Learning Objectives

After studying this chapter, you should be able to:

1. Define human resource management.
2. Describe the functions of human resource management.
3. Summarize the types of assistance the human resource department provides.
4. Explain the desired relationship between human resource managers and operating managers.
5. Identify several challenges today’s human resource managers currently face.
6. Outline several potential challenges and contributions that an increasingly diverse workforce presents.
7. Discuss the role of human resource managers in the future.
8. Explain how human resource managers can affect organizational performance.
9. Summarize several guidelines to follow when communicating human resource programs.
Human Resource Management

- Activities designed to provide for and coordinate the human resources of an organization
- Traditionally referred to as personnel administration or personnel management
Human Resource Functions

- **Human Resource Functions**
  - Tasks and duties performed in large and small organizations to provide for and coordinate human resources

- **Talent management**
  - The broad spectrum of HR activities involved in obtaining and managing firm’s human resources
Human Resource Functions

1. Human resource planning, recruitment, and selection
2. Human resource development
3. Compensation and benefits
4. Safety and health
5. Employee and labor relations
6. Human resource research
Activities of the Major Human Resource Functions

**Human Resource Planning, Recruitment, and Selection**
- Conducting job analyses to establish the specific requirements of individual jobs within the organization.
- Forecasting the human resource requirements the organization needs to achieve its objectives.
- Developing and implementing a plan to meet these requirements.
- Recruiting the human resources the organization requires to achieve its objectives.
- Selecting and hiring human resources to fill specific jobs within the organization.

**Human Resource Development**
- Orienting and training employees.
- Designing and implementing management and organizational development programs.
- Building effective teams within the organizational structure.
- Designing systems for appraising the performance of individual employees.
- Assisting employees in developing career plans.

**Compensation and Benefits**
- Designing and implementing compensation and benefit systems for all employees.
- Ensuring that compensation and benefits are fair and consistent.

**Safety and Health**
- Designing and implementing programs to ensure employee health and safety.
- Providing assistance to employees with personal problems that influence their work performance.

**Employee and Labor Relations**
- Serving as an intermediary between the organization and its union(s).
- Designing discipline and grievance handling systems.

**Human Resource Research**
- Providing a human resource information base.
- Designing and implementing employee communication systems.

*Table 1.1*
Who Performs the Human Resource Functions?

- Operating manager
  - Person who manages people directly involved with the production of an organization’s products or services
  - Production manager in a manufacturing plant, loan manager in a bank
Who Performs the Human Resource Functions?

- **Human resource generalist**
  - Person who devotes a majority of working time to human resource issues, but does not specialize in any specific areas.

- **Human resource specialist**
  - Person specially trained in one or more areas of human resource management
  - labor relations specialist, wage and salary specialist
The Human Resource Department

- Primary function – Provide support to operating managers on all human resource matters
- Fulfills a traditional staff role and acts in an advisory capacity
- Depending upon the organization, functions may be split between operating managers and human resource department
Other functions:

- Customarily organizes and coordinates hiring and training
- Maintains personnel records
- Acts as a liaison between management, labor, and government
- Coordinates safety programs
Examples of Types of Assistance Provided by Human Resource Departments

<table>
<thead>
<tr>
<th>Specific Services</th>
<th>Advice</th>
<th>Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintaining employee records</td>
<td>Disciplinary matters</td>
<td>Performance appraisals</td>
</tr>
<tr>
<td>Handling initial phases of employee orientation</td>
<td>Equal employment opportunity matters</td>
<td>Compensation matters</td>
</tr>
</tbody>
</table>

Table 1.2
Three Types of Assistance Provided by Human Resource Department

Figure 1.1
Challenges For Today’s Human Resource Managers

- Diversity in the workforce
- Result of changes in government requirements
- Organizational structures
- Technology
- Management approaches
Diversity in Workforce

Between years 2004-2018:
- Almost half the new entrants will be women
- White, non-Hispanic males will comprise fewer than one-third of new labor force entrants
- Average age of employees will climb to 42.3
Diversity in Workforce

Increasing globalization of many companies

- Defining *diversity* in global terms
  - Looking at all people and everything that makes them different from one another, as well as the things that make them similar
  - Values, habits, and customs
Key Human Resource Related Challenges Facing global Companies

- Cultural differences
- Compliance with data-privacy regulations
- Varying economic conditions across countries
- Time zone differences
- Legal environment
- International compliance
Challenges and Contributions of Diversity

- Organizations must get away from fitting employees into a single corporate mold.
  - Must create new human resource policies to explicitly recognize and respond to unique needs of individual employees.

- Communication problems that arise will necessitate additional training in written and spoken language skills.
Regulatory Changes

Organizations face new regulations routinely issued in areas of:

- Safety and health
- Equal employment opportunity
- Pension reform
- Quality of work life
Structural Changes to Organizations

- **Downsizing**
  - Laying off large members of managerial and other employees

- **Outsourcing**
  - Subcontracting work to an outside company that specializes in that particular type of work
Structural Changes to Organizations

- **Rightsizing**
  - Continuous and proactive assessment of mission-critical work and its staffing requirements

- **Reengineering**
  - Fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, services, and speed
Computerized information systems are now being used to maintain easily accessible employee data that are valuable in job placement and labor utilization.

Also being used in employee training, succession planning, and compensation management, and to track and report affirmative action activity.
Many organizations have implemented Web-based human resource systems that allow employees to complete many HR-related tasks online.

Referred to as electronic human resources (eHR)
Advantages of eHR

- Employee convenience
- Immediate response
- Increased accuracy
- Reduced costs
Technological and Managerial Changes within Organizations

Telecommuting

- Working at home by using an electronic linkup with a central office
- Applicable to employees in home country or on different continents
Empowerment
- Form of decentralization that involves giving subordinates substantial authority to make decisions

Self-managed work teams
- Groups of peers that are responsible for a particular task or area
Human Resource Management In the Future

- Human resource managers must be integrally involved in organization’s strategic and policy-making activities

- Human resource managers need to:
  - Overcome negative impressions and biases sometimes associated with this field
  - Become well-rounded businesspeople
  - Understand business complexities and strategies
Becoming more familiar with the business:

- Know the company strategy and business plan
- Know the industry
- Support business needs
- Spend more time with the line people
- Keep your hand on the pulse of the organization
- Learn to calculate costs and solutions in hard numbers
Questions for Understanding the Organization’s Business Strategies

- What are the goals of the organization over the next year, 3 years, 5 years, and 10 years?
- How would you describe the organization’s core business?
- How does your organization compare with competitors in market share and customer service?
- Will the company be growing via merger and acquisition or from internal growth?
- Will growth be local, national, or global?
- Will growth be from expansion of current businesses or from an expansion in scope?
- Instead of growth, will there be downsizing and if so, why?
- What are the organization’s revenue objectives over the short and long terms?
Impact of the HR Manager on Organizational Performance

1. Reducing unnecessary overtime expenses by increasing productivity during a normal day
2. Staying on top of absenteeism and instituting programs designed to reduce money spent for time not worked
3. Eliminating wasted time by employees with sound job design
4. Minimizing employee turnover and unemployment benefit costs by practicing sound human relations and creating a work atmosphere that promotes job satisfaction

5. Installing and monitoring effective safety and health programs to reduce lost-time accidents and keep medical and workers’ compensation costs low
6. Properly training and developing all employees to improve their value to company and do a better job producing and selling high-quality products and services at lowest possible cost

7. Decreasing costly material waste by eliminating bad work habits, attitudes and poor working conditions that lead to carelessness and mistakes

8. Hiring the best people available at every level and avoiding overstaffing
9. Maintaining competitive pay practices and benefit programs to foster a motivational climate for employees

10. Encouraging employees to submit ideas for increasing productivity and reducing costs

11. Installing human resource information systems to streamline and automate many human resource functions
Metrics and the HR Scorecard

- Metrics
  - Any set of quantitative measures used to assess workforce performance

- Analysis of cost per hire
- Average length of time to fill a position
- Training cost per employee
- Turnover cost per employee
- New-hire performance by recruiting strategy
Metrics and the HR Scorecard

HR Scorecard

- Measurement and control system using a mix of quantitative and qualitative measures to evaluate performance
- Modified form of the balanced scorecard system
Communicating Human Resource Programs

Communication

- The transfer of information that is meaningful to those involved

- Human resource managers must develop an appreciation for the importance of communication
Guidelines for Communicating Human Resource Programs

- Avoid communicating in peer group or “privileged-class” language by focusing on the audience
- Don’t ignore cultural and global aspects of communication
- Back up communications with management action
- Periodically reinforce employee communications
Guidelines for Communicating Human Resource Programs (cont.)

- Transmit information and not just data
- Don’t ignore perceptual and behavioral aspects of communication; anticipate employee reactions and act accordingly
Guidelines for Communicating Human Resource Programs (cont.)

- **Data**
  - Raw material from which information is developed
  - Composed of facts that describe places, people, things, or events and that have not been interpreted

- **Information**
  - Data that have been interpreted
  - Meet a need of one or more managers