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# **Creating Value through Human Resources**

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## **Lesson 1**

# Learning Objectives ... an agenda of the session

- After this lecture you should be able to:
  - Explain how **human resource management (HRM)** helps to **create successful organizations**.
  - Describe organizational success and the **role of HRM** from the **organizational life cycle** and **stakeholder perspectives**.
  - List the **core functions** of HRM.
  - Explain how effective HRM requires a **combination of strategic and functional perspectives**.
  - Identify important **labor trends** affecting organizations and their **HRM**.

# What is Human Resources and Why learn about HRM?

- **Human resource management** focuses on the people side of the organization.
- **Why learn about HRM?**
  1. Research has shown that organizations with strong HRM create more **satisfied employees**, who in turn work harder to **satisfy customers** → tension toward the creation of the **competitive advantage**.
  2. Human resource **skills** are **universal** and **useful not only for HR professionals, but for everyone who has responsibility for leading others** in the organization (hiring, managing and motivating).

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# How is Organizational Success Determined?

- We can observe the **Organizational Success** through two perspectives:
  - Success at various **stages of the Life Cycle**.
  - Success from the **Stakeholder viewpoint**.

# HR and the Life Cycle of the Organization

- The stages of growth begin when the organization is founded and end when it ceases to exist.

**Table 1.1**

*Human Resources across the Organizational Life Cycle*

Stage	Goal	Human Resource Contribution
Entrepreneurial	Survival and growth	Need to hire and maintain employees; emphasis on creating plans for measuring performance and deciding pay
Communal	Develop identity and overcome conflict	Need to develop clear communication channels; emphasis on building strong loyalty among employees
Formalization	Efficient production	Need to create formalized practices for hiring, training, and compensating; emphasis on continual improvement of employee skills and motivation
Elaboration	Adaptation and renewal	Need to alter practices to meet changing demands; emphasis on new ways of organizing work tasks

# Success from Stakeholder Perspectives

- **Stakeholders** are defined as individuals or groups of people who can affect or who are affected by an organization.
- But this definition presents a problem → Can anyone tell what it is?
  - It is very broad and could include almost anyone.
- Primary stakeholders are:
  - **Employees**
  - **Customers**
  - **Owners** (shareholders)

# Stakeholder Groups - Employees

- Employees make up an important group of stakeholders.
  - They complete tasks to make goods and services, and influence the organization's ability to achieve its objectives.
- **HRM** plays a major role in ensuring that the organization:
  - **complies with employment and safety laws;**
  - **helps design work tasks and programs which reduce turnover.**



# Stakeholder Groups - Customers

- Research supports the notion that good HRM improves customer satisfaction, largely through customers' interactions with employees. This can be seen in the following ways:
  1. Employees tend to treat customers **the same way they believe managers treat them.**
  2. Employees, **who feel the organization evaluates them and treats them with respect**, reproduce these good attitudes and behaviors in their interactions with customers.

# Stakeholder Groups – Owners (shareholders)

- Owners' main concern is the organization's profits.
- Research show organizations where employees who have **better skills**, are **well paid**, and **feel their jobs are secure** have **higher individual performance**, which translates into desirable improvements like growth in sales.

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# Core Human Resource Functions

**Table 1.2**

*Core Human Resource Functions*

Function	Description
Strategic Management	Working with other parts of the organization to create and carry out plans about ways to provide quality goods and services
Workforce Planning	Identifying jobs that capture the tasks employees need to accomplish; recruiting and selecting desirable employees
Development	Measuring employee performance; teaching employees new knowledge, skills, and abilities
Compensation and Benefits	Paying employees fairly; administering benefits such as insurance
Employee and Labor Relations	Working with labor unions; handling grievances; ensuring fair treatment
Health and Safety	Establishing procedures to prevent injury and accidents; reducing workplace violence

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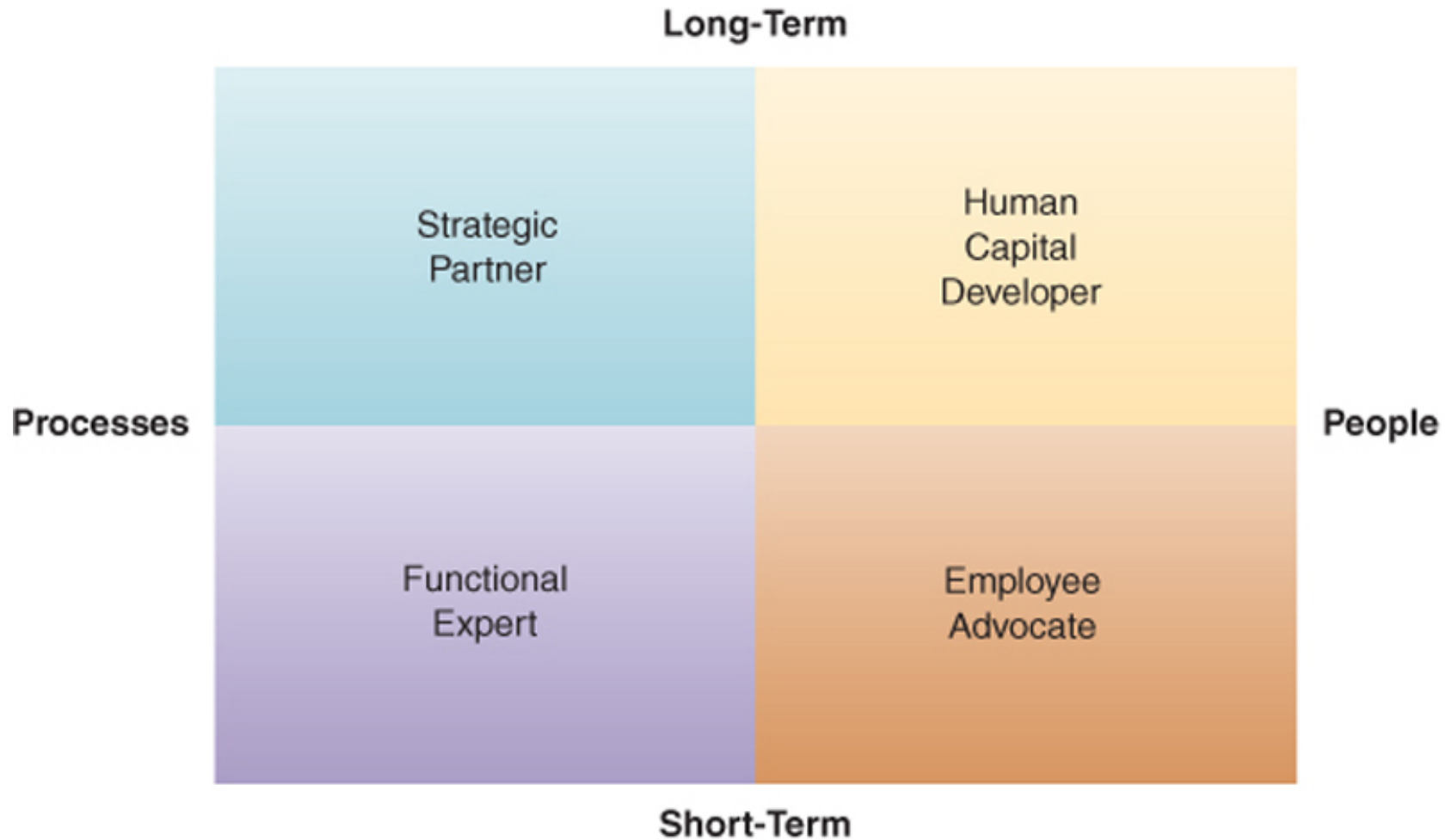
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# What is the role of the HR Professional?

- **To help other managers** to;
  - Learn and improve methods for hiring employees, understanding HR law, assessing training needs, and making pay and reward decisions.
  - To develop human resource skills.
- **To fulfill the role of employee advocate.** They look out for the interests of employees by advocating issues to management and helping employees who are experiencing problems which might be affecting them at work.

# Human Resource Roles



# HR Competencies





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# Current Trends and HRM

- **Workforce diversity** particularly older workers, women, and members of minorities.
- Job growth is expected in the fields of **health care, education, and human resource management-service sector**
- Globalization will require human resource departments to create processes that **effectively manage people working in various foreign countries**