Nature and Scope of HRM

3. HRM-Challenges

- Increasing size of workforce
- Increased educational level
- Technological advances
- Change in political environment
- Increasing aspirations of employees
- Changing psychosocial system
- Computerized information system
- Mobility of professional workforces
- Change in legal environment

Management of human relations



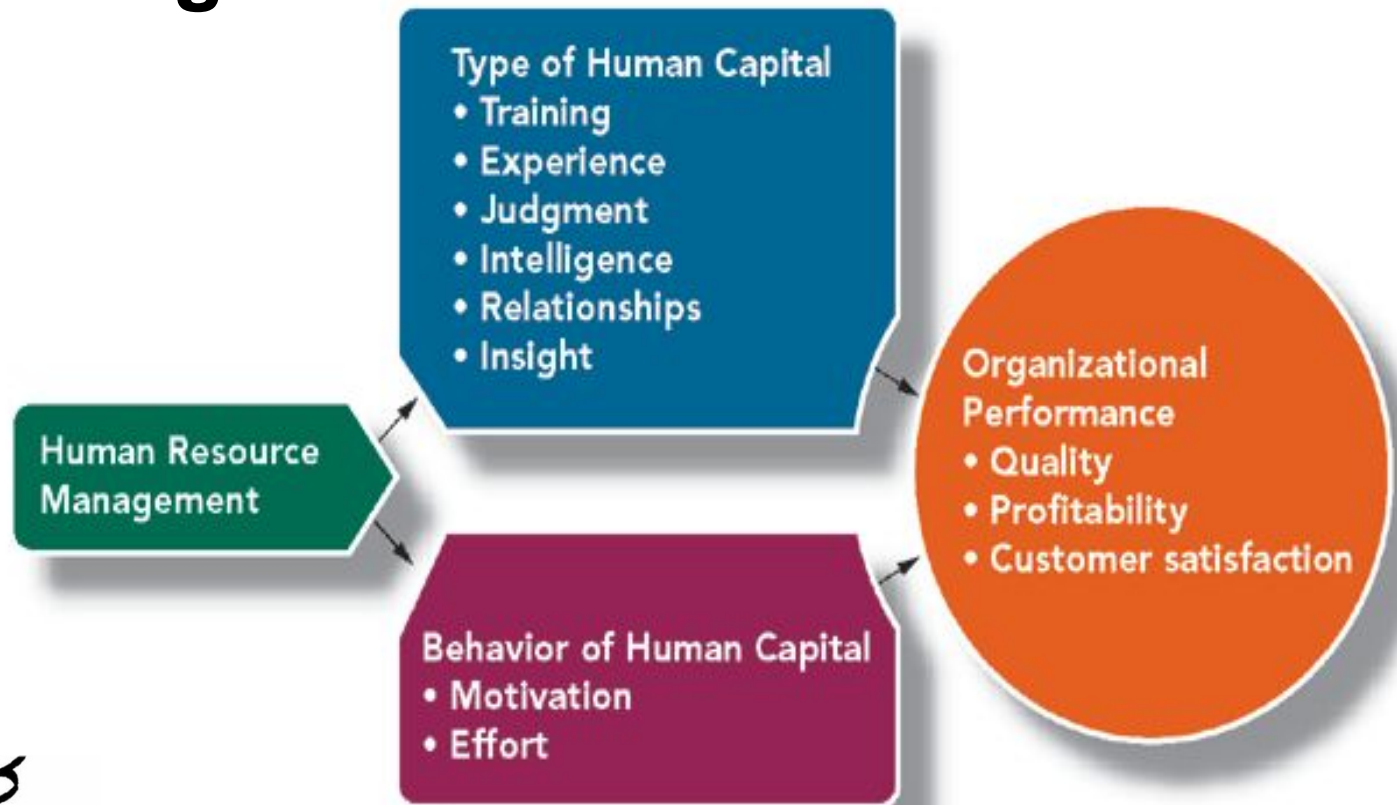
1.1. Nature and Scope of HRM

4. Desired Outcomes of HRM

- Attraction
- Retention
- Job Performance
- Productivity
- Employee Safety and Health
- Attendance
- Job Satisfaction
- Competitive Advantage
- Company Performance

1.1. Nature and Scope of HRM

5. Impact of Human Resource Management



● ● ● 1.1. Nature and Scope of HRM

6. Why is HRM Important to an Organization?

- The role of human resource managers has changed. HRM jobs today require a new level of sophistication.
 - Employment legislation has placed new requirements on employers.
 - Jobs have become more technical and skilled.
 - Traditional job boundaries have become blurred with the advent of such things as project teams and telecommuting.
 - Global competition has increased demands for productivity.



1.1. Nature and Scope of HRM

Why is HRM Important to an Organization? (cont'd...)

- The Strategic Nature – HRM must be
 - a strategic business partner and represent employees.
 - forward-thinking, support the business strategy, and assist the organization in maintaining competitive advantage.
 - concerned with the total cost of its function and for determining value added to the organization.



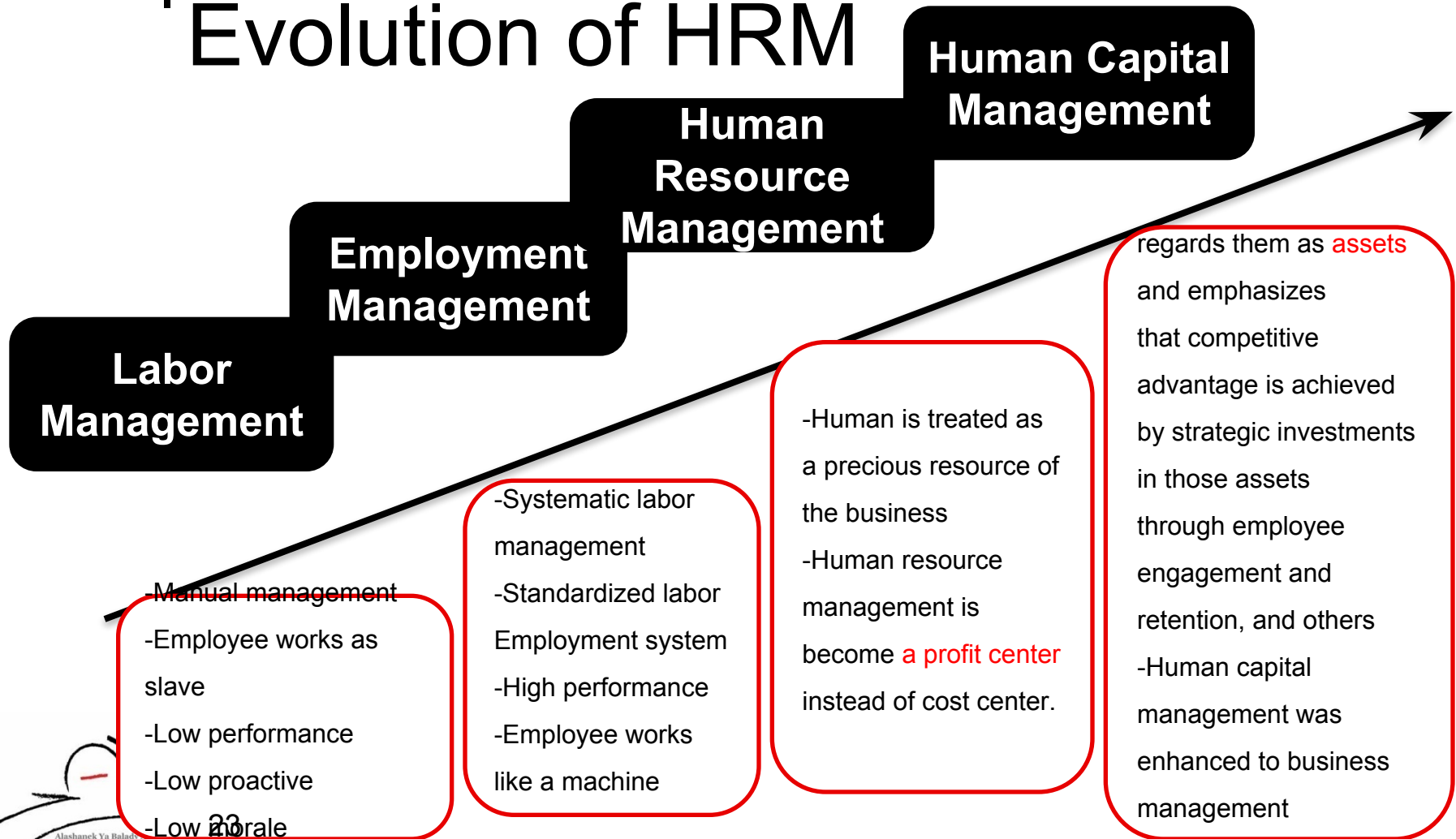
1.1. Nature and Scope of HRM

Why is HRM Important to an Organization? (cont'd...)

- HRM is the part of the organization concerned with the “people” dimension.
- HRM is both a staff, or support function that assists line employees, and a function of every manager’s job.
- HRM Certification
 - Colleges and universities offer HR programs.

1.1. Nature and Scope of HRM

Evolution of HRM





Part One: Introduction to Human Resource Management

1.2. Organizing the Human Resource Function

1.2. Organizing the Human Resource Function

□ Structure of HR

- Structure of organization depend on whether organization is small or large
- In small organization there is no need to have separate department to deals with activities relating to people
- Many small organizations even do not have personnel managers
- Outsourcing to firms specializing in managing accounts, pensions, funds and health & care



1.2. Organizing the Human Resource Function

□ Issues in HR Organizations

- Earlier, in personnel department employee with little knowledge and competencies were placed
- The responsibility was to arrange tours, picnics, and retirement/farewell parties
- Now focus has changed, HR department has key place in overall organizations
- Contrary to small-sized company, in large scale organization there is big department heading by Manager/Director

□ Outsourcing or Subcontracting: Transfer activities to specialist organizations

- **Reasons:** restructuring, downsizing, growth in business, and decline in business
- **Benefits:** Cost efficiency and Access to expertise



Part One: Introduction to Human Resource Management

1.3. Strategic Human Resource Management



1.3. Strategic Human Resource Management

- Strategic HRM is an approach that defines how the organization's goals will be achieved through people by means of HR strategies and integrated HR policies and practices. (Armstrong)
 - 'The pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals' (Wright and McMahan, 1992).
 - 'Strategic HRM focuses on actions that differentiate the firm from its competitors' (Purcell, 1999).
 - 'The central premise of strategic human resource management theory is that successful organizational performance depends on a close fit or alignment between business and human resource strategy' (Batt, 2007).

1.3. Strategic Human Resource Management

□ *SHRM.....*

- Involves the development of a consistent, aligned collection of *practices, programs, and policies* to facilitate the achievement of the organization's strategic objectives.
 - Requires *abandoning the mindset and practices* of “personnel management” and focusing on strategic issues than operational issues.
 - Integration of all HR programs within *a larger framework*, facilitating the organization's mission and its objectives.
- SHRM provides the foundation for strategic reviews in which analysis of the organizational context and existing HR practices leads to choices on strategic plans for the development of overall or specific HR strategies



1.3. Strategic Human Resource Management

□ *Strategic HRM is underpinned by three concepts*

- ***The resource-based view:*** it assumes that the range of resources in an organization, including HR produces competitive advantage
- ***Strategic fit:*** fit refers to the two dimensions that distinguish strategic HRM: vertically (strategic practice) and horizontally (coordination with other functions)
- ***Strategic flexibility:*** is defined as the ability of the firm to respond and adapt to changes in its competitive environment.

□ **SHRM approaches**

- **The Best-Practice Approach:** assumes adopting best practice lead to success or superior organizational performance.
- **The Best-Fit Approach:** HR strategies should be contingent on the context, circumstances of the organization and its type.



1.3. Strategic Human Resource Management

□ Specific HR Strategies

- *High performance management*: include rigorous recruitment and selection procedures, extensive and relevant training and management development activities, incentive pay systems and performance management processes
- *High-involvement management*: systems based on commitment and involvement, as opposed to the old bureaucratic model based on control.
- *High-commitment management*: A form of management which is aimed at *eliciting* a *commitment* so that behavior is primarily *self regulated* rather than *controlled* by *sanctions* and *pressures* external to the individual, and relations within the organization are based on high levels of trust.'



1.3. Strategic Human Resource Management

□ Specific HR Strategies

- *Human capital management* - obtaining, analyzing and reporting on data, which inform the direction of value-adding people management strategic, investment and operational decisions;
- *Corporate social responsibility* - a commitment to managing the business ethically in order to make a positive impact on society and the environment;
- *Organization development* – the planning and implementation of programs designed to enhance the effectiveness with which an organization functions and responds to change.

1.3. Strategic Human Resource Management

Competitive Advantage through People

□ Human Capital

- An organization's employees, described in terms of their training, experience, judgment, intelligence, relationships, and insight

□ Core Competencies

- Integrated knowledge sets within an organization that distinguish it from its competitors and deliver value to customers.

□ Sustained competitive advantage through people is achieved if these human resources:

- Have value.
- Are rare and unavailable to competitors.
- Are difficult to imitate.
- Are organized for synergy

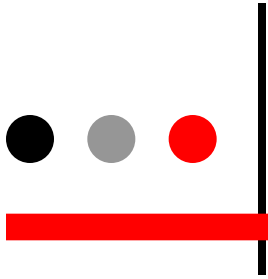


1.3. Strategic Human Resource Management

Developing Human Capital

□ Human Capital

- The knowledge, skills, and capabilities of individuals that have economic value to an organization.
- Valuable because capital:
 - Is based on company-specific skills.
 - Is gained through long-term experience.
 - Can be expanded through development.



1.4. Human Resource Policies and Procedures



1.4. Human Resource Policies and Procedures

- A policy provides generalized guidance on how HR issues should be dealt with; a procedure spells out precisely what steps should be taken to deal with major employment issues such as grievances, discipline, capability and redundancy.
- HR policies are continuing *guidelines on how people* should be *managed* in the organization.
- HR policies provide guidelines on how key aspects of people management should be handled.
 - The aim is to ensure that any HR issues are dealt with *consistently* in accordance with the *values* of the organization in line with certain defined *principles*.



1.4. Human Resource Policies and Procedures

The most common areas in which specific HR policies exist are:

- Age and employment
- AIDS,
- Bullying
- Discipline
- E-mails and the internet
- Employee training and development
- Employee relations
- Employment
- Grievances
- Health and safety
- Managing diversity
- Promotion and demotion
- Reward
- Sexual harassment
- Substance abuse
- Work–life balance.

Equal opportunity



1.4. Human Resource Policies and Procedures

- HR procedures set out the ways in which certain actions concerning people should be carried out by the management or individual managers.
- It is desirable to have the key HR procedures *written* down to ensure that HR policies are applied *consistently* and in accordance with both *legal* requirements and *ethical* considerations.
- The introduction or development of HR procedures should be carried out in *consultation* with employees and, where appropriate, their representatives.
- Some HR procedures:
 - Disciplinary procedures
 - Grievance handling procedures



Any Questions

