

Human Resources Management

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MGM 243

Lecture 01



Changing Nature of Human Resource Management

Chapter
01

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Learning Objectives

After you read this chapter, you should be able to:

- 1. Define human capital and explain its strategic importance in modern organizations.**
- 2. Identify and describe the seven categories of HR activities.**
- 3. Describe how the major roles of HR management are being transformed by technology and strategic imperatives.**
- 4. Discuss four contemporary challenges facing HR today, including AI disruption and workforce diversity.**
- 5. Identify the purposes and uses of HR technology, including AI-powered HRMS platforms.**
- 6. Discuss why ethical issues that affect HR management.**
- 7. Explain the key competencies needed by HR professionals in the digital age.**

Nature of Human Resource Management

Human Resource Management

- The design of formal systems in an organization to ensure effective and efficient use of human talent to accomplish organizational goals.
- This definition extends to encompass a strategic, data-driven, and human-centric orientation.
- Recently, HR's fundamental purpose has shifted from administrative efficiency toward creating sustainable competitive advantage through people.

Who is an HR Manager?

- All managers at every level must concern themselves with HR management.
- HR specialists design processes that operating managers help implement.
- The rise of self-service HR technologies and AI-enabled advisory tools has redistributed many traditional HR tasks directly to employees and managers, freeing HR professionals to focus on higher-value strategic work.

Human Capital in Organizations

- Organizations must manage four types of assets: *Physical* (buildings, equipment), *Financial* (cash, securities), *Intangible* (patents, information systems), and *Human* (individuals with talents, capabilities, expertise, and relationships).
- Human assets are the "glue" that holds all other assets together and guides their use toward results.
- In the knowledge economy of the 2020s, human capital has become the primary source of sustainable value creation, particularly as physical and financial assets grow increasingly commoditized.

Human Capital and HR

What is the difference between HR & HC?

- **Human Resources (HR)** refers to the *people themselves* — the employees an organization hires and employs.
- **Human Capital(HC)** refers to the collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce — sometimes called *intellectual capital* to reflect the *thinking, creativity, and decision-making* people contribute. For example, a researcher who formulates a patentable pharmaceutical compound or a software engineer who builds a platform used by millions illustrates the enormous potential value embedded in human capital.

Human Resources As A Core Competency

- A **core competency** is A unique and difficult-to-imitate organizational capability that creates exceptional value and differentiates the firm from competitors
- **Google** (renowned for its engineering culture and data-driven talent management) and **IKEA** (celebrated for its values-driven employment model) demonstrate that *how* a firm manages human capital can be as strategically significant as *what* it offers.



HR Activities

- **HR management can be thought of as seven interlinked activities taking place within organizations, as depicted in Figure 1-1.**
- **Strategic HR Management**
 - **Equal Employment Opportunity**
 - **Staffing**
 - **Talent Management and Development**
 - **Total Rewards**
 - **Risk Management and Worker Protection**
 - **Employee and Labor Relations**

HR Management Activities



Figure 1-1

HR Management Roles



Figure1-2

Changing Roles of HR Management

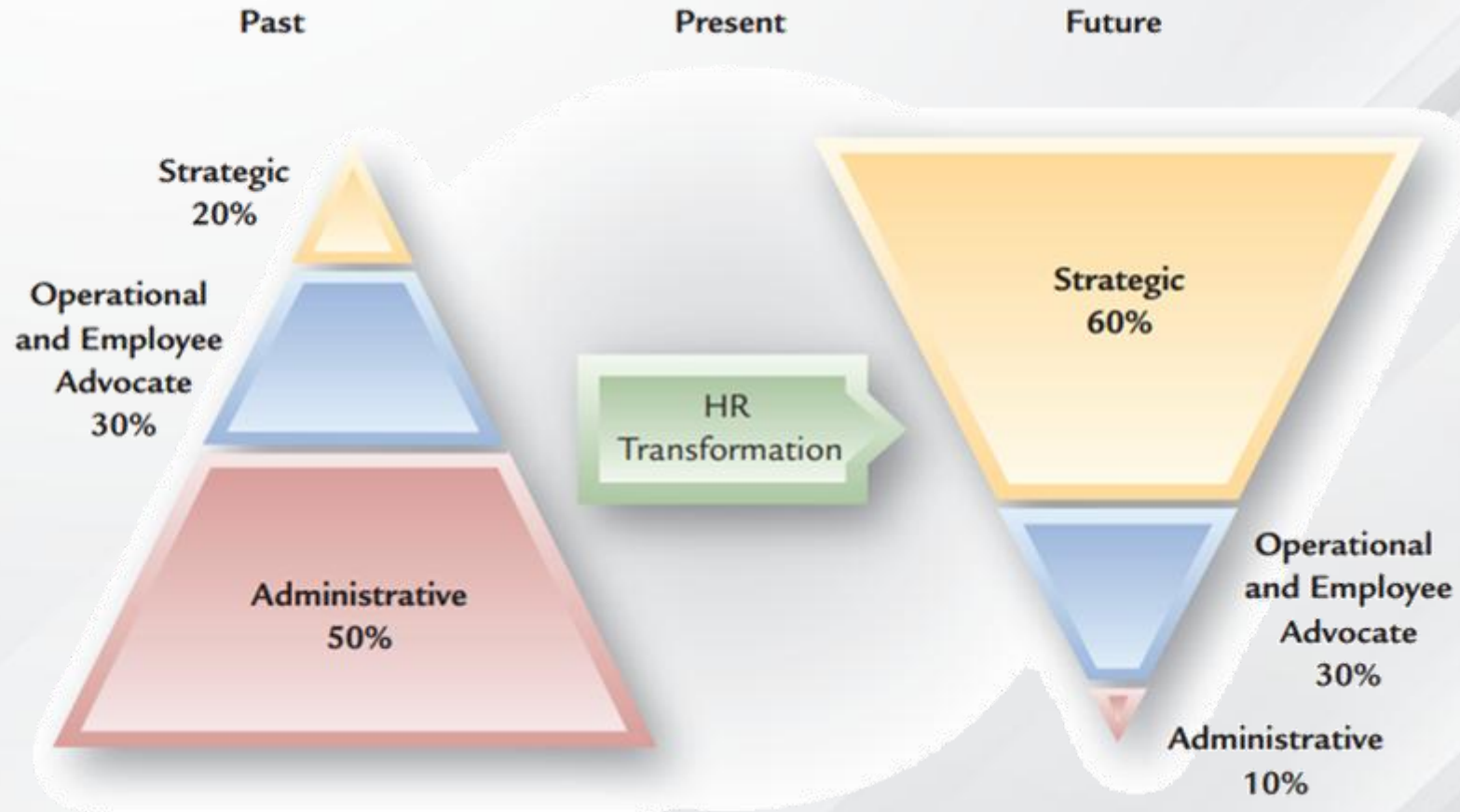


Figure 1-3

Administrative Role

Two major shifts driving the transformation of the administrative role : are greater use of technology and outsourcing.

- **Technology Transforming HR** Cloud-based HRMS platforms have dramatically reduced time and cost of routine administrative tasks. By 2025, AI-powered chatbots handle significant proportions of employee queries, automated workflows process leave requests, and robotic process automation (RPA) executes high-volume transactions with near-zero error rates .
- **Outsourcing of HR** Increasingly, many HR administrative functions are being outsourced to vendors. Outsourcing of HR administrative activities has grown dramatically with the value of outsourcing contracts tripling recently, and there are projections of large increases occurring over the next several years.

Operational And Employee Advocate Role for HR

➤ **Operational Role**

Identification and implementation of HR programs and policies—EEO, hiring, training, and other activities that support the organization.

➤ **Advocate Role**

- “Champion” for employee concerns
- Employee crisis management
- Responding to employee complaints
- protecting employee mental health in hybrid work environments,
- advocating for fair treatment in AI-assisted HR decisions,
- managing the evolving psychological contract — the set of implicit expectations between employer and employee — which shifted significantly following the COVID-19 pandemic.

Strategic Role for HR

- **HR becomes a strategic business partner by:**
- Focusing on developing HR programs that enhance organizational performance .
 - Involving HR in strategic planning at the onset.
 - Participating in decision making on mergers, acquisitions, and downsizing.
 - Redesigning organizations and work processes
 - Accounting and documenting the financial results of HR activities.

Operational to Strategic Transformation of HR



Figure 1-4

Overview of HR Management Roles

	Administrative Role	Operational and Advocacy Roles	Strategic Role
Focus	<i>Administrative processing and record keeping</i>	<i>Operational support Representing the employees</i>	<i>Organization-wide, global</i>
Timing	<i>Short term (less than 1 year)</i>	<i>Intermediate term (1–2 years)</i>	<i>Longer term (2–5 years)</i>
Typical Activities	• Administering employee benefits • Conducting new employee orientations • Interpreting HR policies and procedures • Preparing equal employment reports	• Managing compensation programs • Recruiting and selecting for current openings • Conducting safety training • Resolving employee complaints • Representing employee concerns	• Assessing workforce trends and issues • Engaging in community workforce development planning • Assisting in organizational restructuring and downsizing • Advising on mergers or acquisitions • Planning compensation strategies

Figure 1-5

HR Management Challenges



Figure 1-6

Globalization of Business

- Business globalization has shifted from trade and investment to the integration of global operations, management, and strategic alliances. This produces **off-shoring** (contracting to foreign affiliates), **in-shoring** (foreign firms shifting activities to the home country), and **outsourcing** (contracting to unaffiliated companies at home or abroad).
- Geopolitical realignments have prompted multinationals to pursue **"friendshoring"** — relocating operations to geopolitically allied nations. This creates new HR challenges around managing culturally diverse, geographically dispersed teams while maintaining consistent organizational culture and navigating multi-jurisdictional compliance

Economic and Technological Changes

- **Occupational Shifts:** Employment continues migrating from manufacturing and agriculture toward service, technology, and knowledge work. Generative AI is disrupting this further by automating cognitive tasks previously considered immune to automation.
- **Workforce Availability and Quality Concerns** Many parts of the world face significant workforce shortages that exist due to an inadequate supply of workers with the skills needed to perform the jobs being added. Significant shortages persist in healthcare, technology, skilled trades, and renewable energy

Economic and Technological Changes(cont.)

- **Growth in Contingent Workforce** Contingent workers (temporary workers, independent contractors, leased employees, and part-timers). caused by:
 - Need for flexibility in staffing levels
 - Increased difficulty in firing regular employees.
 - younger workers' preference for non-traditional employment.
 - Reduced legal liability from contract employees.
- **Technological Shifts and AI:** The World Economic Forum's Future of Jobs Report 2023 estimates approximately 85 million jobs may be displaced by automation by 2025, while 97 million new roles may emerge requiring new competencies. HR's role in managing this transition — through reskilling, upskilling, and workforce redesign — is paramount.

Jobs of The Future

Roles projected to see strong growth include:

- AI and machine learning specialists,
- Cybersecurity experts,
- Data scientists and analysts,
- Healthcare professionals,
- Renewable energy technicians,
- Agricultural innovators,
- Software developers,
- And HR analytics specialists.



Workforce Demographics and Diversity

- **Racial/Ethnic Diversity:** Minorities account for a growing labor force percentage, necessitating more inclusive HR practices and equitable opportunity structures.
- **Balancing Work and Family:** Flexible work models — hybrid, remote, compressed schedules — have become critical for talent attraction and retention. This includes managing dual-career couples, single-parent households, and working caregivers.
- **Aging Workforce:** Dual challenges arise from retaining older workers' institutional knowledge while attracting younger talent with fundamentally different expectations regarding technology, purpose, and flexibility.

Organizational Cost Pressures and Restructuring

- An overriding theme facing managers and organizations is to operate in a “cost-less” mode, which means continually looking for ways to reduce costs of all types— financial, operations, equipment, and labor.
- As part of organizational changes, many organizations have “rightsized” by:
 - (1) eliminating layers of managers,
 - (2) closing facilities,
 - (3) merging with other organizations, and
 - (4) outplacing workers.

Organizational Cost Pressures and Restructuring (Cont.)

- HR managers must work toward ensuring cultural compatibility in mergers.
- The widespread technology-sector layoffs of 2022–2024 demonstrated the reputational risks of poorly managed restructuring. Organizations that invested in transparent communication, generous severance, and redeployment support maintained stronger employer brand equity and workforce resilience

HR Technology

Human Resource Management Systems (HRMS)

- An **HRMS** is an integrated system providing information used by HR management in decision-making.

Contemporary platforms now incorporate:

- **Natural Language Processing (NLP)** for automated candidate screening and chatbot-based employee support.
- **Predictive analytics** for turnover risk identification and workforce demand forecasting.
- **Machine learning** for compensation benchmarking and pay equity analysis.
- **Sentiment analysis** tools that continuously monitor employee engagement signals.



Purposes Of an HRMs

1. **Administrative Efficiency:** Improving the speed and accuracy with which employee data and HR activities are compiled, reducing paperwork and minimizing error.
2. **Strategic Planning and Decision Support:** Enabling HR planning to be grounded in data rather than managerial intuition. Real-time workforce analytics allow organizations to identify talent gaps, model workforce scenarios, and evaluate HR investment ROI.
3. **People Analytics:** Google's People Operations team pioneered the use of people analytics to identify attributes of effective managers, transforming its leadership development program. This evidence-based approach to HR decision-making is now a global best practice.

Ethics and HR Management

➤ What is Ethical Behavior?

- What “ought” to be done.
- Organizations that are seen as operating with integrity are viewed more positively by individuals in the community and industry, as well as by consumers and employees.
- Examples for Unethical Practices(Enron, WorldCom, Tyco, numerous financial and investment firms, and other organizations).

Ethics and Global Differences

Differences in legal, political, and cultural values and practices in different countries often raise ethical issues for global employers. Those employers also must comply with their home-country laws.

Algorithmic Accountability: When an AI system denies a candidate an interview or flags an employee for termination, the question of who is legally and ethically responsible — the algorithm, the vendor, or the HR professional who deployed it — remains unresolved in many jurisdictions. This represents a new frontier of HR ethical responsibility.

Ethical Behavior and Organizational Culture

- **Organizational culture** The shared values and beliefs in an organization.
- **Basically, organizational culture is “how things are done here.”**
- **HR plays a key role in ensuring ethical behavior in organizations.**

Ethical Behavior and Organizational Culture (Cont'd)

When the following four elements of ethics programs exist, ethical behavior is likely to occur:

- A written code of ethics and standards of conduct
- Training on ethical behavior for all executives, managers, and employees
- Means for employees to obtain advice on ethical situations they face, often provided by HR
- Systems for confidential reporting of ethical misconduct or questionable behavior

HR's Role in Organizational Ethics

Responding to Ethical Situations

Guided by values and personal behavior “codes” that include:

- Does response meet all applicable laws, regulations, and government codes?
- Does response comply with all organizational standards of ethical behavior?
- Does response pass the test of professional standards for ethical behavior?

Examples of Ethical Misconduct in HR Activities

Types of Misconduct	Examples of Employee, Supervisor, and Managerial Behavior
Compensation	• Misrepresenting hours and time worked • Falsifying expense reports • Personal bias in performance appraisals and pay increases • Inappropriate overtime classifications
Employee Relations	• Employees lying to supervisors • Executives/managers providing false information to public, customers, and vendors • Personal gains/gifts from vendors • Misusing/stealing organizational assets and supplies • Intentionally violating safety/health regulations
Staffing and Equal Employment	• Favoritism in hiring and promotion • Sexual harassment • Sex, race, and age discrimination in hiring, discipline, and termination

Figure 1-7

HR Management Competencies and Careers

The five areas of HR competencies are described briefly as follows

- **Strategic contribution:** key competency that HR needs to fulfill its strategic role
- **Business knowledge:** They must understand the financial, technological, and other facets of the industry and the organization.

HR Management Competencies and Careers (Cont)

- **HR delivery:** HR activities must be delivered effectively and efficiently in ways that meet the needs of both the organization and its employees.
- **HR technology:** information systems and Web based resources, have become a significant part of HR management today.
- **Personal credibility:** HR professionals must have credibility personally and professionally manage internal and external relationships

HR Management as a Career Field

➤ **HR Generalist**

A person with responsibility for performing a variety of HR activities.

➤ **HR Specialist**

A person with in-depth knowledge and expertise in a limited area of HR.

HR Professionalism and Certification

- **Professional Involvement and Development** The most well-known certification programs for HR generalists are administered by the Human Resource Certification Institute (HRCI), which is affiliated with Society for Human Resource Management (SHRM)
- **PHR/SPHR Certification** The most widely known HR certifications are the Professional in Human Resources (PHR) and the Senior Professional in Human Resources (SPHR), both sponsored by HRCI.

SUMMARY

- **Human Capital**
- **HR Activities**
- **HR Roles**
- **HR Challenges**
- **HR Technology**
- **HR Ethics**
- **Professional HR**

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Thank You