Chapter 1

Nature of Human Resource Management

Changing Nature of Human Resource Management

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Learning Objectives

• After you have read this chapter, you should be able to:
  ➢ Define HR management and identify the seven categories of HR activities.
  ➢ Discuss three challenges facing HR today.
  ➢ Describe how the major roles of HR management are being transformed.
  ➢ Identify the purposes and uses of HR technology.
  ➢ Discuss why ethical issues affect HR management.
  ➢ Explain the key competencies needed by HR professionals and why certification is important.
Nature of Human Resource Management

• Human Resource (HR) 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?
  ➢ In the course carrying out their duties, every operating manager is, in essence, an HR manager.
  ➢ HR specialists design processes and systems that operating managers help implement.
Source: HR Department Benchmarks and Analysis Survey 2004 (Washington, DC: Bureau of National Affairs, 2004), 21. To purchase this publication and find out more about other BNA HR solutions visit http://hrcenter.bna.com or call 800-372-1033. Used with permission.

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HR Activities

• Strategic HR Management
• Equal Employment Opportunity
• Staffing
• HR Development
• Compensation and Benefits
• Health, Safety, and Security
• Employee and Labor Relations
Smaller Organizations and HR Management

Issues of Greatest Concern

- Shortage of Qualified Workers
- Compliance with Government Regulations
- Increasing Costs of Benefits
- Rising Taxes
Cooperation of HR with Operating Managers

• **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
Who Handles Training and Development

Note: Length of bars represents prevalence of activity among all surveyed employers.

Source: HR Department Benchmarks and Analysis Survey 2004 (Washington, DC: Bureau of National Affairs, 2004), 21. To purchase this publication and find out more about other BNA HR solutions visit http://hrcenter.bna.com or call 800-372-1033. Used with permission.

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## Typical Division of HR Responsibilities: Training

<table>
<thead>
<tr>
<th><strong>HR Unit</strong></th>
<th><strong>Managers</strong></th>
</tr>
</thead>
</table>
| ✷ Prepares skill-training materials  
✷ Coordinates training efforts  
✷ Conducts or arranges for off-the-job training  
✷ Coordinates career plans and employee development efforts  
✷ Provides input and expertise for organizational development | ✷ Provide technical information  
✷ Monitor training needs  
✷ Conduct and monitor continuing on-the-job training  
✷ Continually discuss employees’ growth and future potential  
✷ Participate in organizational change |
Management of Human Capital In Organizations

• Human Capital
  ➢ The collective value of the capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce.
    ❖ Also known as intellectual capital.
    ❖ How to measure the strategic value of human assets?

• Core Competency
  ➢ A unique capability that creates high value and differentiates an organization from its competition.
    ❖ HR competencies: a source of competitive advantage.
HR Management Challenges

• Globalization of Business
  ➢ Outsourcing and increased competition
  ➢ The threat of terrorism

• Economic and Technological Changes
  ➢ Occupational shifts from manufacturing and agriculture to service industries and telecommunications.
  ➢ Pressures of global competition causing firms to adapt by lowering costs and increasing productivity.

• Technological Shifts and the Internet
  ➢ Growth of information technology.
## Fastest Growing Jobs to 2010

<table>
<thead>
<tr>
<th>Percentage Increase In Jobs</th>
<th>Increase In Job Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer software engineers</td>
<td>Food-service / fast food workers 673,000</td>
</tr>
<tr>
<td>Computer support specialists</td>
<td>Customer service representatives 631,000</td>
</tr>
<tr>
<td>Network administrators</td>
<td>Registered nurses 561,000</td>
</tr>
<tr>
<td>Personal / home care aides</td>
<td>Retail salespersons 510,000</td>
</tr>
<tr>
<td>Physicians assistants</td>
<td>Computer support specialists 490,000</td>
</tr>
<tr>
<td>Medical records technicians</td>
<td>Cashiers 474,000</td>
</tr>
<tr>
<td>Information systems managers</td>
<td>Security guards 391,000</td>
</tr>
<tr>
<td>Physical/occupational therapists</td>
<td>General/operating managers 363,000</td>
</tr>
<tr>
<td>Fitness trainers</td>
<td>Nurses aides 323,000</td>
</tr>
<tr>
<td></td>
<td>Post-secondary teachers 315,000</td>
</tr>
<tr>
<td></td>
<td>Home health aides 291,000</td>
</tr>
</tbody>
</table>

HR Management Challenges

• Workforce Availability and Quality Concerns
  ➢ Inadequate supply of workers with needed skills for “knowledge jobs”
  ➢ Education of workers in basic skills

• Growth in Contingent Workforce
  ➢ Increases in 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
HR Management Challenges

● Workforce Demographics and Diversity
  ➢ Increasing Racial/Ethnic Diversity
  ➢ More Women in the Workforce
    ❖ Single-parent households
    ❖ Dual-career couples
    ❖ Domestic partners
    ❖ Working mothers and family/childcare
  ➢ Significantly Aging Workforce
    ❖ Age discrimination
HR Management Challenges

• Organizational Cost Pressures and Restructuring
  ➢ Mergers and Acquisitions
  ➢ “Right-sizing”—eliminating of layers of management, closing facilities, merging with other organizations, and outplacing workers
    ✓ Intended results are flatter organizations, increases in productivity, quality, service and lower costs.
    ✓ Costs are “survivor mentality”, loss of employee loyalty, and turnover of valuable employees.
  ➢ HR managers must work toward ensuring cultural compatibility in mergers.

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HR Management Roles

• Administrative Role
  ➢ Clerical and administrative support operations (e.g., payroll and benefits work)
    ✷ Technology is transforming how HR services are delivered.
    ✷ Outsourcing HR services to reduce HR staffing costs

• Operational and Employee Advocate Role
  ➢ “Champion” for employee concerns
    ✷ Employee crisis management
    ✷ Responding to employee complaints
Changing Roles of HR Management

Past

Strategic 20%
Operational and Employee Advocate 30%
Administrative 50%

Present

HR Transformation

Strategic 60%
Operational and Employee Advocate 30%
Administrative 10%

Future

Note: Example percentages are based on various surveys.

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Figure 1–5
1–17
• Strategic Role

➢ “Contributing at the Table” to organizational results
➢ 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

Operational (Employee focus)
- Reactive
- Collecting HR data
- Responding to goals and objectives set by executives
- Complying with laws, policies, and procedures
- Administering employee benefits programs
- Designing training programs
- Staffing jobs by recruiting and selecting employees
- Administering base compensation plans

Strategic (Organizational focus)
- Proactive
- Measuring HR with metrics
- Setting strategic HR goals and objectives
- Developing and revising policies and procedures
- Evaluating benefits strategically
- Identifying organizational training needs
- HR planning and linking with external staffing resources
- Developing compensation plans focusing on employee performance and retention

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Figure 1–6
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New Approaches to HR Management

• Collaborative HR

  ➢ The process of HR professionals from several different organizations working jointly to address shared business problems.
  
  ❖ Firms benefit from the expertise of other firms, without having the time and expense of developing some of their own HR practices.
HR Technology

• Human Resource Management System (HRMS)
  ➢ An integrated system providing information used by HR management in decision making.
  ➢ Purposes (Benefits) of HRMS
    ❖ Administrative and operational efficiency in compiling HR data
    ❖ Availability of data for effective HR strategic planning
  ➢ Uses of HRMS
    ❖ Automation of payroll and benefit activities
    ❖ EEO/affirmative action tracking
    ❖ HR Workflow: increased access to HR information
      – Employee self-service reduces HR costs.
Uses of an HRMS

• HRMS
  ➢ Bulletin boards
    ✤ What information will be available and what is information needed?
  ➢ Data access
    ✤ To what uses will the information be put?
  ➢ Employee self-service
    ✤ Who will be allowed to access to what information?
    ✤ Web-based services and access
  ➢ Extended linkage
    ✤ When, where, and how often will the information be needed?
Ethics and HR Management

• Firms with High Ethical Standards
  ➢ Are more likely to reach strategic goals.
  ➢ Are viewed more positively by stakeholders
  ➢ Are better able to attract and retain human resources.

• Ethics and Global Differences
  ➢ Different legal, political, and cultural factors in other countries can lead to ethical conflicts for global managers.
  ➢ Foreign Corrupt Practices Act (FCPA)
    ➢ Prohibits U.S. firms from engaging in bribery and other practices in other countries.
HR’s Role in Organizational Ethics

• HR management plays a key role as the “keeper and voice” of organizational ethics.

• What is Ethical Behavior?
  - What “ought” to be done.
  - Dimensions of decisions about ethical issues in management:
    - Extended consequences
    - Multiple alternatives
    - Mixed outcomes
    - Uncertain consequences
    - Personal effects
### Examples of Ethical Misconduct in HR Activities

<table>
<thead>
<tr>
<th>Types of Misconduct</th>
<th>Examples of Employee, Supervisor, and Managerial Behavior</th>
</tr>
</thead>
</table>
| 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 |
HR’s Role in Organizational Ethics (cont’d)

• Responses to Ethical Situations
  ➢ Are 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?
Ethical Behavior and Organizational Culture

• Organizational Culture
  ➢ The shared values and beliefs in an organization
  ➢ Common forms of unethical conduct:
    ❖ Lying to supervisors
    ❖ Employee drug use or alcohol abuse
    ❖ Falsification of records

• Fostering Ethical Behavior
  ➢ A written code of ethics and standards of conduct
  ➢ Training on ethical behavior for all employees
  ➢ A means for employees to obtain ethical advice
  ➢ Confidential reporting systems for ethical misconduct

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• Important HR Competencies
  - Strategic contribution to organizational success
  - Business knowledge of organization and its strategies
  - Effective and effective delivery of HR services
  - Familiarity with HRMS technology
  - Personal credibility
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.

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HR Specialists

Source: HR Department Benchmarks and Analysis 2004 (Washington, DC: Bureau of National Affairs, 2004), 119. To purchase this publication and find out more about other BNA HR solutions visit http://hrcenter.bna.com or call 800-372-1033. Used with permission.

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Figure 1–8

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The Human Resource Certification Institute offers three types of professional certifications for HR generalists.

<table>
<thead>
<tr>
<th>PHR Certification</th>
<th>SPHR or GPHR Certification</th>
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<tbody>
<tr>
<td>★ Complete at least 2 years of exempt-level (professional) HR experience</td>
<td>★ Complete at least 2 years of exempt-level (professional) HR experience (recommended: 6–8 years).</td>
</tr>
<tr>
<td>(recommended: 2–4 years).</td>
<td>★ Pass the SPHR or GPHR exam.</td>
</tr>
<tr>
<td>★ Pass the PHR certification exam.</td>
<td></td>
</tr>
<tr>
<td>★ Students may take and pass exam, and receive certification after 2 years of</td>
<td></td>
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<tr>
<td>experience.</td>
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</table>

Details on these certifications are available from the Human Resources Certification Institute, www.hrci.org.
Global Professional in Human Resources (GPHR) certification subject areas:

- Strategic international HR management
- Organizational effectiveness and employee development
- Global staffing
- International assignment management
- Global compensation and benefits
- International employee relations and regulations

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Other HR Certifications

• **Certified Compensation Professional (CCP)**, sponsored by the World at Work Association

• **Certified Employee Benefits Specialist (CEBS)**, sponsored by the International Foundation of Employee Benefits Plans

• **Certified Benefits Professional (CBP)**, sponsored by the WorldatWork Association

• **Certified Performance Technologist (CPT)**, co-sponsored by the American Society for Training & Development and the International Society for Performance Improvement

• **Certified Safety Professional (CSP)**, sponsored by the Board of Certified Safety Professionals

• **Occupational Health and Safety Technologist (OHST)**, given by the American Board of Industrial Hygiene and the Board of Certified Safety Professionals

• **Certified Professional Outsourcing**, provided by New York University and the Human Resource Outsourcing Association