What subjects does Human Resource Management (HRM) cover?

A BASIC HUMAN RESOURCE SYSTEM

External Environment

Technology

State of the Economy

Work Force Characteristics

Selection & Recruitment

Performance

Performance Appraisal

Training & Development

Rewards (Pay/Benefits)

Other aspects underlying the above system

Unions

* Managing Diversity (Discrimination, etc.)
* Organization Culture

Public Opinion

* Job Analysis
* Human Resource Planning
* Discipline/Corrective Action
* Grievance Procedures/Voice Mechanisms
* Labor Relations (Union-Management)

* All of the pieces of a Human Resource System should fit together, and be consistent with the organization’s strategic plan (Dessler, 2011: 14). For example, one should not recruit and select people who are ambitious and competitive, promising them that rewards will be based on merit, if this is actually not the case (i.e. rewards are based on social connections- favoritism).

* If one part of the system is changed, this may call for changes in other parts of the system.

* The picture is attractive in part due to its symmetry. However, there is normally some initial orientation, socialization and/or training before the newcomer performs the job.
Some of the functions covered in this course are carried out by staff in a specialized HR department. Some are carried out by line managers. Some involve line and staff managers working together. Given that many organizations differ in how they are structured, there is no way to eliminate this confusion via a universal definition. In any case, someone must carry out the various tasks and activities covered in this course. Otherwise, the organization will pay the price for this neglect.

What are some of the recent trends and developments in HRM?

One frequently hears that organizations are facing increased competition (Dessler, 2011: 7). The globalization of the economy refers to the heightened shipment of products over greater distances and the movement of production facilities to low wage areas. Deregulation has altered competition in certain industries (e.g. banking and airlines). One often hears about managers needing to restructure processes to improve their performance. Firms have relocated plants to reduce costs. Some managers have talked in terms of "Promoting Operational Excellence," "Cutting the Fat," and "Right Sizing." These programs aimed to get people to do more for much the same level of compensation. "Human Relations" programs that were once carried out largely on faith are now undergoing cost-benefit analyses. Here we see the organization’s human resources being treated as a cost to be minimized. HR managers may now take part in strategic planning, create quantitative statistical forecasts, and help exercise control over work processes and costs.

At the turn of the century, management had many rights and few responsibilities. Essentially a one-way street prevailed. If the workers did not like it, they could leave. In the past twenty five years, the notion of reciprocal rights and responsibilities has taken hold. In flatter organizations staffed with smaller numbers of more skilled workers organized into teams, one needs a two-way street in order to be efficient and productive. In order for management to get what it desires (commitment, involvement, etc.), it must provide what the employees desire (job security, voice, etc.).

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\begin{align*}
\text{Job Security} & \leftrightarrow \text{Commitment} \\
\text{Voice} & \leftrightarrow \text{Involvement} \\
\text{etc.}
\end{align*}
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Here the organization's human resources are treated as assets to be nurtured. It is the organization’s human resources that are critical in determining its success or failure. Human beings created and determined how to utilize all forms of technology. Continuous improvement stems from human beings. Knowledge workers are not easily and quickly replaced. HRM should not merely put out fires or help carry out an organization strategy. Human resources in the form of special skills and core competencies should be a central part of forming a strategic plan. These assets should be a part of the analysis of external opportunities and threats and internal strengths and weaknesses. HRM can provide a competitive advantage (Dessler, 2011: 20). In keeping with this, HR managers should serve as communicators, employee advocates, planners, and change agents.

In sum, a tension often exists between human resources being treated as a cost to be minimized and an asset to be nurtured. If care is not taken, employees may become quite cynical about perceived inconsistencies in what managers are saying and doing.
One way of attempting to alleviate this tension have been to provide a measure of cost control by utilizing a substantial number of non-traditional workers (i.e. leased, temporary and part-time), while a core group of traditional workers receives the employment security, voice and the like needed to compete. Roughly 10% of the workers in the U.S. fall into this “nontraditional” category (Dessler, 2011: 10). During the fall of 2010, temp hiring gained 19.5% in a year-over-year comparison (Miller, 10/18/2010, Barron’s, p.16). Further, a Duke University survey found executives planned on boosting temporary and contract hiring to 25%, which was up from the 17% experienced in the prior recession. Will this two-tier structure get the top managers out of their dilemma, or will it create new forms of stresses and strains in the long term?

Another relatively new cost control method has been to outsource certain tasks. As long as the outside contractor is stable, or there are numerous possible alternative providers, little risk seems to have been incurred. Outsourcing initially was done in manufacturing portions of products. Recently it has been sought out for service activities like computer programming and HR tasks like managing benefits, recruiting, selecting and training. Even when outsourcing is not currently being utilized, the threat that it could be may diminish empire building waste and complacency the organization can ill afford. Outsourcing could prove problematic if an organization has a unique culture that outsiders do not grasp, or competitive information needed to execute the HR plan cannot be shared with outsiders.

One should not jump to the conclusion everything has changed over time. It has long been recognized that there are conflicts between line (production, etc.) and staff positions (HR, Finance, Accounting, etc.). Line managers are responsible for accomplishing the basic goals of the organization, and therefore have the power to direct subordinates. Staff managers assist and advise line managers. The central question here being "Does the HR department help or hinder line managers?" One often hears complaints such as "The only time we see an HR manager is when there is a problem," (a mistake in a paycheck, an employee complaint, etc.), "They are always undermining us by reversing our decisions when employees complain," and "They always have more paperwork to fill out." One also hears less specific resentments, like "Those college boys think they know it all," "They don't understand what it takes to get things done around here," and "They have never really had to work for a living" (i.e. they have soft hands, work in air conditioned offices, and wear fancy suits). Hopefully, the view of HR as a helper is growing. However, if an organization does not have a large enough HR staff to do careful hiring and training, and managers do not write performance appraisals and disciplinary letters properly, the aforementioned problems will continue to arise. On the average, there is one HR specialist for every one hundred employees (Dessler, 2011: 5). In many organizations, HR managers and line managers share responsibility for many HR activities. Despite these dual responsibilities, line-staff conflicts do still frequently surface.
People see what they consider progressive new “best practices” and copy them. A manager may get an idea from the promotional literature put out by another company, a new academic theory, an article in the Harvard Business Review, or a popular book. For example, some consultants have tried to promote creating a “sales culture,” “total quality management” (TQM), “Six-Sigma,” “self-directed teams,” and “positive discipline.” People often follow fads. One needs to learn how to differentiate the characteristics of following a fad from operating in a more stable systematic way.

Reasons for Copying Others

* **Let others break the way** (i.e. they can do the R&D and work out the kinks)

* **It is easier to sell a tried and true method to the boss** (Well, IBM is doing it). Similarly, if it does not work out, one can say "Well, it worked for IBM."

* **In a complex and anxious world, people long for guidance and certainty. Simple principles one should follow and inspirational speakers have a strong appeal.** Managers can obtain a greater sense of confidence in making decisions and selecting a direction.
Some of the Problems with Copying Others

* The program may not fit your situation. Situational knowledge may be confined to the situation. Each organization has different people, different products, different resources, different competitors, different problems, etc. This uniqueness needs to be recognized by every decision-maker. A firm’s human resource practices should fit its strategy and other operating practices (Dessler, 2011).

* There also is no one central body of knowledge to draw from as the above picture suggests. How many motivation theories were there in your introductory management book? (ten, fifteen, or ...?) We need to recognize that there are many different competing theories and ideas to choose from.

An Alternative Situational Approach

* Instead of copying others, we could rely on "innovation in situ." Here, every manager has to be an innovator. The manager is at the center, driving the process, rather than a single body of knowledge.

* The manager picks and chooses from the existing bodies of knowledge (the prevailing theories, the experiences of similar organizations) what he/she feels will fit the current situation. The past experiences of his/her organization should also be considered as vital information reflecting what has and has not historically worked in this environment.

* Each manager needs to develop his/her diagnostic skills. This idea is reflected in the following box diagram. Here, managers learn via experimentation. The world is simply too complex for any individual to foresee all of the possible ramifications of any plan. We want to tailor our plan to the situation via measurement and revision. HRM should be evidence based (Dessler, 2011: 16).
The Problem Solving Approach

Problems in this Diagnostic Process

* People would rather not admit faults. Indeed, one learns not to do so in organizations, because it can harm one's career. People therefore skip the goal setting step, and go on to the program selection and implementation phases. This is what characterizes a fad. Since no goals were established, outcomes are not measured and no revisions ever take place.

* As in any fad, people jump into new programs that are popular, and drop them when the downturn comes. We are uncertain what good the program is doing, however, the costs are all too clear. This is obviously a wasteful process.

* A number of measurement problems deserve recognition. People may fear failure, so they decide not to measure any outcomes. Simply spending the money on the issue is sometimes assumed to have solved the matter. Measuring hard results also might give ammo to your enemies. Obviously without any measurement, sensible revisions are impossible. Additionally, short term measures should not be used to assess long term plans. Does it take time for a program to take hold? Do the effects of a program fade over time? One needs ongoing measurement to get a true picture. Further, one needs a broad spectrum of measurement. For instance, employee involvement schemes have been touted as raising productivity, improving quality and lowering levels of conflict. Unanticipated results, though, can occur. Employees may feel more stress now that they are making what were formerly managerial decisions. They may also want more pay in recognition of their increased duties. If they do not have sufficient opportunities for promotions, turnover may rise. In sum, one needs a broad spectrum of ongoing measurement.