

Introduction to HRM

HRM 611

Lecture 1

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Main Topics

- Explain what human resource management is and how it relates to the management process.
- Why human resource management is important to all managers.
- Illustrate the human resources responsibilities of line and staff (HR) managers.
- Describe important trends in human resource management.
- Define evidence-based human resource management.

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Human Resource Management at Work

What is Human Resource Management (HRM)?

- It is the strategic function of attracting, developing, and retaining employees who contribute to an organization's success.
- It involves a wide range of activities, from recruitment and selection to performance management and employee relations.

The Five Functions of Management

Planning	Organizing	Staffing	Leading	Controlling
Setting goals, developing strategies, and creating plans to achieve organizational objectives.	Structuring the organization, assigning tasks, and establishing authority relationships.	Recruiting, selecting, training, and developing employees to meet organizational needs.	Motivating, communicating, and inspiring employees to achieve their best.	Monitoring performance, evaluating results, and taking corrective action as needed.

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Human Resource Management Role

HRM plays a crucial role in all five functions. For instance:

- **In staffing**, HRM ensures that the organization has the right people in the right places at the right time.
- **In leading**, HRM helps create a positive work environment and fosters employee engagement.
- **In controlling**, HRM establishes performance standards and evaluates employee performance.

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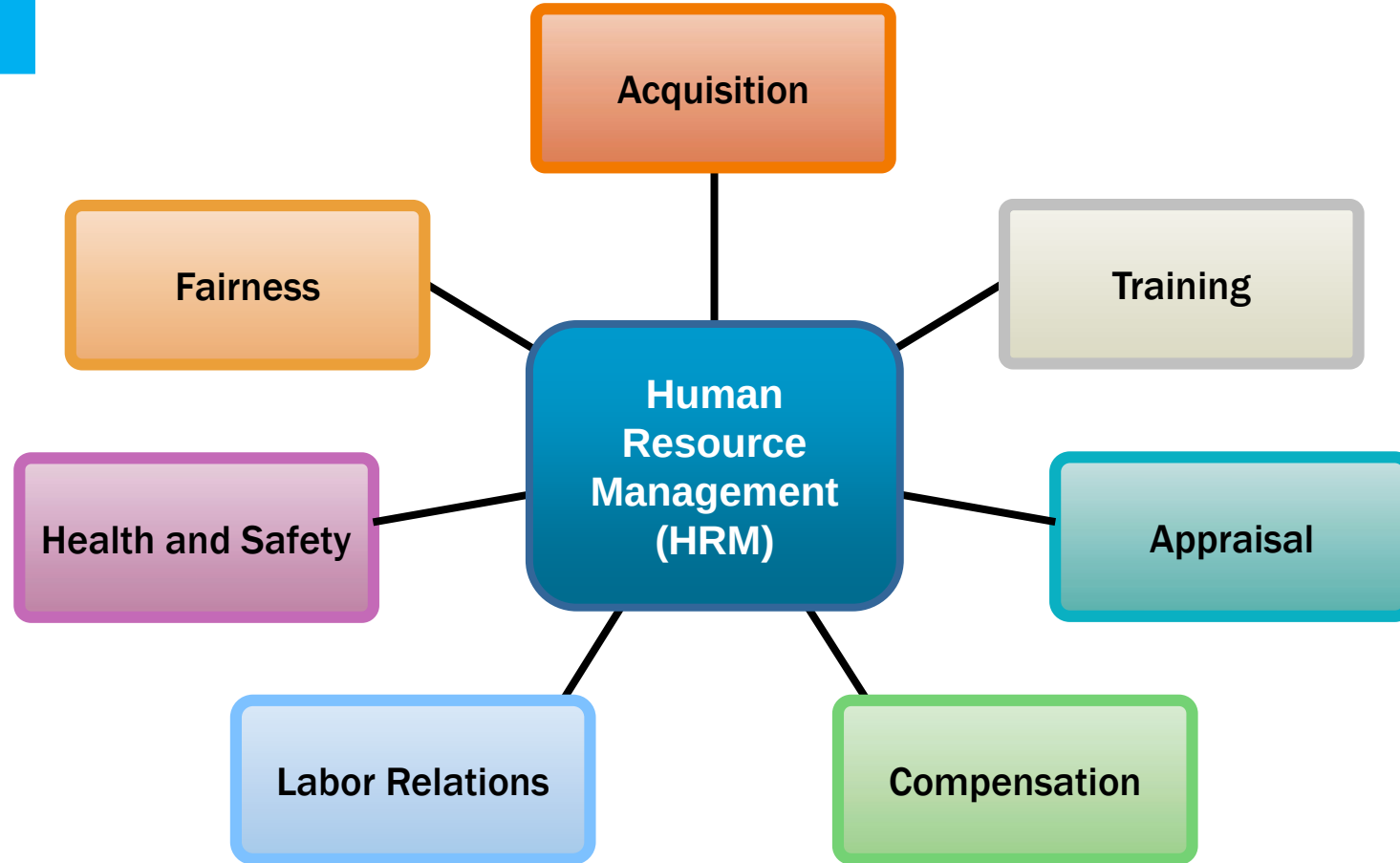
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Human Resource Management Process

- Human resource management is the process of **acquiring, training, appraising, and compensating employees**, and of attending to their **labor relations, health and safety**, and **fairness** concerns.
- The topics we'll discuss should therefore provide you with the concepts and techniques you need to perform the people or personnel aspects of your management job.

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Human Resource Management Process



Human Resource Management Process

Employee Relations

Managing employee concerns, grievances, and labor relations issues.

Performance Management

Setting performance expectations, evaluating employee performance & providing feedback.

Compensation & Benefits

Establishing fair and competitive pay and benefits packages.



Job Analysis

Determining the specific duties, responsibilities & qualifications required for each job.

Recruitment & Selection

Attracting qualified candidates and choosing the best fit for the organization.

Orientation and Training

Introducing new employees to the company culture and providing necessary skills and knowledge.

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Why is HRM crucial for all managers?

1- To avoid Common HRM Mistakes

Failing to prioritize HRM can lead to several costly mistakes, including:

- **Low employee morale and performance:** A lack of investment in employees can lead to disengagement and decreased productivity.
- **High turnover:** Poor hiring practices, inadequate training, and unfair treatment can drive employees away.
- **Legal issues:** Non-compliance with labor laws, discrimination, or unsafe working conditions can result in lawsuits and fines.
- **Undermined department effectiveness:** A lack of training and development can hinder a department's ability to function effectively.

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Why is HRM crucial for all managers?

2- Improve Profit & Performance

The Bottom Line: People Are the Key: While other management functions like planning, organizing, and controlling are important, they are ultimately ineffective without a strong workforce. **People are the driving force behind organizational success.**

3- Achieving results through people

Effective HR isn't just about avoiding mistakes. It's about. Even the best plans can fall flat without the right workforce.

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Why is HRM crucial for all managers?

4- HR Goes Beyond HR Professionals: Even if your career path doesn't lead to a dedicated HR role, understanding HR principles is valuable. Many companies appoint non-HR managers to lead their HR departments. These individuals understand the importance of aligning HR activities with the company's overall strategy.

5- Entrepreneurs and HR: As a future entrepreneur, you might even become your own HR manager. Small businesses are the backbone of the economy, and they often lack dedicated HR departments. Understanding recruitment, training, and employee motivation is essential for any small business owner.

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HR as a Profit Center- Domino's Pizza

Introduction: Rob Cicceri was responsible for managing 8 Domino's Pizza stores in New Jersey. The main problem was a high employee turnover rate, with managers leaving their jobs after only a few months.

Problem: High employee turnover leads to instability in the stores, affecting the performance of new employees and resulting in decreased sales.



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HR as a Profit Center- Domino's Pizza

Rob Cecere implemented a multifaceted approach to address high employee turnover:

Building a strong team of store managers: Careful selection, training, and ongoing support were key components.

Creating a positive work environment: Clear expectations, recognition, and fostering teamwork were emphasized.

Providing opportunities for growth: Training programs and promotion opportunities were offered to employees.

Company-wide initiatives: Domino's headquarters implemented improved hi practices, invested in training, and created clear career paths.



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Line and Staff Aspects of HRM

- **line authority** traditionally gives managers the right to issue orders to other managers or employees.
- **Staff authority** gives a manager the right to advise other managers or employees. It creates an advisory relationship.
- **Line Manager:** Is authorized (has line authority) to direct the work of subordinates and is responsible for accomplishing the organization's tasks.
- **Staff Manager:** Assists and advises line managers. Has functional authority to coordinate personnel activities and enforce organization policies.

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Human Resource Manager s Duties

- While all managers have some HR responsibilities, most organizations also have a dedicated HR department.
- HR managers typically provide advice and support to line managers on HR-related matters.
- In providing this specialized assistance, the human resource manager carries out three distinct functions:

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Line and Staff Aspects of HRM

A line function: The human resource manager directs the activities of the people in his or her own department, and perhaps in related areas.

A coordinative function: The human resource manager also coordinates personnel activities, a duty often referred to as functional authority (or functional control). Here he or she ensures that line managers are implementing the firm's human resource policies and practices.

Staff (assist and advise) functions: Assisting and advising line managers is the heart of the human resource manager's job. He or she advises the CEO to better understand the personnel aspects of the company's strategic options. HR assists in hiring, training, evaluating, rewarding, counseling, promoting, and firing employees.

Line Managers' HRM Duties

HR is not just for HR professionals. Even line managers play a significant role in managing their teams' human resources, this include:

Recruitment and Selection: Finding the right people for the right jobs.

Onboarding: Welcoming new employees and providing necessary training.

Training and Development: Ensuring employees have the skills to succeed.

Performance Management: Evaluating employee performance and providing feedback.

Team Building: Fostering positive working relationships and collaboration.

Policy Interpretation: Explaining company policies and procedures to employees.

Cost Control: Managing labor costs within budget constraints.

Employee Development: Identifying and nurturing employee talent.

Morale: Maintaining a positive and supportive work environment.

Safety: Protecting employees' health and well-being.

Example of HR Roles

Labor Relations Specialists

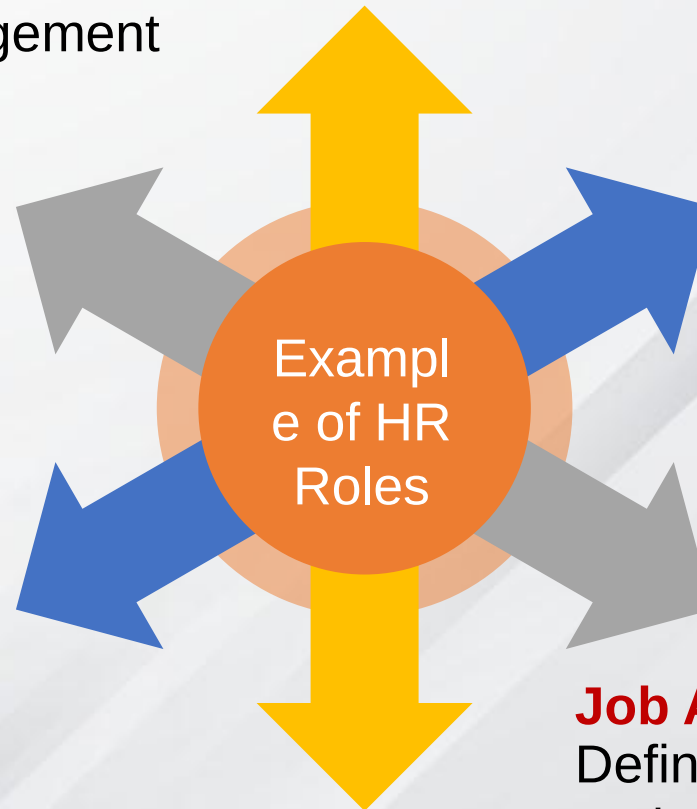
Handle union-management relations.

Training Specialists

Design and deliver training programs.

Compensation Managers

Develop compensation plans and manage benefits



Recruiters

Source and attract qualified candidates.

EEO Representatives:

Ensure compliance with equal employment opportunity laws.

Job Analysts:

Define job requirements and responsibilities.

A new approach to organizing human resources

Transactional HR

- This is like the hospital's information desk.
- They handle common questions and tasks, like processing payroll or answering basic benefits inquiries.
- They might even outsource some things, like retirement planning advice, to specialists.

Corporate HR

These are the hospital's strategic advisors. They work with the CEO (Chief Executive Officer) to plan the long-term staffing needs of the hospital.

For example, if the hospital wants to open a new wing, they'd help figure out how many nurses, doctors, and other staff they'd need.

A new approach to organizing human resources

Embedded HR

- Think of these as HR representatives assigned to specific departments, like the cardiology unit.
- They understand the unique needs of that department and can help them with things like recruiting nurses with specific cardiac care experience or resolving conflicts within the department.

Centers of Expertise

- These are like the hospital's internal consulting firms.
- If a department is going through a big change, like implementing a new electronic health records system, these HR specialists can offer expertise and guidance to make the transition smoother.

Trends Shaping Human Resource Management

Trends

- Technological advances
- Trends in the nature of work
- Demographic and workforce trends
- Globalization and competition
- Indebtedness (“Leverage”) and deregulation
- Economic challenges and trends

So Companies Must Be

- More competitive
- Faster and more responsive
- More cost-effective
- Human-capital oriented
- More scientific and how they make decisions

Human Resource Managers Will Therefore Need These New Competencies

- They focus more on strategic, big picture issues strategic goals
- They use new ways to provide HR services
- They take a talent management approach to managing human resources
- They manage employee engagement
- They manage ethics
- They measure HR performance and results
- They use evidence-based human resource management
- They add value
- They understand their human resource philosophy
- They have new competencies

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Trends Shaping Human Resource Management

Technology is transforming HR practices. From streamlining administrative tasks to recruiting through social media and adapting to the changing nature of work, technology is playing a significant role in HR.

The workforce is evolving. Aging populations, increasing diversity, and the rise of Generation Y are shaping the modern workplace. HR must adapt to these trends by offering flexible work arrangements, promoting diversity and inclusion, and leveraging technology.

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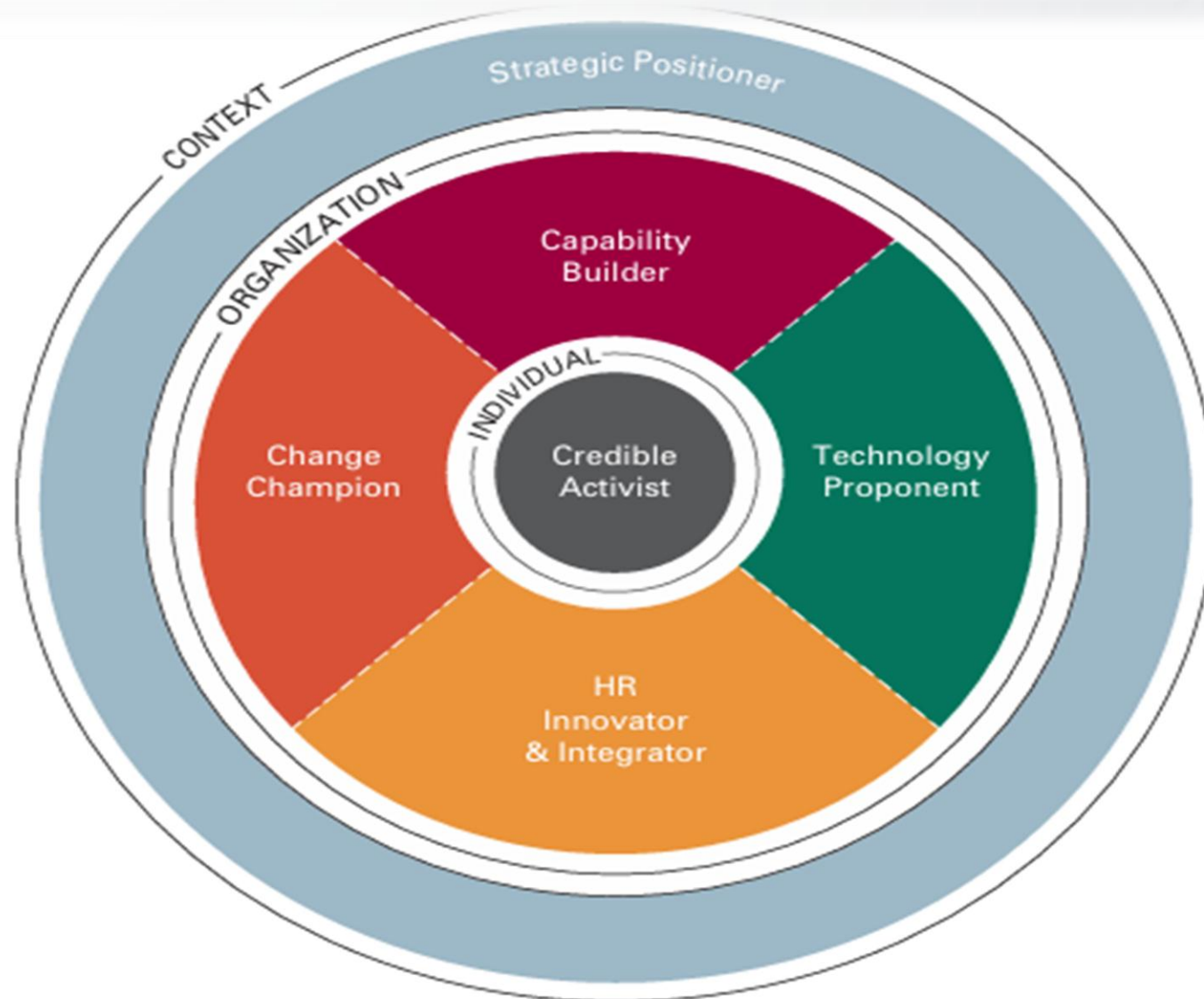
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Trends Shaping Human Resource Management

Globalization and economic challenges are also impacting HR. Increased competition, outsourcing, economic uncertainty, and debt levels require HR professionals to be adaptable and strategic in their decision-making.

Overall, HR is facing a complex landscape characterized by technological advancements, demographic shifts, globalization, and economic challenges. Effective HR practices are essential for organizations to succeed in this dynamic environment.

The Human Resource Manager's Competencies



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The Human Resource Manager's Competencies

Strategic positioners—for instance, by helping to create the firm's strategy.

Credible activists—for instance, by exhibiting the leadership and other competencies that make them “both credible (respected, admired, listened to) and active (offers a point of view, takes a position, challenges assumptions).”

Capability builders—for instance, by creating a meaningful work environment and aligning strategy, culture, practices, and behavior.

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The Human Resource Manager's Competencies

Change champions—for instance, by initiating and sustaining change. HR innovators and integrators—for instance, by developing talent, and optimizing human capital through workforce planning and analytics.

Technology proponents—for instance, by connecting people through technology

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The Evolving Role of Human Resource Managers:

The HR role has evolved from administrative tasks to a strategic function. Modern HR managers face challenges such as profit maximization, talent management, employee engagement, ethical conduct, and performance measurement.

Strategic HR involves aligning HR practices with company objectives. This involves setting strategic aims, identifying employee needs, and developing HR policies and practices.

Technology has transformed HR operations. Examples include employee self-service portals, online recruitment, and virtual hiring.

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The Evolving Role of Human Resource Managers:

Talent management focuses on identifying, recruiting, developing, and retaining top talent. Key components include succession planning, performance management, and employee development.

Employee engagement is crucial for fostering a positive work environment. Strategies include recognition programs, workplace wellness initiatives, and open communication.

Ethical considerations in HR include workplace safety, privacy, discrimination, and fair treatment. Adhering to ethical principles is essential for maintaining a positive company reputation and avoiding legal issues.

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How Ethical Failures Led to the 2008 Financial Crisis

The financial crisis of 2008 was partly caused by the trading of risky mortgages that were treated as low-risk investments.

This was driven by financial incentives that rewarded executives for taking chances, such as bonuses based on the number and size of loans made.

This system encouraged risky lending practices, as there were no penalties for bad loans. Additionally, company cultures that glorified individuals who brought in business, regardless of the risks involved, contributed to this problem.

These factors led to a culture of carelessness and excessive risk-taking, ultimately resulting in the financial crisis.

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Ethical Failures: Questions for you

Questions:

Q 1. What ethical values do you think would be essential for a bank to uphold? Suggest three ways a bank could strengthen those values in its employees through HR policies and practices.

Q2. Which of the HR skills described in this chapter would be needed to prevent the kinds of problems described in this analysis of the financial crisis?

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The Evolving Role of Human Resource Managers

- **Measuring HR performance** involves using key performance indicators (KPIs) such as employee turnover, time-to-hire, and training costs.
- **Evidence-based HR** relies on data and research to make informed decisions.
- HR managers should **focus on adding value** to the organization through increased productivity, reduced costs, and enhanced employee satisfaction.
- An **HR philosophy guides decision-making and shapes company culture**. It should align with the overall values and mission of the organization.

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FOR LIFESPAN, DATA-DRIVEN APPROACH HELPS HR GET BETTER

Lifespan, a group of five New England hospitals, faces the challenge of keeping employees engaged in their work.

Problem/Challenge

High Employee Turnover: The lack of consistent leadership at the store level contributed to employee turnover rates of up to 300 percent a year.

Low Employee Morale: The constant turnover made it difficult for new managers to find, hire, and train new workers, leading to low employee morale and job satisfaction.

Impact on Patient Satisfaction: The lack of consistent leadership and high turnover negatively affected patient satisfaction and the quality of care provided.

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FOR LIFESPAN, DATA-DRIVEN APPROACH HELPS HR GET BETTER

Solution

Data-Driven Approach: Lifespan uses a methodical approach to identify the drivers of employee engagement through surveys and data analysis.

Targeted Action Plans: Based on the survey results, HR helps individual hospitals and departments develop action plans to improve engagement ,they prioritized employee recognition career development, and positive work environment:

Continuous Improvement: Lifespan monitors progress through follow-up surveys and measures outcomes such as employee turnover, patient satisfaction, and health.

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FOR LIFESPAN, DATA-DRIVEN APPROACH HELPS HR GET BETTER

Results

Improved Employee Engagement: Lifespan has seen a significant improvement in employee engagement levels.

Enhanced Patient Satisfaction: Increased employee engagement has led to higher patient satisfaction and a greater likelihood of patient recommendations.

Improved Healthcare Outcomes: Fewer medication errors and hospital-acquired infections have resulted from higher employee engagement.

Financial Benefits: The improvements in care have led to cost savings for Lifespan due to reduced penalties from Medicare and Medicaid for preventable events

Conclusion

Understanding Human Resource Management (HRM)

HRM is crucial for attracting, developing, and retaining employees, directly impacting organizational success. It encompasses various activities, including recruitment, performance management, and employee relations.

The Five Functions of Management

Planning: Setting goals and strategies.

Organizing: Structuring the organization and assigning tasks.

Staffing: Recruiting and training employees.

Leading: Motivating and inspiring employees.

Controlling: Monitoring performance and making adjustments.

Conclusion

The Role of HRM

HRM supports all management functions, ensuring the right people are in place and fostering a positive work environment.

Key HRM Activities

Job Analysis: Identifying job duties and qualifications.

Recruitment and Selection: Attracting and choosing candidates.

Orientation and Training: Introducing new employees to the company.

Compensation and Benefits: Creating competitive pay packages.

Performance Management: Setting expectations and evaluating performance.

Employee Relations: Addressing concerns and grievances.

Conclusion

The Importance of HRM

Effective HRM enhances employee morale, productivity, and satisfaction, providing a competitive edge.

1- Avoiding Common HRM Mistakes

Neglecting HRM can lead to low morale, high turnover, legal issues, and ineffective departments.

2- The Bottom Line: People Are the Key

A strong workforce is essential for achieving organizational goals.

Conclusion

3- HRM: The Key to Results

HRM focuses on achieving results through effective people management.

4- HR Goes Beyond HR Professionals

Understanding HR principles is valuable for all managers, as they often lead HR activities.

5- Entrepreneurs and HR

Entrepreneurs often take on HR roles in small businesses, making knowledge of HR practices essential.

Conclusion

Line and Staff Aspects of HRM

Line Authority: Directing subordinates.

Staff Authority: Advising line managers.

Shared Responsibility for HRM

Collaboration between HR and line managers is vital for effective HR practices.

Line Managers' Human Resource Responsibilities

Key responsibilities include recruitment, onboarding, training, performance management, and ensuring employee morale.

Conclusion

The Growing Role of HR Departments

As organizations expand, HR departments provide specialized support in various HR areas.

Examples of HR Roles

HR roles include recruiters, compensation managers, training specialists, and labor relations specialists.

A New Approach to Organizing Human Resources

Modern HR models include transactional HR, corporate HR, embedded HR, and centers of expertise.

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Conclusion

HR is facing a rapidly changing landscape. Technological advancements, demographic shifts, globalization, and economic challenges are reshaping the way HR professionals work.

- **Technology is transforming HR practices.**
- **The workforce is evolving.**
- **Globalization and competition are intensifying.**
- **Economic challenges and trends also impact HR.**

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Conclusion

Key Competencies for Today's HR Managers

- **Strategic Positioners:** Aligning HR with business goals.
- **Credible Activists:** Influencing organizational culture.
- **Capability Builders:** Creating positive work environments.
- **Change Champions:** Leading transformations.
- **HR Innovators and Integrators:** Developing talent and optimizing human capital.
- **Technology Proponents:** Leveraging HR technology for efficiency.

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Thank You