



INTRODUCTION

Chapter 1





- Organizations today are faced with so many challenges in order to survive and grow.
- The economic uncertainty has created a great impact on employment policies and practices.
- Managing human resources has increasingly become more important and complex function.





The Challenge of Managing Human Resources Today

Changing Employee Expectations

Rapidly Changing Technology

Emphasis on Increased Productivity

New Modalities of Employment — Outsourcing

Flatter Organization

Fall of the Command-and-Control Manager





Changing Employee Expectations

Today's workforce comprise of several generations, each with a different set of values, aspirations, and unique perspective and attitude towards work.

The Silent Generation

- Known to be loyal to the organization

The Baby Boomers, people born

- Aggressive and ambitious, known to be loyal to their careers.

The Generation X

- Concerned about work/life issues

The Generation Y

- High-performing; when it comes to loyalty, the companies they work for are the last on their list.



Rapidly Changing Technology

- Automation has eliminated jobs in manufacturing, finance, sales and marketing, and administration and human resources.
- Technology has lead to shorter cycle.
- Has made customers more demanding.
- Companies must invest money in training and development to update their employees' skills to keep pace with changing technology.



Emphasis on Increased Productivity

- Global competitiveness has spurred organizations to take care of their labor costs by increasing productivity, eliminating redundant jobs or jobs which have no value.
- New equation for productivity, by Charles Handy:
 - A half workforce, paid twice as much, producing three times as much.





New Modality of Employment – Outsourcing

- Seasonal cycles – Hire during peak season when the need for extra manpower is high; dispense services when no longer needed
- Prevailing labor law prompted some employers to resort to outsource temporary employees from labor service contractors
- Emergent practice of hiring workforce from worker's cooperatives.



Flatter Organization

- Improves productivity, efficiency, and communications.
- People are expected to produce more using fewer resources.
- Multitasking is required.
- Impacts on human resource management:
 - First, HR must develop and implement policies to minimize the pain in downsizing.
 - Second, those being laid off must be let go with dignity.



- Offer severance agreements or offers transitional training, outplacement assistance, or extended benefits.
- Lastly, keep staff pacified, assuaged and productive through the difficult transition.





Fall of the Command-and-Control Manager

- Barking orders to subordinates is no longer effective way of getting things done by people.
- Supervisors can no longer order people what to do.
- The legitimate or literal power inherent in superiors is somewhat diminished.



CONCEPT OF HUMAN RESOURCES

- In the business sense, human resources are people who do the actual work.
- Organizations once viewed human resources as cost until this concept evolved beyond the usual mantra "People is our greatest asset."
- People are now treated as investors.





Definition of Human Resource Management

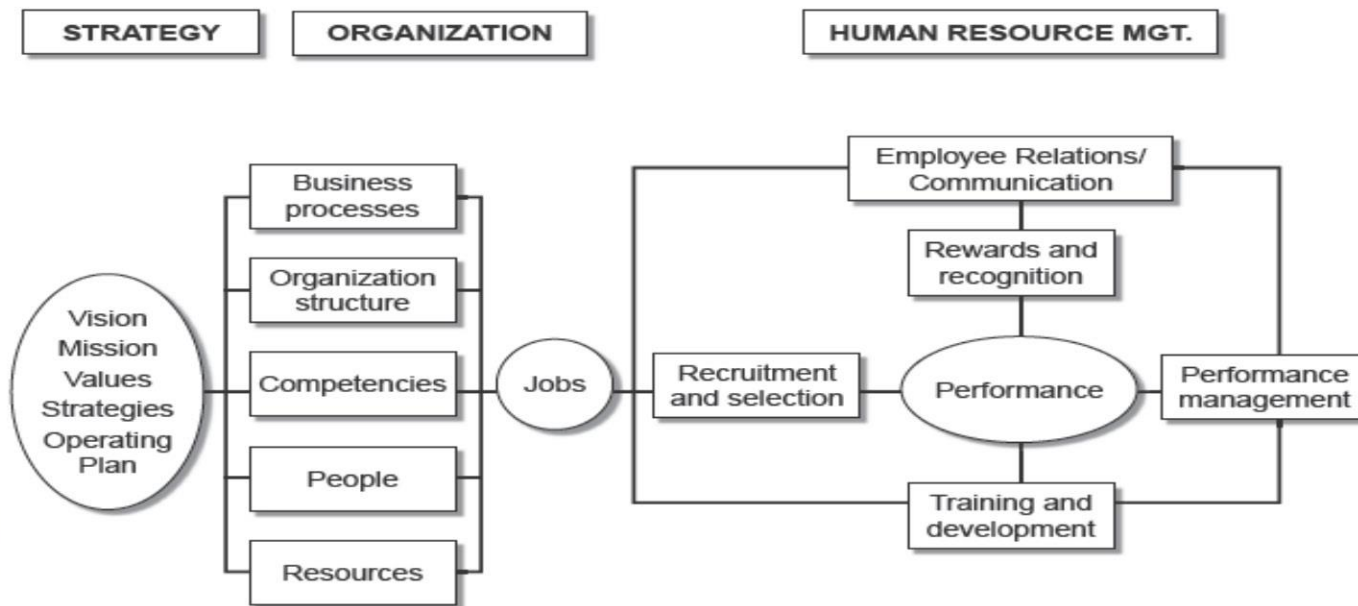
- The effective use of an organization's human resources to improve its performance.
- The strategic and coherent approach to the management of an organization's most valued assets – the people.
- The productive use of people in achieving the organization's strategic business objectives and the satisfaction of the individual.





A company may have the best strategies and business plans, values and work processes but these are useless if the company does not have the right people to implement them.

HRM'S ROLE IN BUSINESS ORGANIZATION





THE ORIGIN AND DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT

17th Century

- Before the start of Industrial Revolution
- Apprenticeship

1800s

- Unions

1930s

- Start of the Management of Human Resources (Mayo)

Industrial Age

- Assembly line Production

20th Century

- Frederick Taylor (scientific management)
- Work design and measurement



THE TRANSITION FROM PERSONNEL TO HUMAN RESOURCE MANAGEMENT

- The first personnel management began at the National Cash Register Co., (NCR)
- NCR company President John Patterson decided to improve worker relations by organizing a personnel department to handle grievances, discharges, safety and other employee issues.

In the 1980's the concept of Human Resource Management (HRM) began to permeate through larger corporations.



Delineation Between Personnel Management and Human Resource Management

| Dimensions | Personnel and Industrial relations | Human resource management |
|---|--|---|
| <i>Beliefs and assumptions</i> | | |
| Contract | Careful delineation of written contracts | Aim to go 'beyond contract' |
| Rules | Importance of devising clear rules/mutuality | 'Can do' outlook; impatience with 'rules' |
| Guide to management action | Procedures/consistency/control | 'business need', flexibility and commitment |
| Behaviour referent | Norms/customs and practice | Values/mission |
| Managerial task vis-à-vis labour | Monitoring | Nurturing |
| Nature of relations | Pluralist | Unitarist |
| Conflict | Institutionalized | De-emphasized |
| Standardization | High (e.g. 'parity' an issue) | Low (e.g. 'parity' not seen as important) |



| <i>Strategic aspects</i> | | |
|---|-------------------------|--|
| Key relation | Labour-management | Business-customer |
| Initiative | Piecemeal | Integrated |
| Corporate plan | Marginal to | Central to |
| Speed of decision | Slow | Fast |
| <i>Line Management</i> | | |
| Management role | Transactional | Transformational leadership |
| Key Management | Personnel/HR specialist | General/business/line managers |
| Prized management skills | Negotiation | Facilitation |
| <i>Key levers</i> | | |
| Foci of attention of interventions | Personnel procedures | Wide-ranging cultural structure and personnel strategies |



| Selection | Separate marginal task | Integrated, key task |
|--|---|---|
| Play | Job evaluation; multiple fixed grades | Performance related: few, if any, grades |
| Conditions | Separately negotiated | Harmonization |
| Labour-management | Collective bargaining contracts | Towards Individual contract |
| Trust of relations with shop stewards | Regularized through facilities and training | Marginalized (with exception of some bargaining for exchange model) |
| Communication | Restricted flow/indirect | Increase flow/direct |
| Job design | Division of labour | Teamwork |
| Conflict handling | Reached temporary truces | Manage climate and culture |
| Training and development | Control access to courses | Learning companies |

Source: Storey (1995)