

# Introduction to Human Resource Management

# Learning Objectives

1. Define human resource management.
2. Identify the human resource management functions.
3. Describe who performs human resource management activities.
4. Explain how HR serves as a strategic business partner.
5. Identify the elements of the dynamic HRM environment.
6. Explain the importance of corporate culture and human resource management.

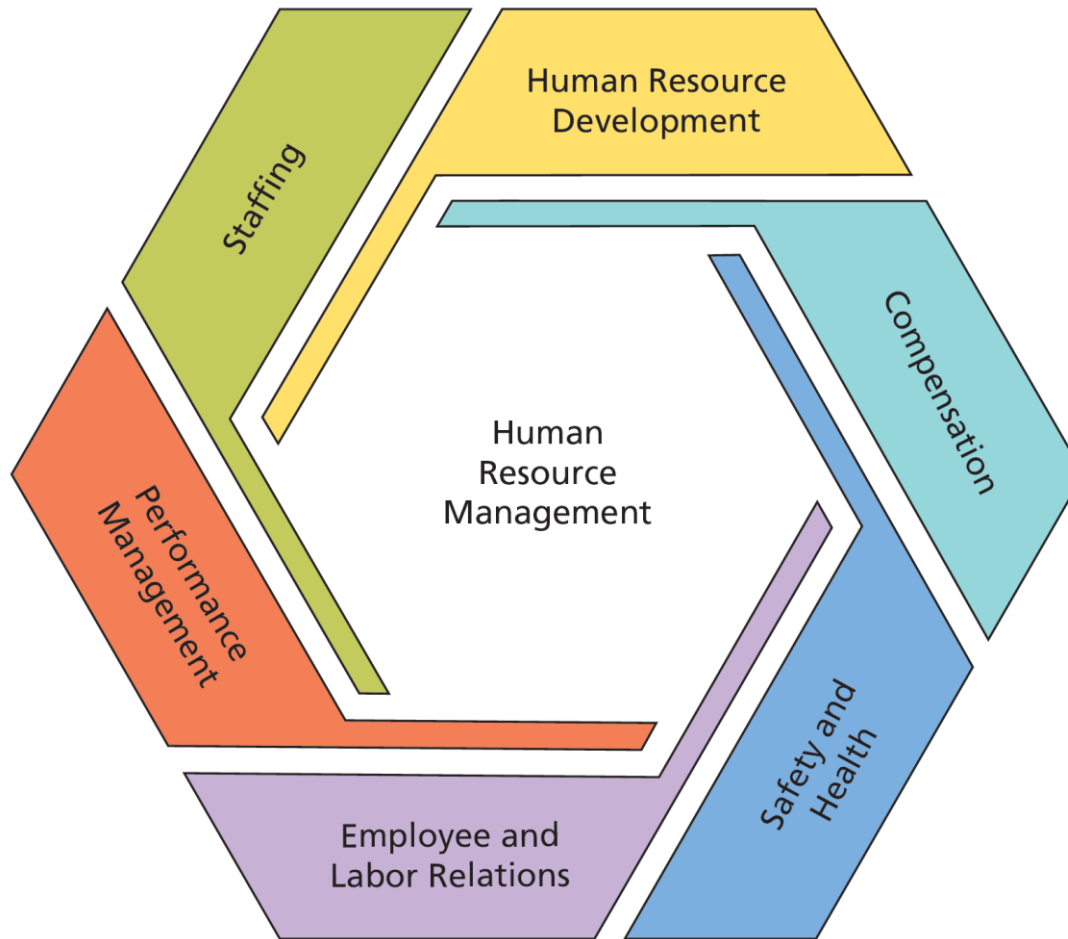
# Learning Objectives (Cont.)

7. Describe the importance of employer branding.
8. Discuss human resource management issues for small businesses.
9. Identify ways that country culture influences global business.
10. Describe the human resource management profession.

# Human Resource Management (HRM)

- Utilization of individuals to achieve organizational objectives
- Concern of all managers at every level
- Face a multitude of challenges

# Human Resource Management Functions



# Staffing

Process of ensuring the organization always has:

- Required number of employees
- Employees with appropriate skills
- Employees in the right jobs at the right time
- Constant job analysis, human resource planning, recruitment, and selection

# Job Analysis

- Systematic process of determining skills, duties, and knowledge required for performing jobs in an organization
- Impacts virtually every aspect of HRM

# Human Resource Planning

- Matching internal and external supply of people with anticipated job openings over a specified period of time
- Sets the stage for recruitment and other HR actions



# Recruitment and Selection

**Recruitment:** Attracting individuals to apply for jobs

- Must be timely
- Applicants need appropriate qualifications
- Need sufficient number of applicants

**Selection:** Choosing individual best suited for a particular position and the organization

# Performance Management

- Goal-oriented process to ensure organizational processes are in place to maximize productivity
- Applies to employees, teams, and ultimately, the organization

# Performance Appraisal

- Formal system of review and evaluation
  - Individual
  - Team

# Human Resource Development

- Major HRM functions include:
  - Training
  - Development
  - Career planning
  - Career development
  - Organization development

# Training and Development

- **Training:** Providing learners with knowledge and skills needed for their present jobs
  - Relatively short-term focus
- **Development:** Offering learning that goes beyond present job
  - Relatively long-term focus

# Career Planning and Development

- **Career planning:** Ongoing process
  - Individual sets career goals
  - Identifies means to achieve them
- **Career development:** Formal approach used by the organization
  - Ensures a pipeline of people with proper qualifications and experiences

# Organization Development

Planned and systematic attempt to:

- Make the organization more effective
- Create a positive behavioral environment

# Compensation

All rewards that individuals receive as a result of their employment

- Financial compensation
- Nonfinancial compensation



# Financial Compensation

- **Direct (Core Compensation):** Pay employee receives in form of wages, salaries, bonuses, or commissions
- **Indirect (Employee Benefits):** Benefits employee receives such as paid vacations, sick leave, holidays, medical insurance

# Nonfinancial Compensation

Satisfaction that employees receive from:

- Job itself
- Psychological and/or physical environment

# Employee and Labor Relations

- Businesses are required by law to recognize a union and bargain with it in good faith if the firm's employees want union representation
- Human resource activity with a union is often referred to as **industrial (labor management) relations**

# Internal Employee Relations

**Internal Labor Relations:** Movement of employees within the organization

Examples:

- Promotions
- Demotions
- Terminations
- Resignations

# Safety and Health

- **Safety:** Protecting employees from injuries caused by work-related accidents
- **Health:** Employees' freedom from illness and their general physical and mental well-being

# Interrelationships of HRM Functions

- All HRM functions are interrelated so that each function affects the others
- For example, a pay-for-performance compensation plan depends upon reliable and valid performance appraisal practices

# Who Performs Human Resource Management Tasks?

- Human resource professionals
- Line managers
- HR outsourcing
- HR shared service centers
- Professional employer organization (employee leasing)

# Human Resource Professional

- Historically, the HR professional was responsible for each of the six HR functions
- Acts in advisory or staff capacity
- Works with other managers to help them deal with human resource matters
- Today, HR departments continue to get smaller



# Line Managers

- **Line managers** directly oversee the accomplishment of the organization's primary goals
- Involved with human resources by nature of their jobs
- Now performing some duties typically conducted by HR

# HR Outsourcing

- Transfers responsibility to an external provider
  - Discrete services (e.g., health benefits administration)
  - Business process outsourcing (BPO) (e.g., the administration of all HR functional areas)

# HR Shared Service Centers (SSCs)

- Take routine, transaction-based activities that are dispersed and consolidates them in one location
- Provide an alternative to HR outsourcing

# Professional Employer Organization (Employee Leasing)

- Company that leases employees to other businesses
- Advantages:
  - Economies of scale
  - Greater job mobility for workers
  - Job security through leasing company
  - PEO can handle compliance requirements of programs

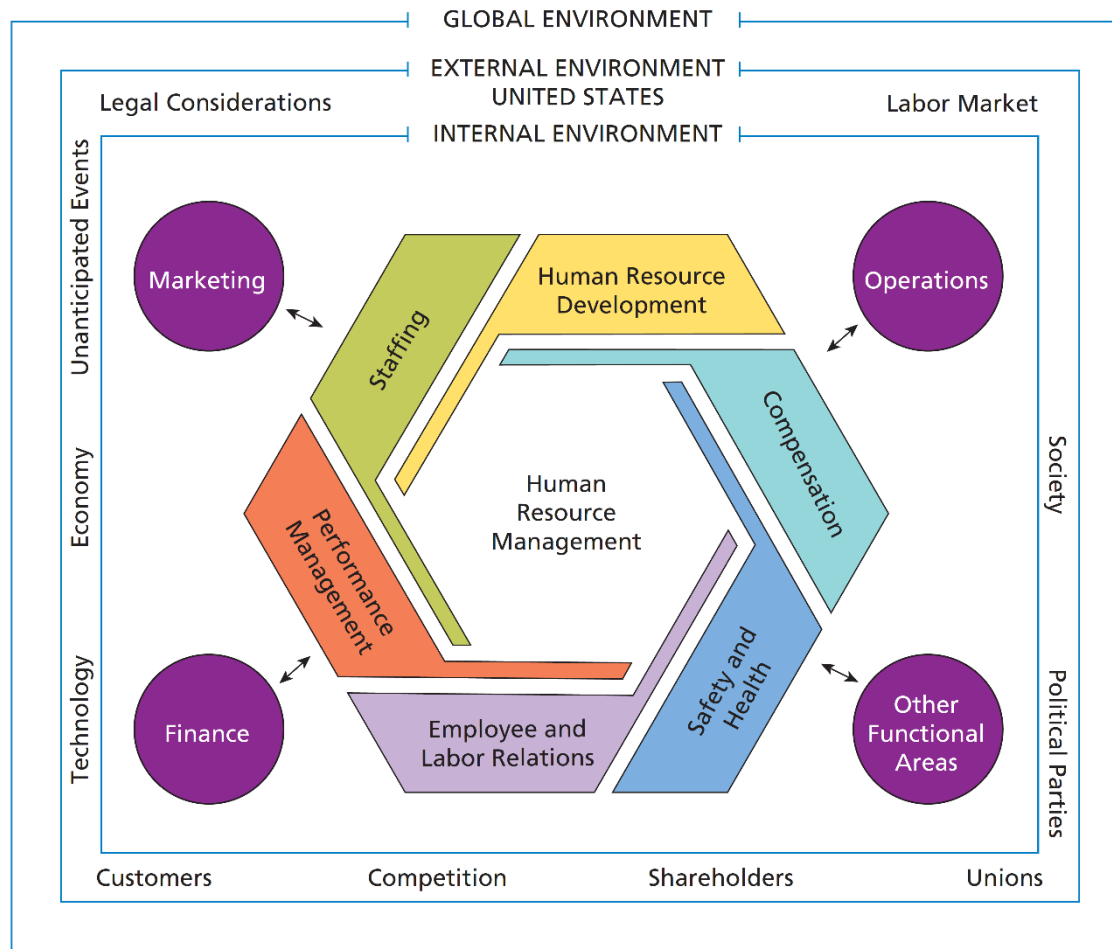
# HR as a Strategic Business Partner

- HR professionals must understand the company's business (e.g., sale of medical equipment)
- HR professionals must use this knowledge to support competitive advantage
  - Recruit and select the most highly qualified individuals
  - Manage performance and compensate based on performance that supports competitive advantage
  - HR development such as training to ensure that employees are as knowledgeable as possible about their jobs

# Employees as Human Capital

- **Capital** refers to the factors that enable companies, for example, to generate income, higher economic value, strong positive brand identity, and reputation. There is a variety of capital, including financial capital:
  - Cash
  - Capital equipment (for example, state-of-the-art robotics used in manufacturing)
- **Human capital**, as defined by economists, refers to sets of collective skills, knowledge, and ability that employees can apply to create value for their employers

# Dynamic Human Resource Management Environment



# Legal Considerations

- Federal, state, and local legislation
- Court decisions
- Presidential executive orders



# Labor Market

- Potential employees located within certain geographic area
- Demographic shifts (more older workers) are associated with workforce preparedness
- Always changing

# Society

Firm must accomplish its purpose while complying with societal norms

- **Ethics:** Deals with what is good and bad, or right and wrong, and with moral duty and obligation
- **Corporate social responsibility:** Implied, enforced, or felt obligation of managers to serve or protect interests of groups other than themselves

# Political Parties

- Related to society are political parties
- The Democratic and Republican parties are the two major political parties in the United States
- Differing opinions on how HRM should be accomplished (government intervention such as laws vs. market forces)

# Unions

- Group of employees who have joined together to collectively bargain with their employer
- The union becomes a third party when dealing with the company

# Shareholders

- Owners of a corporation
- Have invested money in the firm
- May challenge programs put forth by management to be beneficial to the organization

# Competition

- In product or service and labor markets
- Firms must maintain a supply of competent employees
- Bidding war often results

# Customers

- People who actually use firm's goods and services
- Employment practices should not antagonize members of the market that the firm serves
- Workforce should be capable of providing top-quality goods and services

# HR Technology

Rapid technological changes provide:

- Increased sophistication
- Ability to design more useful human resource information systems (HRIS)



# Economy

- When economy is booming, it is often more difficult to recruit qualified workers
- In economic downturn, more applicants are typically available

# Unanticipated Events

- Unforeseen occurrences in external environment
- Require a tremendous amount of adjustment with regard to HRM

# Corporate Culture and HRM

**Corporate culture:** System of shared values, beliefs, and habits within an organization that interacts with the formal structure to produce behavioral norms

# Employer Branding

The firm's corporate image or culture created to attract and retain the type of employees the firm is seeking. It is what the company stands for in the public eye.

# Human Resource Management in Small Businesses

- Many college graduates obtain jobs in small businesses
- Same HR functions must be accomplished
- Manner in which they are accomplished may differ

# Country Culture and Global Business

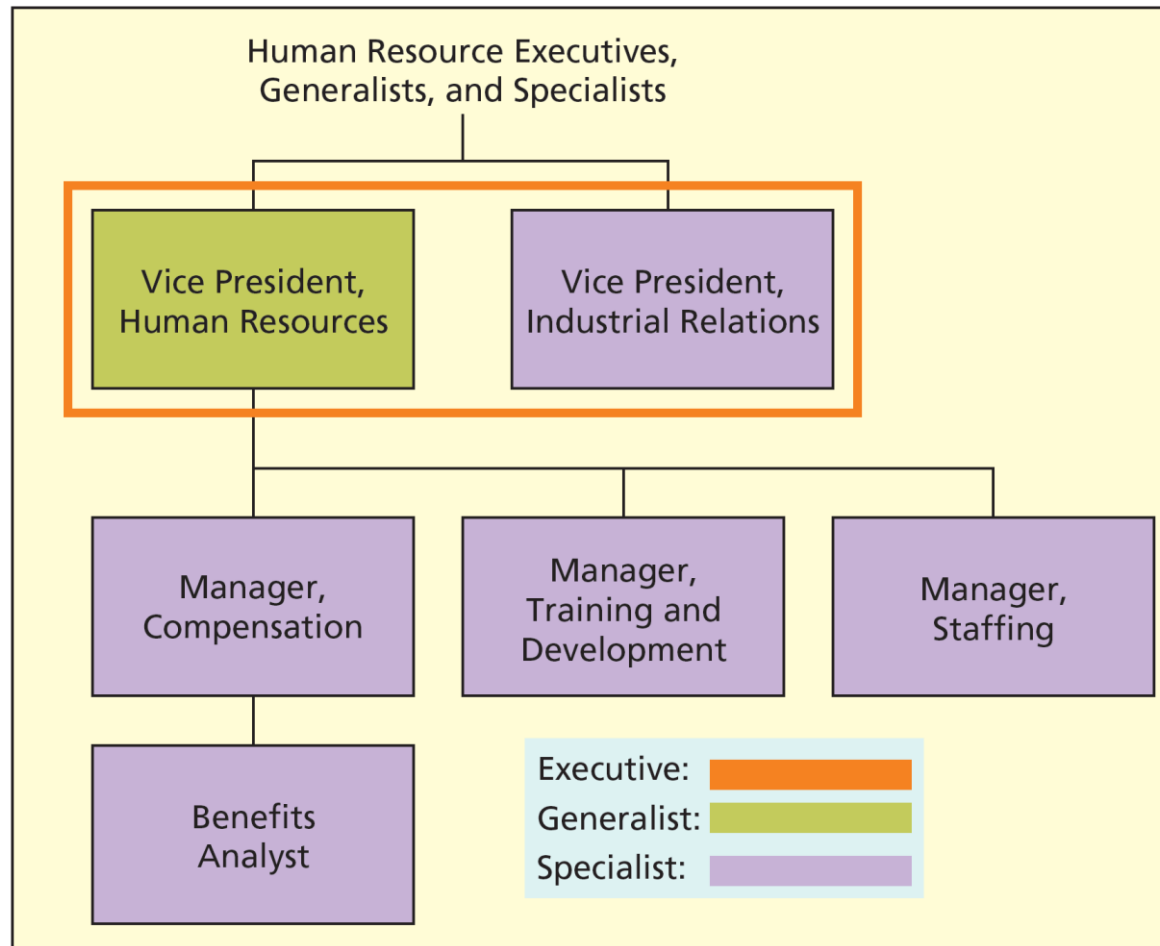
- A **country's culture** is a set of values, symbols, beliefs, languages, and norms that guide human behavior within the country
- Cultural differences between countries are a major factor influencing global business
- Cultural misunderstandings are common

# Describe the HR Profession

Various designations are used within the HR profession:

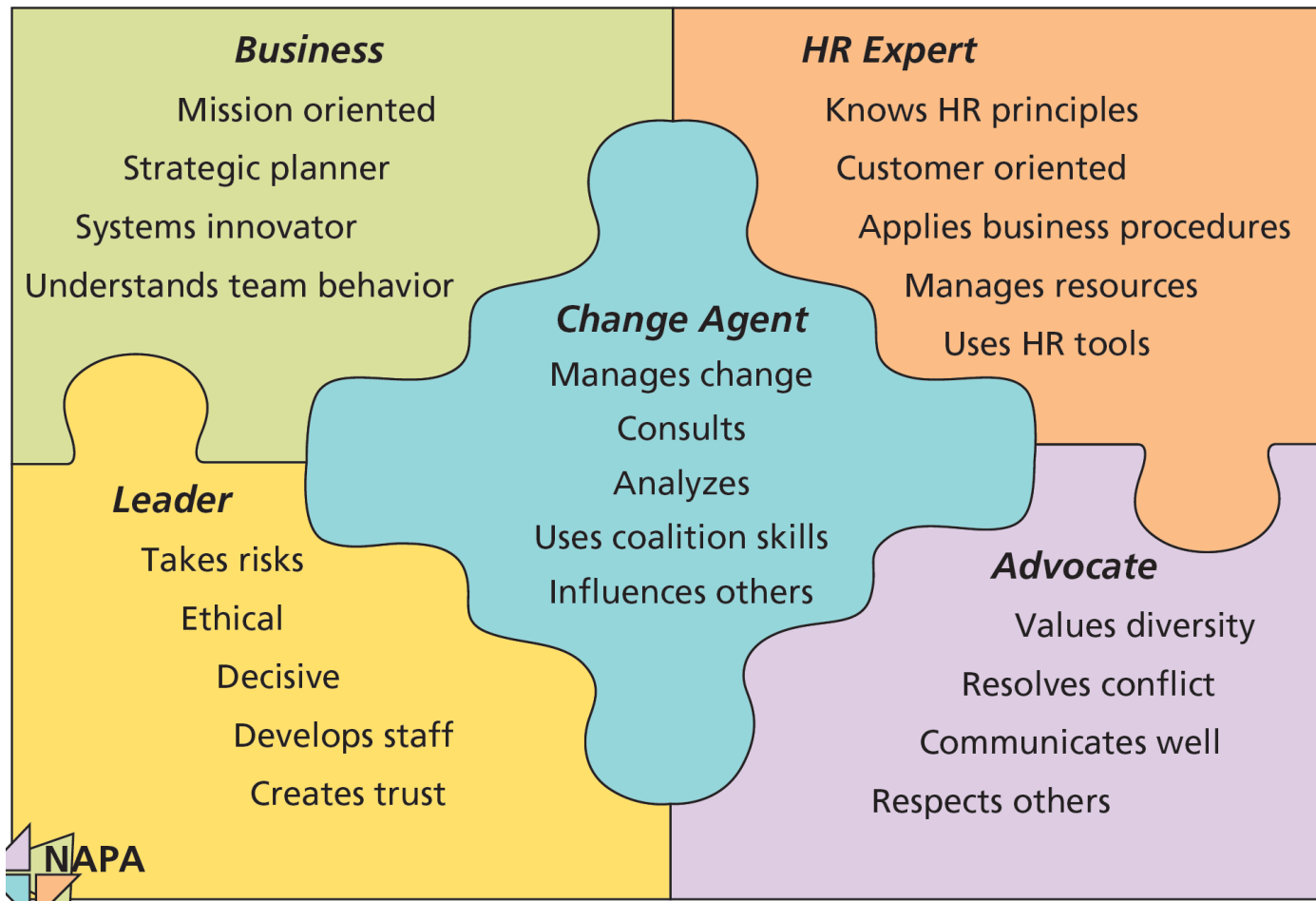
- **Executive:** A top-level manager who reports directly to the corporation's CEO or to the head of a major division
- **Generalist:** Employee who may be an executive, performs tasks in a variety of several or all of the six functional areas of HRM
- **Specialist:** Employee who may be an HR executive, manager, or non-manager who is typically concerned with only one of the six functional areas of HRM

# Human Resource Executives, Generalists, and Specialists





# Competency Model for HR Professionals



# Describe the HR Profession

- **Profession:** A vocation characterized by the existence of a common body of knowledge and a procedure for certifying members
- Performance standards are established by members of the profession rather than by outsiders; that is, the profession is self-regulated
- Most professions have effective representative organizations that permit members to exchange ideas of mutual concern (e.g., Society for Human Resource Management)

# Expected Growth of the HR Profession

- Employment of HR professionals is projected to grow 13 percent from 2012 to 2022
- Employment growth largely depends on the performance and growth of individual companies

