

STRATEGY DIRECTIVE (MA 208-2)

4. ADMINISTRATIVE TOOLS TO ALIGN SYSTEMS

4.1 The Practices of Human Resource Management

Human resource management (HRM, or simply HR) is the management process of an organization's workforce, or human resources. It is responsible for the attraction, selection, training, assessment, and rewarding of employees, while also overseeing organizational leadership and culture and ensuring compliance with employment and labor laws. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will also serve as the company's primary liaison with the employees' representatives or union. HR is a product of the human relations movement of the early 20th century, when researchers began documenting ways of creating business value through the strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

In the current global work environment, all global companies are focused on retaining the talent and knowledge held by the workforce. All companies are focused on lowering the employee turnover and preserving knowledge. New hiring not only entails a high cost but also increases the risk of the newcomer not being able to replace the person who was working in that position before. HR departments also strive to offer benefits that will appeal to workers, thus reducing the risk of losing knowledge. HR spawned in the early 20th century and was termed "scientific management" or striving to improve economic efficiency in manufacturing jobs. It eventually keyed in on one of the principal inputs into the manufacturing process—labor—sparking inquiry into workforce productivity. Later, the human relations movement grew from documentation of how stimuli unrelated to financial compensation and working conditions—attention and engagement—yielded more productive workers. As a result, the basis for studies

in organizational behavior and organizational theory grew, giving room for an applied discipline.

By the time enough theoretical evidence existed to make a business case for strategic workforce management, changes in the business landscape and in public policy had transformed the employer-employee relationship, and the discipline was formalized as "industrial and labor relations". In 1913, one of the oldest known professional HR associations—the Chartered Institute of Personnel and Development—was founded in England as the *Welfare Workers' Association*, then changed its name a decade later to the *Institute of Industrial Welfare Workers*, and again the next decade to *Institute of Labour Management* before settling upon its current name. Likewise in the United States, the world's first institution of higher education dedicated to workplace studies—the School of Industrial and Labor Relations—was formed at Cornell University in 1945. During the latter half of the 20th century, union membership declined significantly, while workforce management continued to expand its influence within organizations. Industrial and labor relations began being used to refer specifically to issues concerning collective representation, and many companies began referring to the profession as personnel administration. In 1948, what would later become the largest professional HR association, the Society for Human Resource Management (SHRM), was founded as the *American Society for Personnel Administration* (ASPA). Nearing the 21st century, advances in transportation and communications greatly facilitated workforce mobility and collaboration. Corporations began viewing employees as assets rather than as cogs in a machine. Human Resources Management, consequently, became the dominant term for the function, the ASPA even changing its name to SHRM in 1998. Human Capital Management is sometimes used synonymously with HR, although human capital typically refers to a more narrow view of human resources; i.e., the knowledge the individuals embody and can contribute to an organization. Likewise, other terms sometimes used to describe the field include organizational management, manpower management, talent management, personnel management, and simply people management.

In practice, HR is responsible for employee experience during the entire employment lifecycle. It is first charged with attracting the right employees through employer branding. It then must select the right employees through the recruitment process. HR then onboards new hires and oversees their training and development during their tenure with the organization. HR assesses talent through use of performance appraisals and then rewards them accordingly. In fulfillment of the latter, HR may sometimes administer payroll and employee benefits, although

such activities are more and more being outsourced, with HR playing a more strategic role. Finally, HR is involved in employee terminations, including resignations, performance-related dismissals, and redundancies. At the macro-level, HR is in charge of overseeing organizational leadership and culture. HR also ensures compliance with employment and labor laws, which differ by geography, and often oversees health, safety, and security. In circumstances where employees desire and are legally authorized to hold a collective bargaining agreement, HR will typically also serve as the company's primary liaison with the employee's representatives (usually a labor union). Consequently, HR, usually through representatives, engages in lobbying efforts with governmental agencies (e.g., in the United States, the United States Department of Labor and the National Labor Relations Board) to further its priorities.

The discipline may also engage in mobility management, especially pertaining to expatriates, and it is frequently involved in the merger and acquisition process. HR is generally viewed as a support function to the business, helping to minimize costs and reduce risk. Human Resource Management (HRM) is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. HRM can also be performed by line managers. HRM is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training. HRM is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives.

HRM is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. HRM is now expected to add value to the strategic utilization of employees and that employee programs impact the business in measurable ways. The new role of HRM involves strategic direction and HRM metrics and measurements to demonstrate value. Human resources generalist, manager, or director plays a wide variety of roles in organizations. Depending on the size of the organization, these HR jobs may have overlapping responsibilities. In larger organizations, the HR generalist, manager, and director have clearly defined, separated roles in HR management. These roles bring progressively more authority and responsibility in the hands of the manager, then the director, and ultimately, the Vice President who may lead several departments including administration. HR directors, and occasionally HR managers, may head up several

different departments that are each led by functional or specialized HR staff such as the training manager, the compensation manager, or the recruiting manager. Human Resources staff members are advocates for both the company and the people who work in the company. Consequently, a good HR professional performs a constant balancing act to meet both needs successfully.

The role of the HR professional is changing to fit the needs of today's modern, fast changing organizations. In the past, because the original HR personnel functions were often provided by accounting, the HR role was focused on administrative tasks such as paying employees, administering benefits, and keeping track of sick and personal days off. But, a more comprehensive approach to the management of people in the organization was needed. Programs and processes that systematically hired employees, retained employees, and dealt with all aspects of talent management evolved in the best organizations. Then, the role evolved again. Still responsible for the administrative tasks and the programs and processes related to people, the best HR professionals are now leading the charge. They are developing systems and processes within the organization that address the strategic needs of the business. So, what was once the task of hiring employees is now the process of team-based hiring of the best possible talented employees who are recruited via methods that range from employee referrals to social media sourcing. These employees are also congruent with the company's culture. This is quite a different journey, one that continues to evolve. The role of the HR manager must parallel the needs of this developing, changing organization. Successful organizations are becoming more adaptable, resilient, quick to change direction, and customer-centered. They recognize that organizations will vie for talent in coming years. This recognition brings about the need for employee oriented workplaces and programs that meet the needs of employees for meaningful work, growth, challenge, communication, and effective leadership.

Within this environment, the HR professional, who is respected by line managers and consequently, whose talents are utilized by managers, is responsible for new roles. Three additional roles for the HR manager are offered below;

- A strategic partner
- An employee sponsor or advocate
- A change mentor

At the same time, especially the HR Generalist, still has responsibility for the day-to-day employee problems and complaints, employee benefits administration, often payroll, and employee paperwork, especially in the absence of an HR Assistant. In

regards to the responsibilities of the HR professional, depending on the size of the organization, the HR manager has responsibility for all of the functions that deal with the needs and activities of the organization's people including these areas of responsibility. When you ask the question, what does the HR manager, generalist or director do, as you can see, the answer is a lot. The role bears responsibility for all of the processes and systems related to people in an organization. The role must support the work of managers who supervise and lead the work of these people. The HR professionals must develop the skills of their managers and their organization to do these activities well. The job of the HR professional is a constant challenge as HR staff balance many roles and activities in support of their organizations.

Human resources managers often coordinate the work of a team of specialists. Human resources managers plan, direct, and coordinate the administrative functions of an organization. They oversee the recruiting, interviewing, and hiring of new staff, consult with top executives on strategic planning, and serve as a link between an organization's management and its employees. Human resources managers typically do the following;

- Plan and coordinate an organization's workforce to best use employees' talents
- Link an organization's management with its employees
- Administer employee services
- Advise managers on organizational policies, such as equal employment opportunity and sexual harassment
- Coordinate and supervise the work of specialists and support staff
- Oversee an organization's recruitment, interview, selection, and hiring processes
- Handle staffing issues, such as mediating disputes and directing disciplinary procedures

Every organization wants to attract, motivate, and keep qualified employees and match them to jobs for which they are well suited. Human resources managers accomplish this by directing the administrative functions of human resource departments. Their work involves overseeing employee relations, regulatory compliance, and employee-related services such as payroll, training, and benefits. They supervise the department's specialists and support staff and ensure that tasks are completed accurately and on time. Human resources managers also consult with top executives regarding the organization's strategic planning. They identify ways to maximize the value of the organization's employees and ensure that they are used as efficiently as possible. For example, they might assess worker productivity and recommend changes to the organization's structure to help it meet budgetary goals.

Some human resources managers oversee all aspects of an organization's human resources department, including the compensation and benefits or training and development programs. In many larger organizations, these programs are directed by specialized managers, such as compensation and benefits managers and training and development managers.

Sustainability is a trend that has arrived, but there is room for HR to become more involved and even lead. One sustainability issue on the horizon for HR is fatigue. In this technologically created 24/7 work environment, HR is uniquely equipped to offer principles that define an optimal balance between work demands and "slack" in the system that allows innovation and flexibility. What is the optimum amount of rest/work? The fight or flight response that employees engage in for most of the workday has immense physical effects on the brain and has negative effects on the way people lead, on their ability to make decisions and their ability to create. HR can optimize the notion of wellness against the notion of work in a way that is more precise. One way to optimize wellness at work is mindfulness. Mindful meditation, taking two minutes to breathe and focus, has immense effects on stress-related biometrics and diseases and has been reported to make leaders feel more focused, less reactive and open to new ideas. HR should take the lead in better understanding how these potential benefits affect organizations, and how they fit into an optimum balance. What are the barriers to closing the gap between where HR is and where it thinks it should be regarding these nine trends? Based on the data, it is not because HR is seen as irrelevant or other functions have already taken the lead. HR relevance was among the lowest-cited barriers. The prominent barriers were more traditional, lack of time, budget and expertise.