

Human Resources Management

Robert L. Mathis | John H. Jackson

Prepared by Dr. Samah Abdelfatah

MGM 243

Lecture 01



Changing Nature of Human Resource Management

Chapter
01

Lecture 01

MGM 243

Prepared by
Dr. Samah Abdelfatah

Chapter
01

LEARNING OBJECTIVES

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

- Define human capital and explain its importance.
- Identify the seven categories of HR activities.
- Describe how the major roles of HR management are being transformed.
- Discuss four challenges facing HR today.
- Identify the purposes and uses of HR technology.
- Discuss why ethical issues affect HR management.
- Explain the key competencies needed by HR professionals

- **Human Resource Management**
The design of formal systems in an organization to ensure effective and efficient use of human talent to accomplish organizational goals.
- **Who Is an HR Manager?**
All managers at every level must concern themselves with human resource management
HR specialists design processes and systems that operating managers help implement.



Chapter

01

NATURE OF HUMAN RESOURCE MANAGEMENT

HUMAN CAPITAL IN ORGANIZATIONS

In all organizations there are many resources that affect organizational performance.

Organizations must manage four types of assets:

- **Physical:** Buildings, land, furniture, computers, vehicles, equipment, etc.
- **Financial:** Cash, financial resources, stocks, financial securities, etc.
- **Intangible:** Specialized research capabilities, patents, information systems, designs, operating processes, etc.
- **Human:** Individuals with talents, capabilities, experience, professional expertise, relationships, etc

All these assets are crucial in varying degrees in different organizations. But the human assets are the “glue” that holds all the other assets together and guides their use to achieve results

HUMAN CAPITAL AND HR

What is the difference between HR & HC?

- **Human capital** : The collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce.

Sometimes it is called ***intellectual capital*** to reflect the thinking, knowledge, creativity, and decision making that people in organizations contribute

- *For example, firms with high intellectual capital may have technical and research employees who create new biomedical devices, formulate pharmaceuticals that can be patented, and develop new software for specialized uses. All these organizational contributions illustrate the potential value of human capital*

HUMAN RESOURCES AS A CORE COMPETENCY

- **The development and implementation of specific organizational strategies must be based on the areas of strength in an organization**
- **Core competency** A unique capability that creates high value and differentiates an organization from its competitors.





How do we achieve Even Lower Prices at IKEA?

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

TYPICAL DIVISION OF HR RESPONSIBILITIES

• HR Unit

- Develops legal, effective interviewing techniques
- Trains managers in conducting selection interviews
- Conducts interviews and testing
- Sends top three applicants to managers for final review
- Checks references
- Does final interviewing and hiring for certain job classifications

• Managers

- Advise HR of job openings
- Decide whether to do own final interviewing
- Receive interview training from HR unit
- Do final interviewing and hiring where appropriate
- Review reference information
- Provide feedback to HR unit on hiring/rejection decisions

HR MANAGEMENT ROLES



Figure1-2

ADMINISTRATIVE ROLE

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

- **Technology Transforming HR** To improve the administrative efficiency of HR and responsiveness of HR to employees and managers, more HR functions are becoming available electronically or are being done on the Internet.
- **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.

CHANGING ROLES OF HR MANAGEMENT

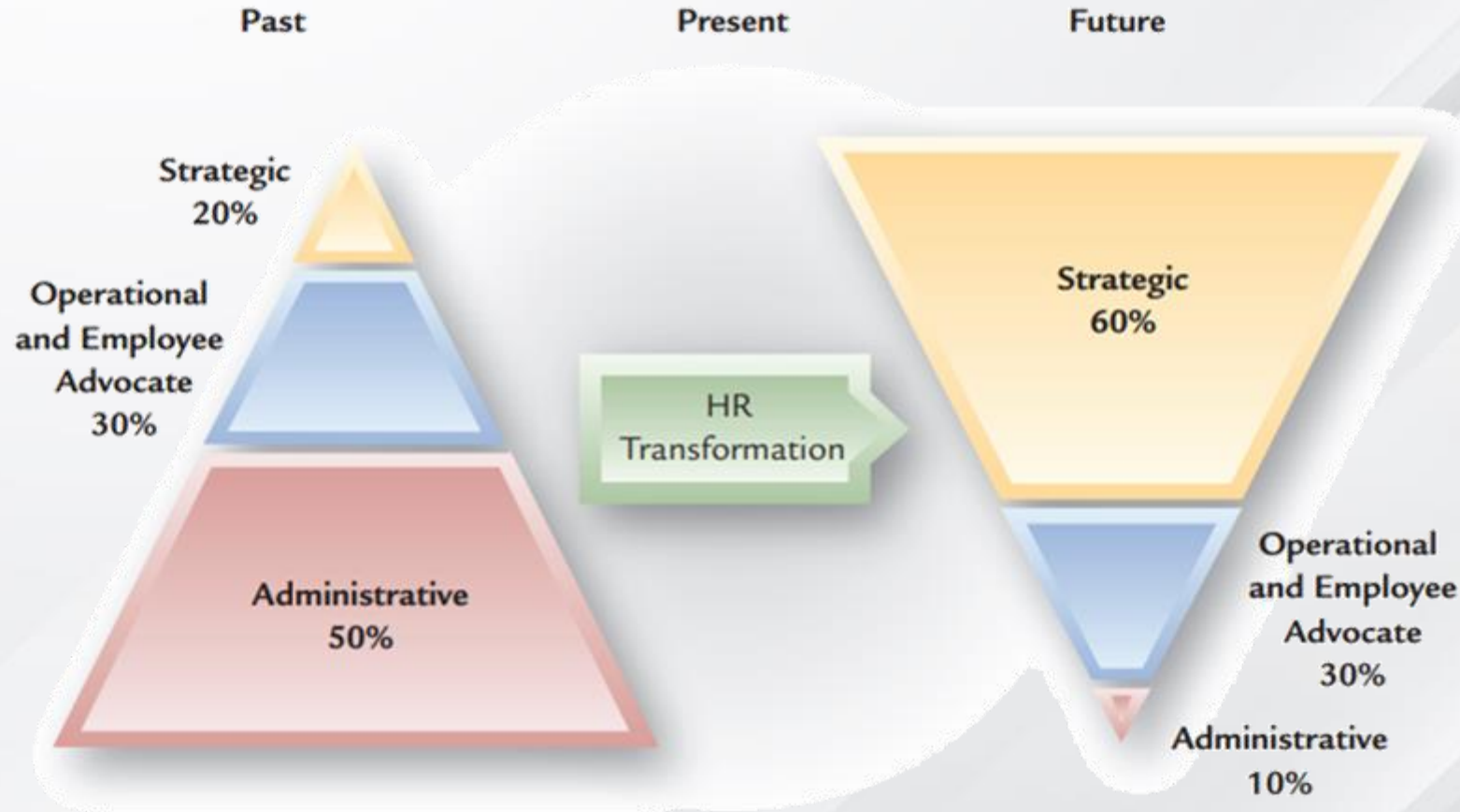


Figure 1-3

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

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

- The internationalization of business has proceeded at a rapid pace.
- The globalization of business has shifted from trade and investment to the integration of global operations, management, and strategic alliances, which has significantly affected the management of human resource

As a result:

- **Off-shoring** : businesses contracting out activities to unaffiliated companies or their affiliates in another country.
- **In-shoring**: Foreign businesses shifting activities to the home country
- **Outsourcing**: Businesses contracting out activities to unaffiliated companies either at home or abroad

ECONOMIC AND TECHNOLOGICAL CHANGES

- **Occupational Shifts** A major change is the shift of jobs from manufacturing and agriculture to service and telecommunications.
- **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

ECONOMIC AND TECHNOLOGICAL CHANGES

- **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.
 - Reduced legal liability from contract employees
- **Technological Shifts and the Internet** Globalization and economic shifts have been accelerated by technological changes, with the Internet being a primary driver.

WORKFORCE DEMOGRAPHICS AND DIVERSITY

- **Racial/Ethnic Diversity** Racial and ethnic minorities account for a growing percentage of the overall labor force
- **Balancing Work and Family**
 - Dual-career couples
 - Single-parent households
 - Decline in the “traditional family”
 - Working mothers and family/childcare
- **Aging Workforce** In many economically developed countries, the population is aging, resulting in a significantly aging workforce

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.

- To improve productivity, quality, and service while also reducing costs, they are redesigning jobs and affecting people.
 - Intended results are flatter organizations, increases in productivity, quality, service and lower costs.
 - Loss of employee loyalty, and turnover of valuable employees.

HR managers must work toward ensuring cultural compatibility in mergers.

JOBS OF THE FUTURE

- AI and machine learning specialists
- Cybersecurity experts
- Data scientists and analysts
- Healthcare professionals
- Cybersecurity Analyst
- Renewable energy technicians
- Agricultural innovators
- Data Analyst
- Software developer



HR TECHNOLOGY

- **Human resource management system (HRMS) An integrated system providing information used by HR management in decision making**



PURPOSES OF AN HRMS

- **An HRMS serves two major purposes in organizations.**
 - **One relates to administrative and operational efficiency, the other to effectiveness.**
1. **The first purpose** is to improve the efficiency with which data on employees and HR activities are compiled. If automated, many HR activities can be performed more efficiently and quickly and with less paperwork
 2. **The second purpose** of an HRMS is more strategic and is related to HR planning. Having accessible data enables HR planning and managerial decision making to be based to a greater degree on information rather than relying on managerial perceptions and intuition.



OTHER USES OF HR TECHNOLOGY

- HR technology has many uses in an organization.
- The most basic is the automation of payroll and benefits activity
- tracking EEO/affirmative action activities.
- Web-based information systems:
 - Bulletin boards
 - Data access
 - Employee self-service
 - Extended linkage



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.

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'D)

- **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**



Thank You