

fundamentals of

# Human Resource Management 4<sup>th</sup> edition

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## CHAPTER 1

# Managing Human Resources

# What Do I Need to Know? (1 of 2)

1. Define human resource management and explain how HRM contributes to an organization's performance.
2. Identify the responsibilities of human resource departments.
3. Summarize the types of skills needed for human resource management.

# What Do I Need to Know? (2 of 2)

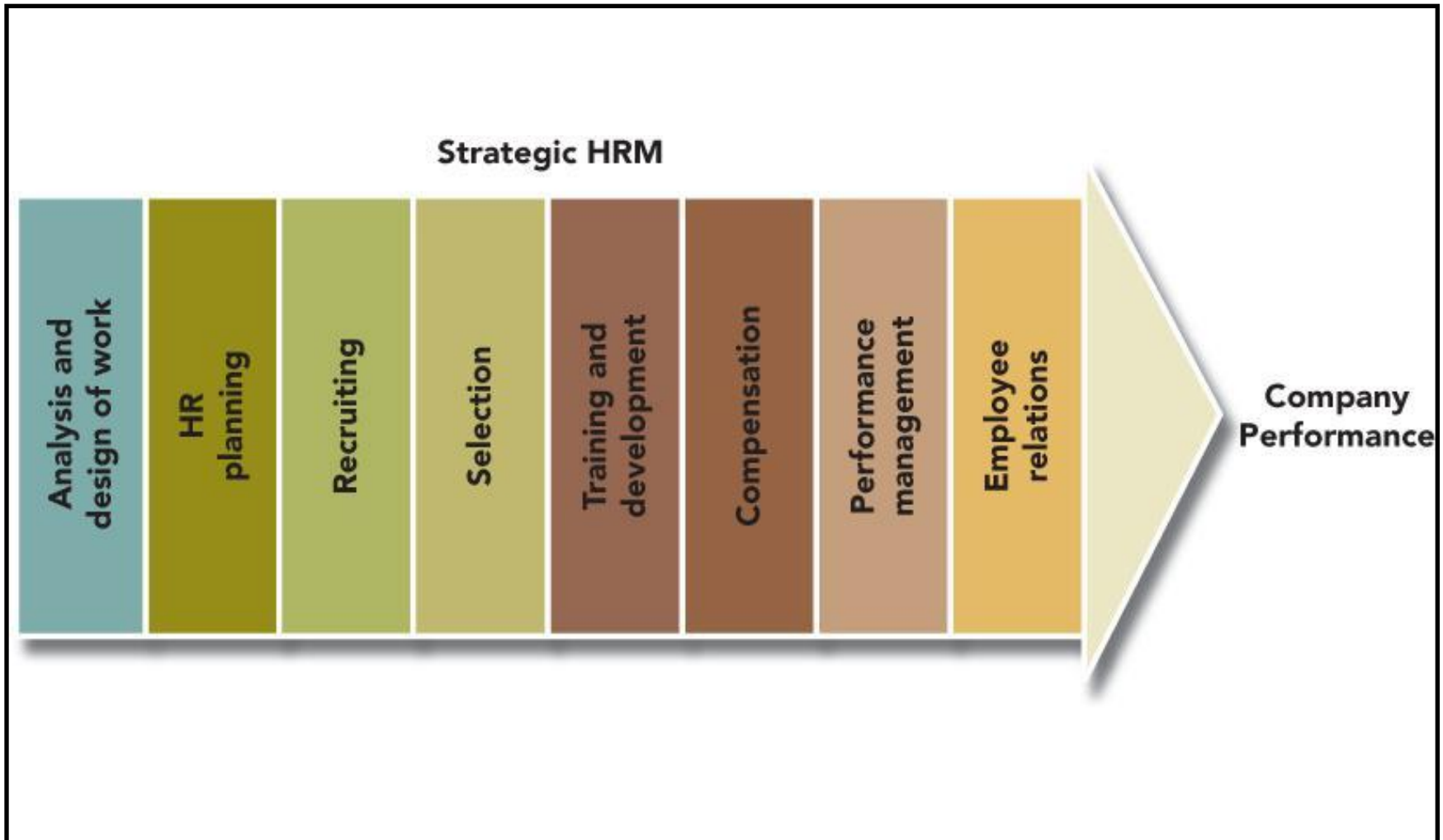
4. Explain the role of supervisors in human resource management.
5. Discuss ethical issues in human resource management.
6. Describe typical careers in human resource management.

# Human Resource Management (HRM)

- The policies, practices, and systems that influence employees':
  - behavior
  - attitudes
  - performance



# Figure 1.1: Human Resource Management Practices



# At companies with effective HRM:

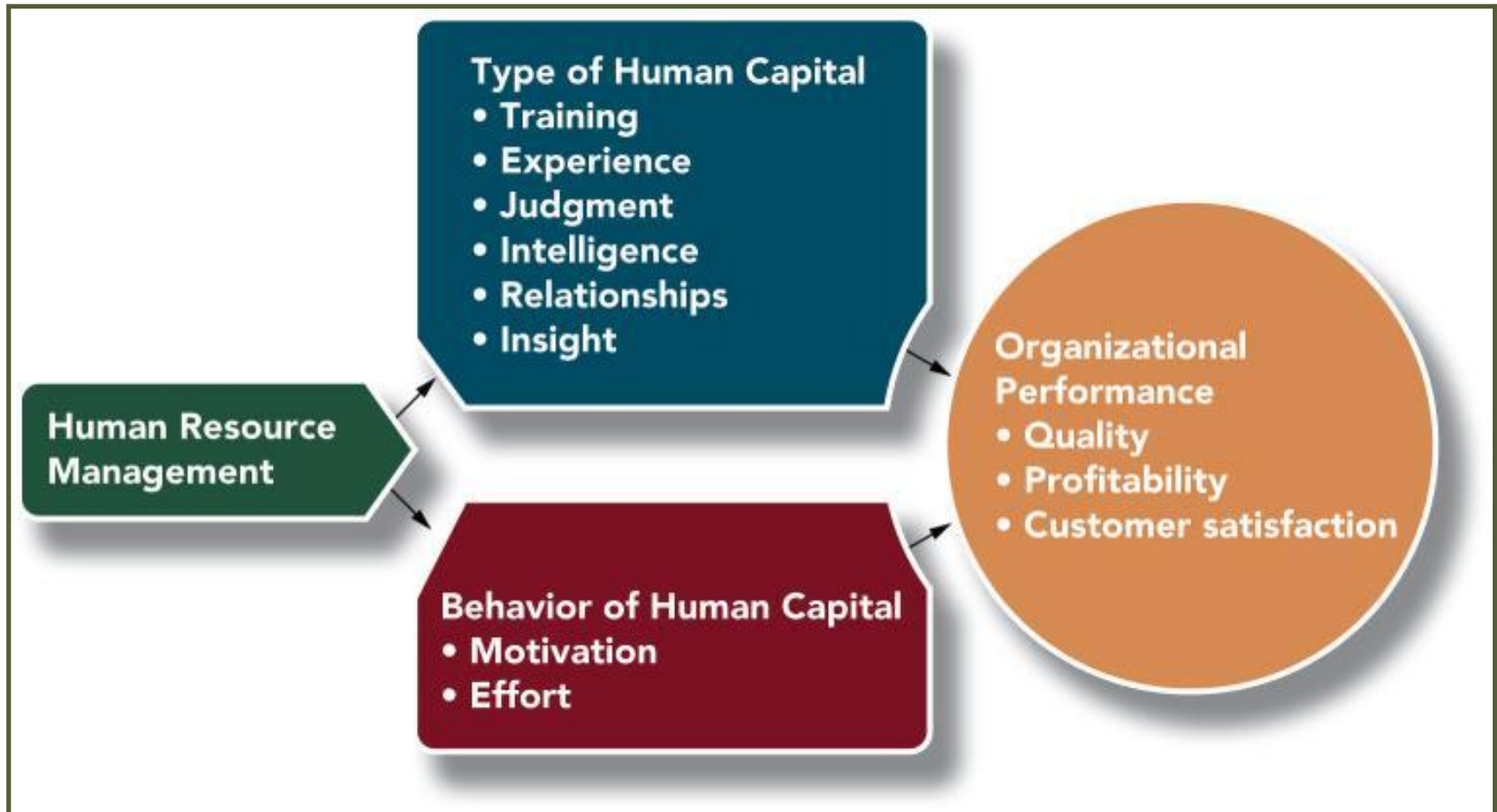
- Employees and customers tend to be more satisfied.
- The companies tend to:
  - be more innovative
  - have greater productivity
  - develop a more favorable reputation in the community

# Human Capital

- **Human Capital** – an organization's employees described in terms of their:
  - training
  - experience
  - judgment
  - intelligence
  - relationships
  - insight
- The concept of “human resource management” implies that employees are *resources* of the employer.

## Figure 1.2:

# Impact of Human Resource Management





# HRM and Sustainable Competitive Advantage

- An organization can succeed if it has *sustainable competitive advantage*.
- Human resources have the necessary qualities to help give organizations this advantage:
  - Human resources are *valuable*.
  - Human resources with needed skills and knowledge are sometimes *rare*.
  - Human resources *cannot be imitated*.
  - Human resources have *no good substitutes*.



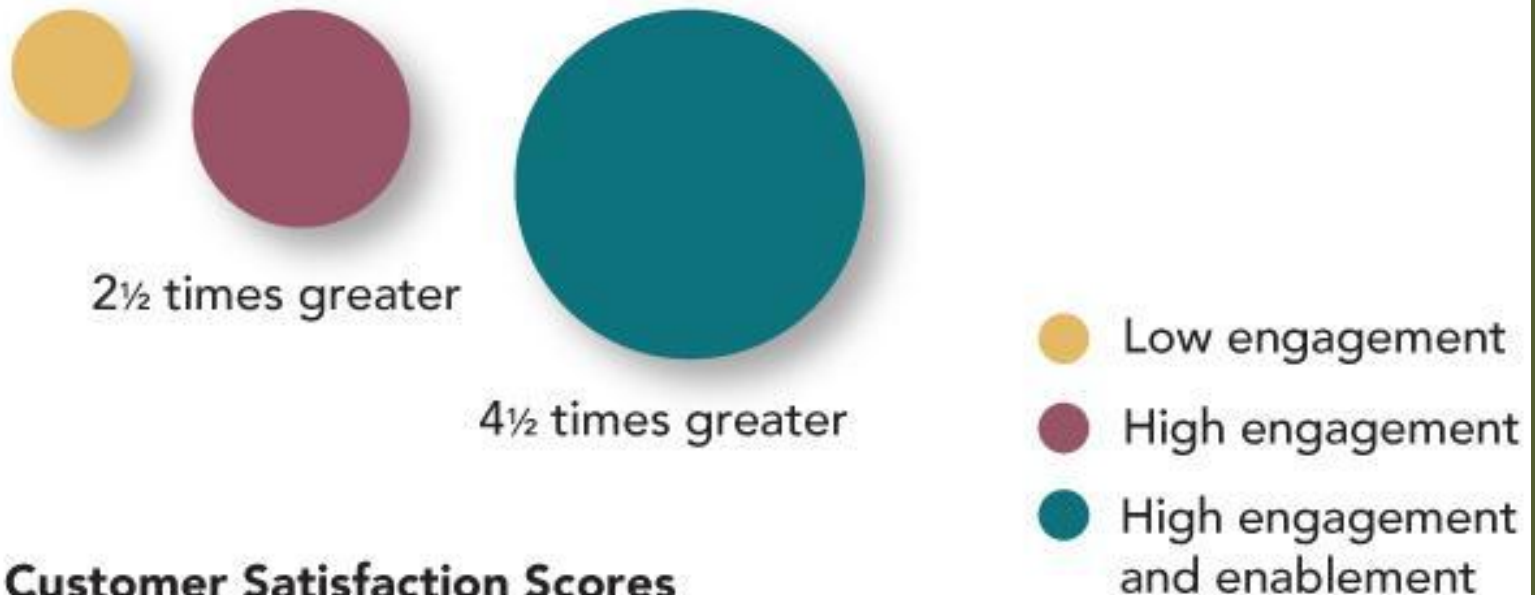
- At Southwest Airlines, the company's focus is on keeping employees loyal, motivated, trained, and compensated. In turn, there is a low turnover rate and a high rate of customer satisfaction.

# High-Performance Work System

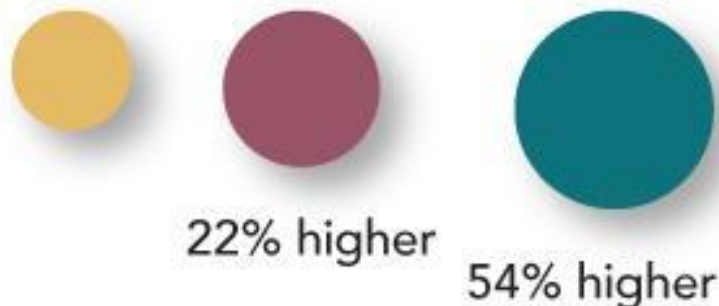
- An organization in which technology, organizational structure, people, and processes all work together to give an organization an advantage in the competitive environment.

# Engaged, Enabled Employees Deliver Bottom-Line Benefits

## Growth in Revenues



## Customer Satisfaction Scores



## Table 1.1:

# Responsibilities of HR Departments

FUNCTION	RESPONSIBILITIES
Analysis and design of work	Work analysis; job design; job descriptions
Recruitment and selection	Recruiting; job postings; interviewing; testing; coordinating use of temporary labor
Training and development	Orientation; skills training; career development programs
Performance management	Performance measures; preparation and administration of performance appraisals; discipline
Compensation and benefits	Wage and salary administration; incentive pay; insurance; vacation leave administration; retirement plans; profit sharing; stock plans
Employee relations	Attitude surveys; labor relations; employee handbooks; company publications; labor law compliance; relocation and outplacement services
Personnel policies	Policy creation; policy communication; record keeping; HR information systems
Compliance with laws	Policies to ensure lawful behavior; reporting; posting information; safety inspections; accessibility accommodations
Support for strategy	Human resource planning and forecasting; change management

**SOURCE:** Based on SHRM-BNA Survey No. 66, "Policy and Practice Forum: Human Resource Activities, Budgets, and Staffs, 2000–2001," Bulletin to Management, Bureau of National Affairs Policy and Practice Series (Washington, DC: Bureau of National Affairs, June 28, 2001).

# Responsibilities of HR Departments

- One employee dedicated to handle HR related matters is usually necessary in a company of \_\_\_\_\_ employees.
  - A. 10
  - B. 25
  - C. 75
  - D. 200

# Analyzing and Designing Jobs

## **Job Analysis**

- The process of getting detailed information about jobs.

## **Job Design**

- The process of defining the way work will be performed and the tasks that a given job requires.

# Recruiting and Hiring Employees

## Recruitment

- The process through which the organization seeks applicants for potential employment.

## Selection

- The process by which the organization attempts to identify applicants with the necessary knowledge, skills, abilities, and other characteristics that will help the organization achieve its goals.



# Qualities of Job Candidates

- Which of the following qualities were in the top 5 as reported by employers?
  - A. Technical skills
  - B. Intelligence
  - C. Interpersonal skills
  - D. Computer skills

## Table 1.2: Top Qualities Employers Seek in Job Candidates

1. Interpersonal skills
2. Work ethic
3. Initiative/flexibility
4. Honesty/loyalty
5. Strong communication skills (verbal and written)

SOURCES: "Skills Employers Look for in Employees," articles by Leigh Goessl, Juan Leer, and Sun Meilan at [www.helium.com](http://www.helium.com), accessed May 12, 2010, and Dennis Lee, "10 Qualities Interviewers Look For," at [www.goldsea.com](http://www.goldsea.com), accessed May 12, 2010.

# Training and Developing Employees

## Training

- A planned effort to enable employees to learn job-related knowledge, skills, and behavior.

## Development

- The acquisition of knowledge, skills, and behaviors that improve an employee's ability to meet changes in job requirements and in customer demands.

# Managing Performance

- **Performance Management** – The process of ensuring that employees' activities and outputs match the organization's goals.
- The human resource department may be responsible for developing or obtaining questionnaires and other devices for measuring performance.

# Planning and Administering Pay and Benefits

## Planning Pay & Benefits

- How much to offer in salary and wages.
- How much to offer in bonuses, commissions, and other performance-related pay.
- Which benefits to offer and how much of the cost will be shared by employees.

## Administering Pay & Benefits

- Systems for keeping track of employees' earnings and benefits are needed.
- Employees need information about their benefits plan.
- Extensive record keeping and reporting is needed.

# Maintaining Positive Employee Relations

- Preparing and distributing:
  - employee handbooks and policies
  - company publications and newsletters
- Dealing with and responding to communications from employees:
  - questions about benefits and company policy
  - questions regarding possible discrimination, safety hazards, possible harassment
- Collective bargaining and contract administration.

# Establishing and Administering Personnel Policies

- Organizations depend on their HR department to help establish and communicate policies related to:
  - hiring
  - discipline
  - promotions
  - benefits
- All aspects of HRM require careful and discreet record keeping.

# Ensuring Compliance with Labor Laws

- Government requirements include:
  - filing reports and displaying posters
  - avoiding unlawful behavior
- Managers depend on HR professionals to help them keep track of these requirements.
- Lawsuits that will continue to influence HRM practices concern job security.





- One reason W.L. Gore & Associates is repeatedly named one of the 100 Best Companies to Work for in America is their unusual corporate culture where all employees are known as associates and bosses are not found.

# Supporting the Organization's Strategy

- **Human resource planning** – identifying the numbers and types of employees the organization will require to meet its objectives.
- The organization may turn to its HR department for help in managing the change process.
- Skilled HR professionals can apply knowledge of human behavior, along with performance management tools, to help the organization manage change constructively.

# Supporting the Organization's Strategy

- **Evidence-based HR**— Collecting and using data to show that human resource practices have a positive influence on the company's bottom line or key stakeholders.

# Supporting the Organization's Strategy

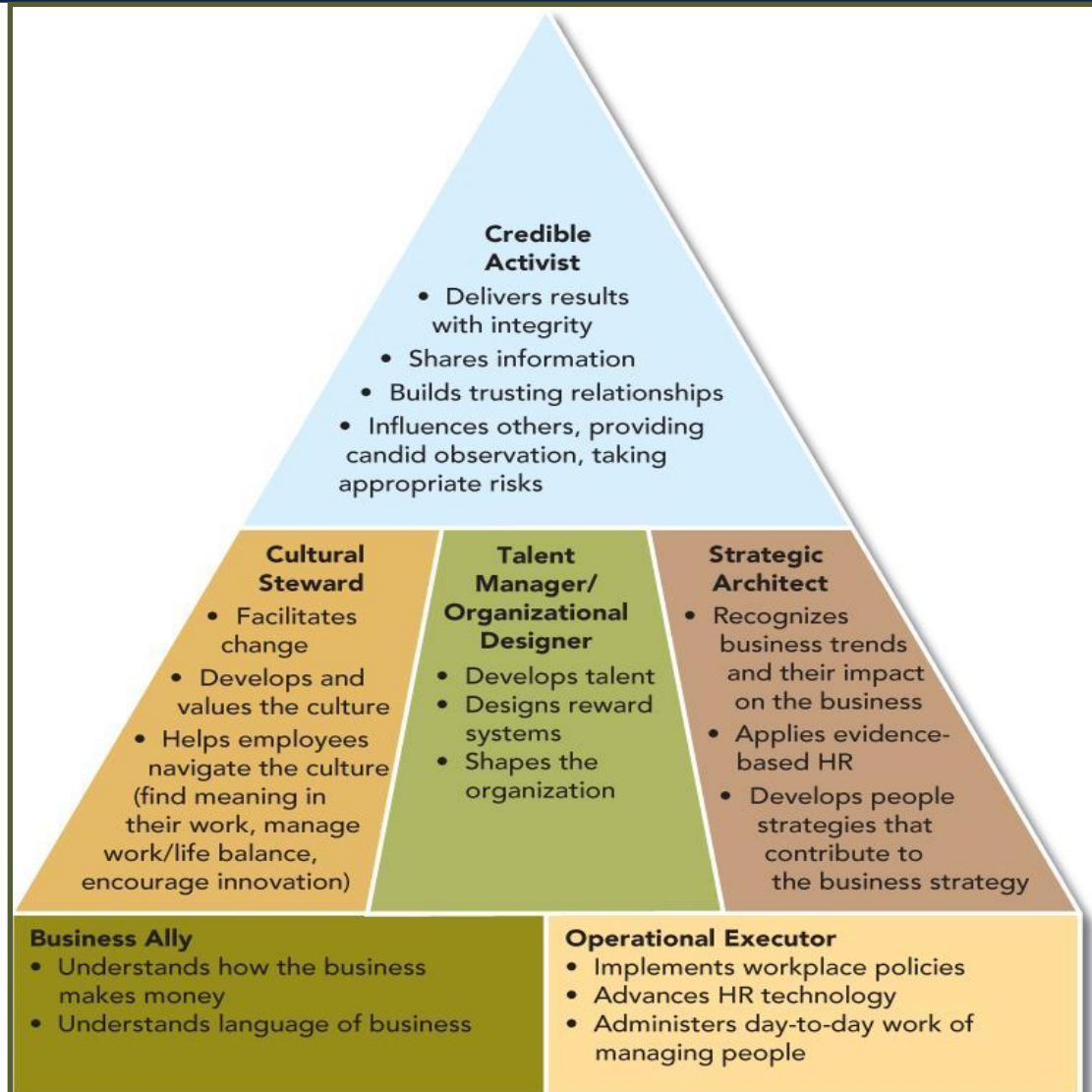
## **Corporate Social Responsibility**

- A company's commitment to meeting the needs of its stakeholders.

## **Stakeholders**

- The parties with an interest in the company's success (typically, shareholders, the community, customers, and employees).

# Figure 1.3: Skills of HRM Professionals



# Who is Responsible for HR?

- In an organization, who should be concerned with human resource management?
  - A. Only HR departments
  - B. Only Managers
  - C. Managers and HR departments

## Figure 1.4: Supervisors' Involvement in HRM



# Ethics in Human Resource Management

- **Ethics** – the fundamental principles of right and wrong.
- Ethical behavior is behavior that is consistent with those principles.
- Many ethical issues in the workplace involve human resource management.



# Employee Rights

Right of free  
consent

Right of  
privacy

Right of  
freedom of  
conscience

Right of  
freedom of  
speech

Right to due  
process

## Ethical companies act according to four principles:

1. In their relationships with customers, vendors, and clients, ethical companies emphasize mutual benefits.
2. Employees assume responsibility for the actions of the company.
3. The company has a sense of purpose or vision that employees value and use in their day-to-day work.
4. They emphasize fairness.

## Figure 1.5: Standards for Identifying Ethical Practices



# Standards for Identifying Ethical Human Resource Management Practices

1. HRM practices must result in the greatest good for the largest number of people.
2. Employment practices must respect basic human rights of privacy, due process, consent, and free speech.
3. Managers must treat employees and customers equitably and fairly.

## Figure 1.6:

# Median Salaries for HRM Positions



# Test Your Knowledge

- Which HR functions are primarily concerned with 1) ensuring employees are capable of doing their current job , 2) ensuring that employees are satisfied with their rewards.
  - A. 1) Development; 2) Employee Relations
  - B. 1) Training; 2) Legal Compliance
  - C. 1) Selection; 2) Pay & Benefits
  - D. 1) Training; 2) Pay & Benefits

# Summary

- Human resource management (HRM) consists of an organization's "people practices"
  - the policies, practices, and systems that influence employees' behavior, attitudes, and performance.
- HRM influences who works for the organization and how those people work.
- HR departments have responsibility for a variety of functions related to acquiring and managing employees.

# Summary (continued)

- HR management requires substantial human relations skills, including skill in:
  - communicating
  - negotiating
  - team development
- HR professionals also need:
  - To understand the language of business
  - To be a credible with line managers and executives
  - To be strategic partners



# Summary (continued)

- Non-HR managers must be familiar with the basics of HRM and their own role with regard to managing human resources.
  - Supervisors typically have responsibilities related to all the HR functions.
- HR professionals should make decisions consistent with sound ethical principles.

# Summary (continued)

- The decisions of HR professionals should:
  - Result in the greatest good for the largest number of people.
  - Respect basic rights of privacy, due process, consent, and free speech.
  - Treat employees and customers equitably and fairly.
- Careers in HR management may involve specialized work in fields such as recruiting, training, or compensation