



Human Resource Management

Eleventh Edition

ROBERT L. MATHIS
JOHN H. JACKSON

Chapter 1

Changing Nature of Human Resource Management

Presented by:
Prof. Dr. H. Deden Mulyana, SE.,M,Si.

SECTION 1
Nature of
Human Resource
Management

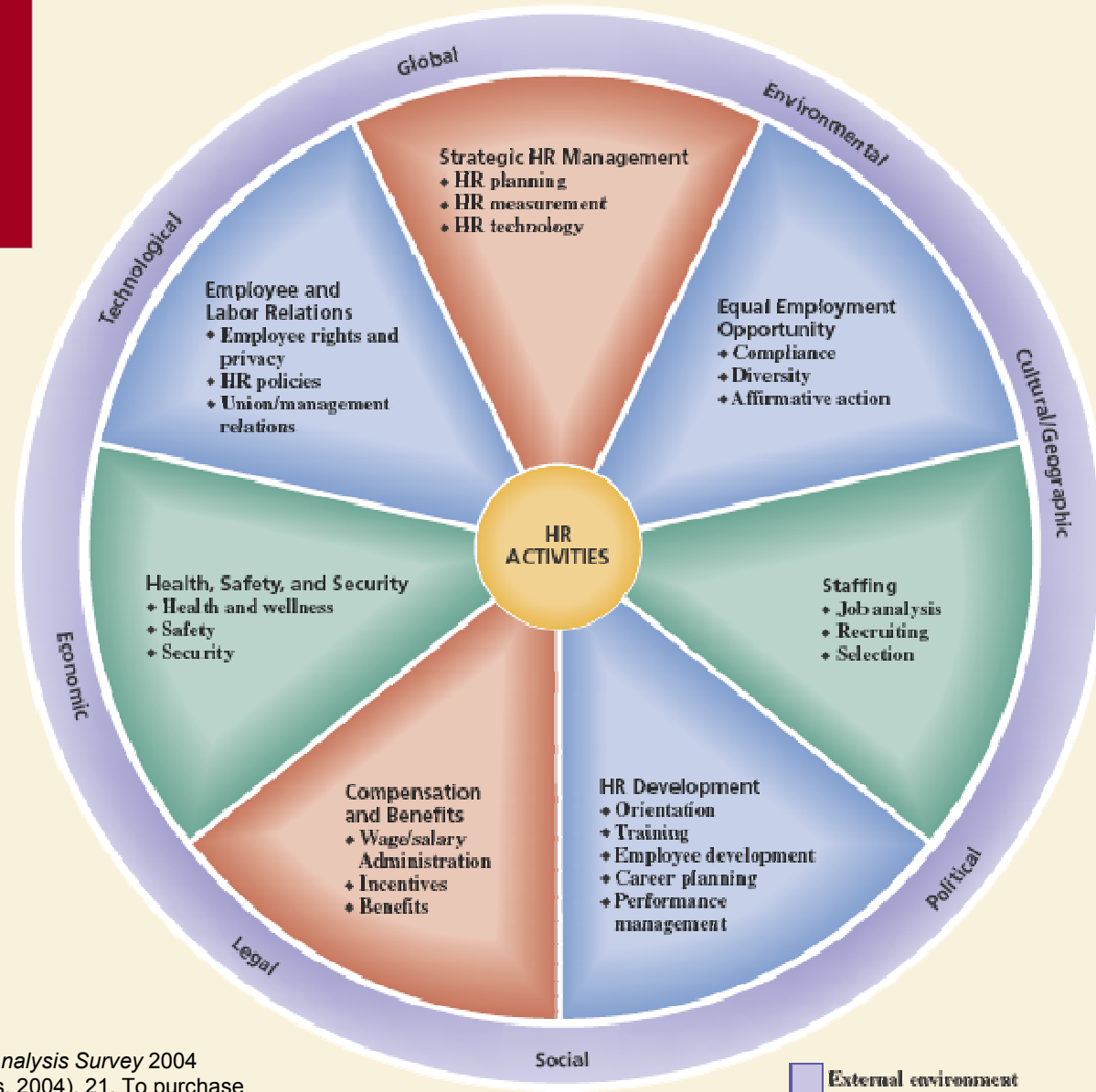
Learning Objectives

- 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.

HR Management Activities



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.

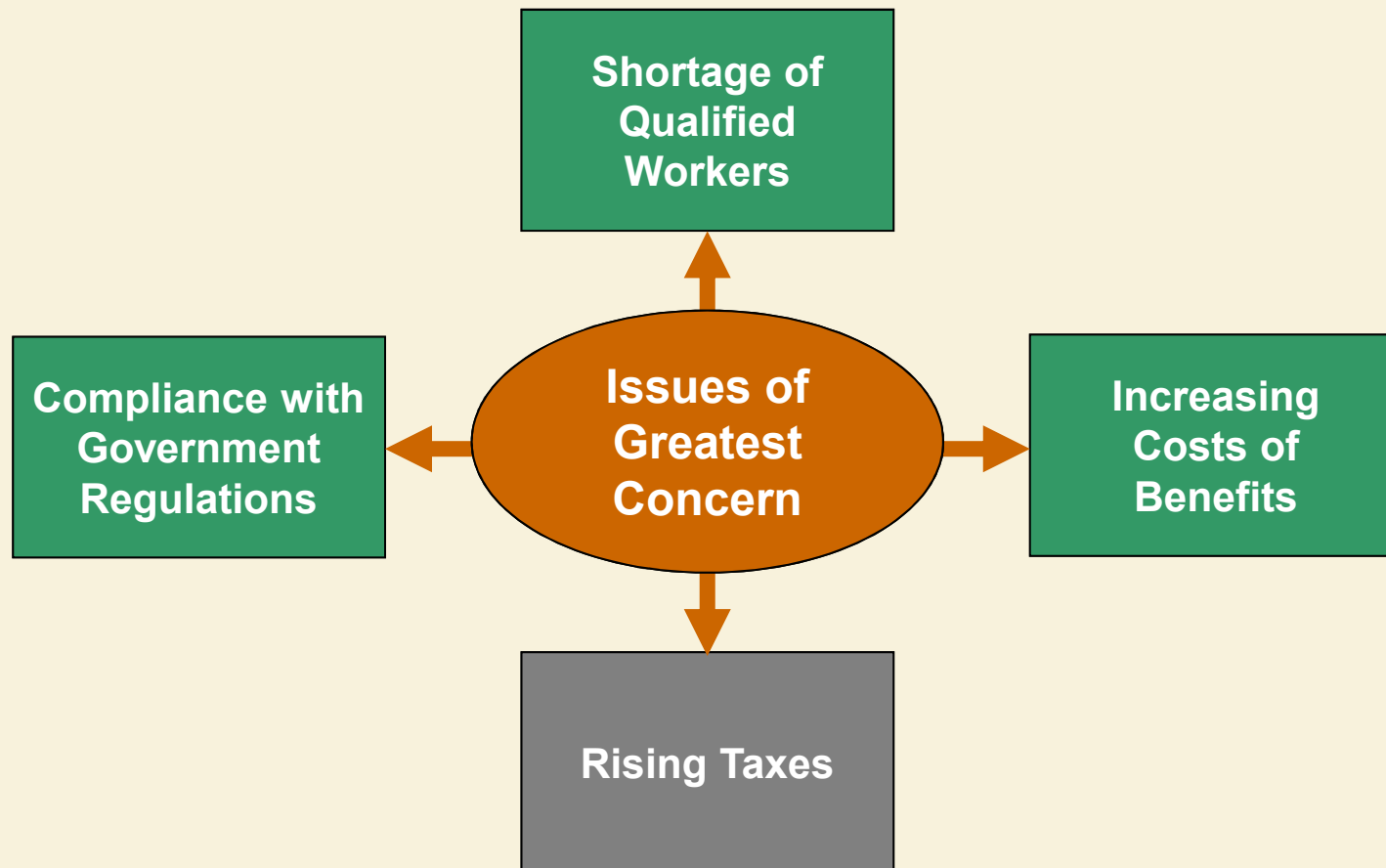
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Figure 1-1

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



Cooperation of HR with Operating Managers

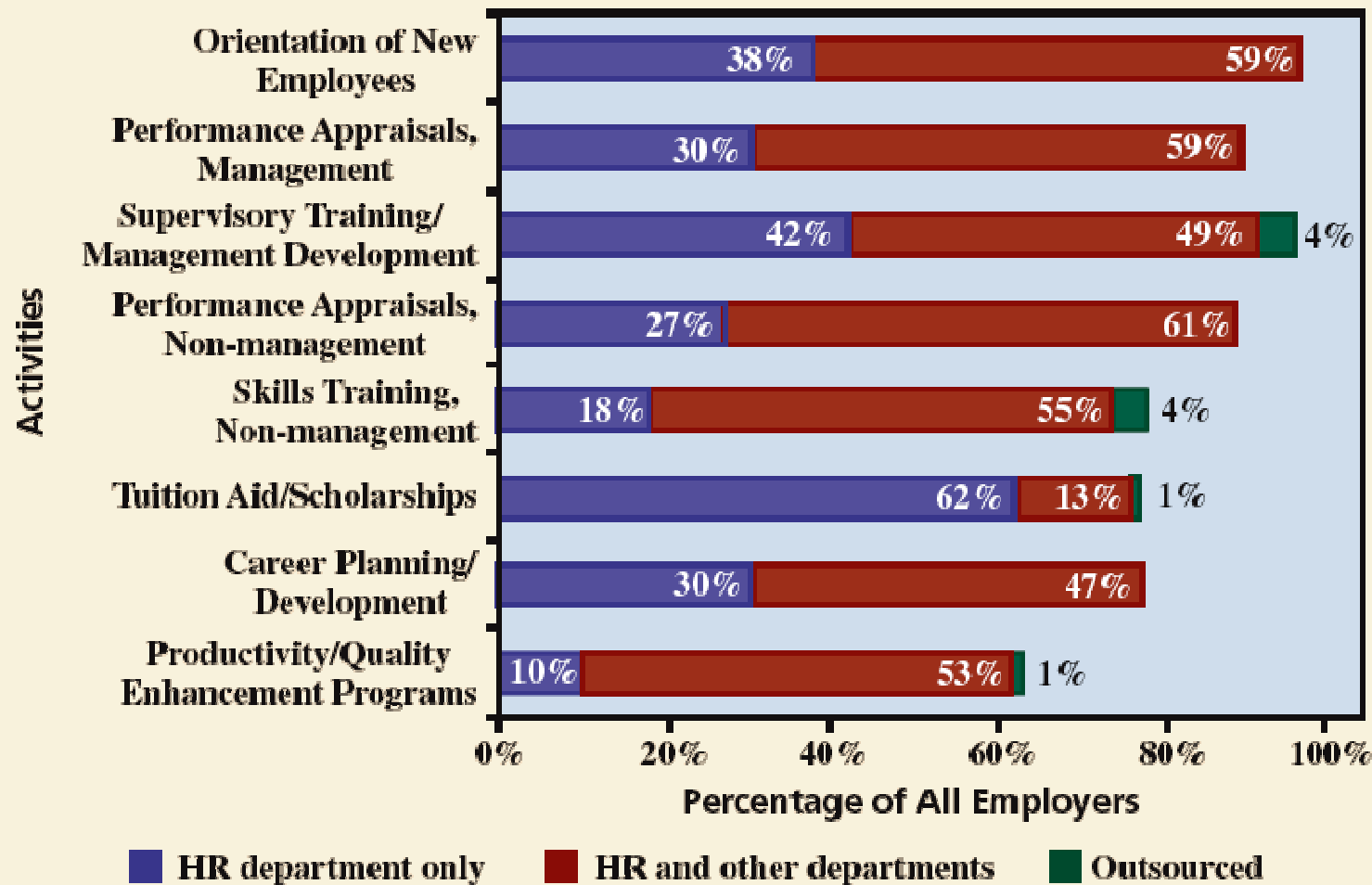
- HR Unit

- 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

HR Unit	Managers
<ul style="list-style-type: none">♦ 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	<ul style="list-style-type: none">♦ 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

Percentage Increase in Jobs		Increase in Job Numbers	
Computer software engineers	100%	Food-service / fast food workers	673,000
Computer support specialists	97%	Customer service representatives	631,000
Network administrators	82%	Registered nurses	561,000
Personal / home care aides	62%	Retail salespersons	510,000
Physicians assistants	53%	Computer support specialists	490,000
Medical records technicians	49%	Cashiers	474,000
Information systems managers	48%	Security guards	391,000
Physical/occupational therapists	46%	General/operating managers	363,000
Fitness trainers	40%	Nurses aides	323,000
		Post-secondary teachers	315,000
		Home health aides	291,000

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

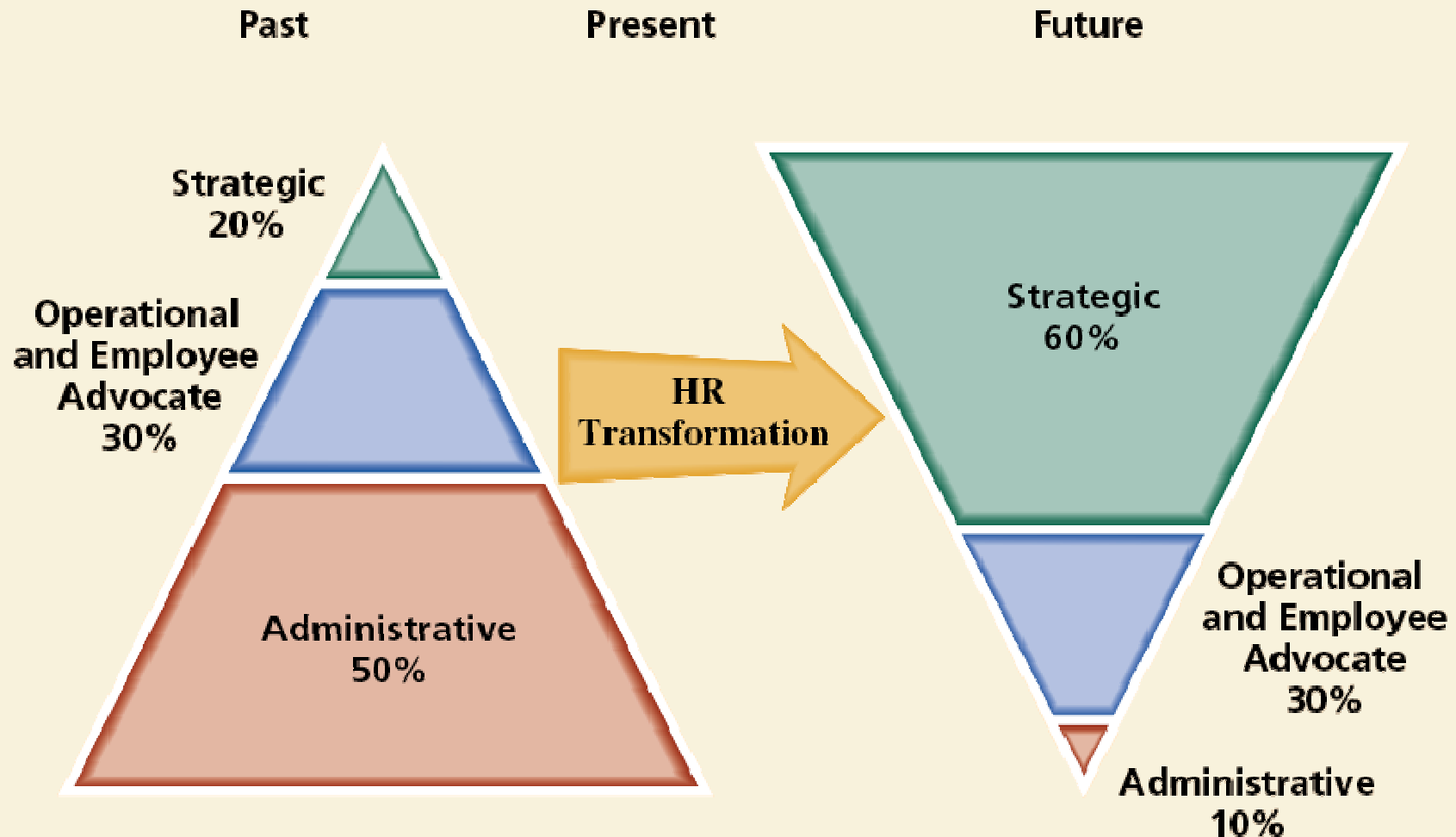
HR Management Challenges

- 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.

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



Note: Example percentages are based on various surveys.

Strategic Role for HR

- 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

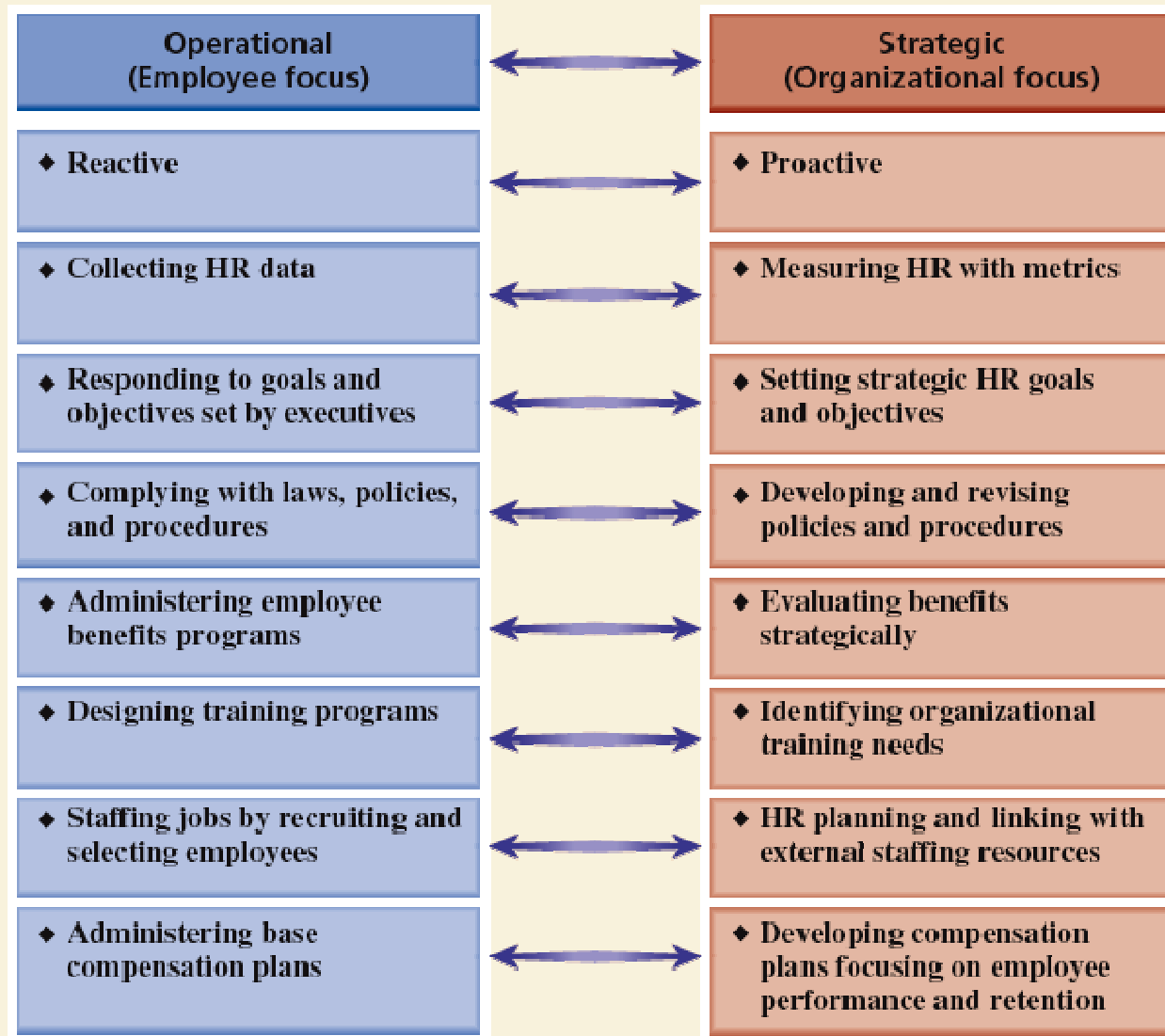


Figure 1–6

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

Types of Misconduct	Examples of Employee, Supervisor, and Managerial Behavior
Compensation	<ul style="list-style-type: none">◆ Misrepresenting hours and time worked◆ Falsifying expense reports◆ Personal bias in performance appraisals and pay increases◆ Inappropriate overtime classifications
Employee Relations	<ul style="list-style-type: none">◆ 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	<ul style="list-style-type: none">◆ Favoritism in hiring and promotion◆ Sexual harassment◆ Sex, race, and age discrimination in hiring, discipline, and termination

Figure 1–7

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

HR Management Competencies and Careers



- 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

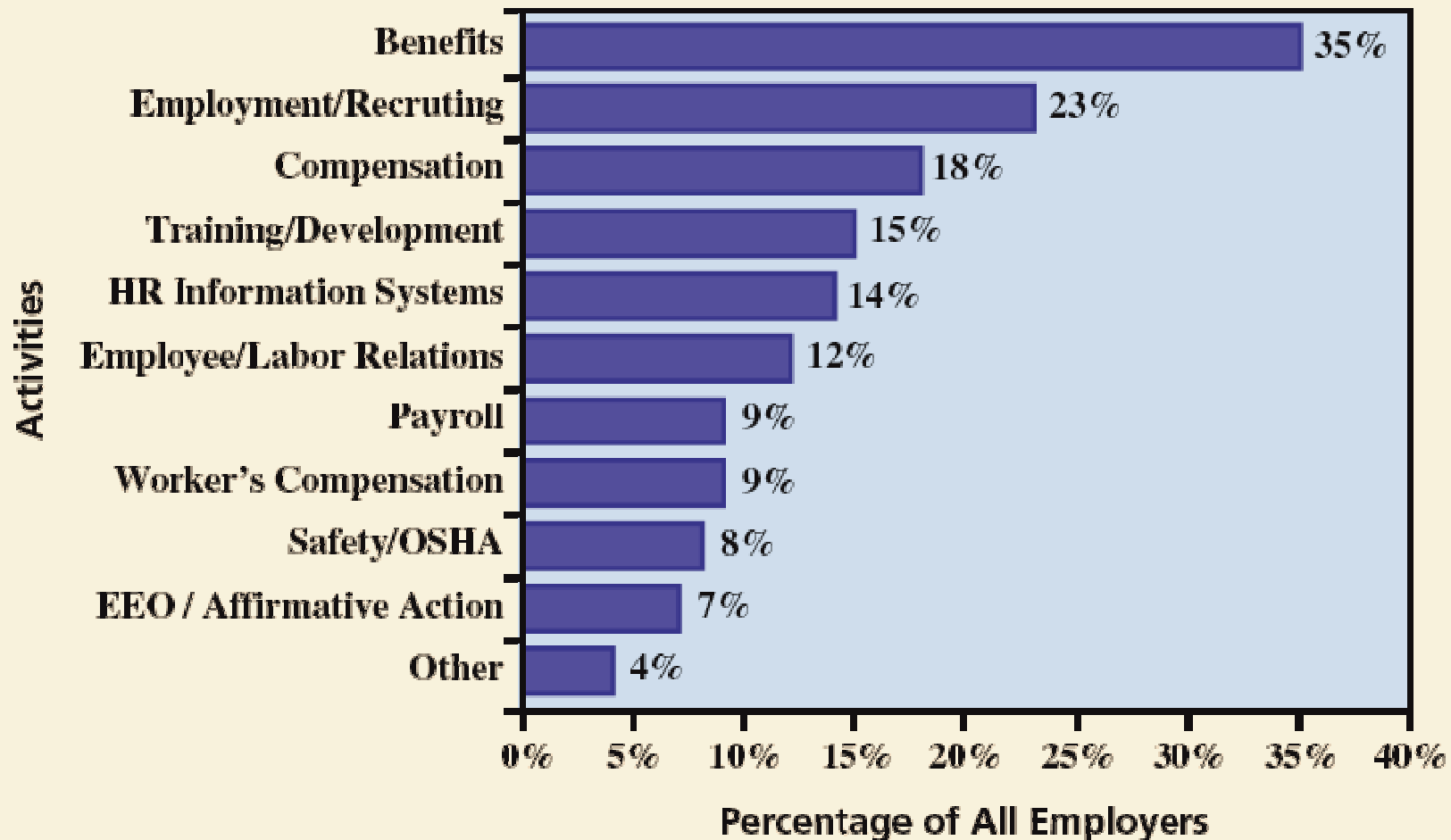
- **HR Generalist**

- 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.

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

HR Certification

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

PHR Certification

- ◆ Complete at least 2 years of exempt-level (professional) HR experience (recommended: 2–4 years).
- ◆ Pass the PHR certification exam.
- ◆ Students may take and pass exam, and receive certification after 2 years of experience.

SPHR or GPHR Certification

- ◆ Complete at least 2 years of exempt-level (professional) HR experience (recommended: 6–8 years).
- ◆ Pass the SPHR or GPHR exam.

Details on these certifications are available from the Human Resources Certification Institute, www.hrci.org.

GPHR Certification

- 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

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