

# INTRODUCTION TO HUMAN RESOURCE MANAGEMENT

Timeframe:	8 hours
Learning outcomes:	<ul style="list-style-type: none"> <li>Critically interrogate the meaning of various key human resource management terminology, concepts, and definitions so as to understand the scope and framework of this science</li> <li>Review and apply key people management success and failure factors</li> </ul>
Recommended reading:	<ul style="list-style-type: none"> <li>Allan, M.R. and Wright, P.M. 2004, 'Strategic Management and HRM', Cornell University ILR School, <a href="http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1403&amp;context=cahrswp&amp;sei-redir=1&amp;referer=http%3A%2F%2Fwww.google.com%2Furl%3Fsa%3Dt%26rct%3Dj%26q%3Dhuman%2520resource%2520management%2520and%2520strategic%2520management%26source%3Dweb%26cd%3D1%26ved%3D0CCQqFjAA%26url%3Dhttp%253A%252F%252Fdigitalcommons.ilr.cornell.edu%252Fcgi%252Fviewcontent.cgi%253Farticle%253D1403%2526context%253Dcahrswp%26ei%3DZUpQUM_oDOmo0AW0loHQDQ%26usq%3DAFQjCNGI8Uf61eM5B36hqclVEYsLww5ZhA#search=%22human%20resource%20management%20strategic%20management%22">http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1403&amp;context=cahrswp&amp;sei-redir=1&amp;referer=http%3A%2F%2Fwww.google.com%2Furl%3Fsa%3Dt%26rct%3Dj%26q%3Dhuman%2520resource%2520management%2520and%2520strategic%2520management%26source%3Dweb%26cd%3D1%26ved%3D0CCQqFjAA%26url%3Dhttp%253A%252F%252Fdigitalcommons.ilr.cornell.edu%252Fcgi%252Fviewcontent.cgi%253Farticle%253D1403%2526context%253Dcahrswp%26ei%3DZUpQUM_oDOmo0AW0loHQDQ%26usq%3DAFQjCNGI8Uf61eM5B36hqclVEYsLww5ZhA#search=%22human%20resource%20management%20strategic%20management%22</a> (accessed 12 September 2012).</li> <li>Gilmore, S. n.d., <i>Introducing Human Resource Management</i>, <a href="http://www.oup.com/uk/orc/bin/9780199539376/gilmore&amp;williams_ch01.pdf">http://www.oup.com/uk/orc/bin/9780199539376/gilmore&amp;williams_ch01.pdf</a> (accessed 12 September 2012).</li> <li>Management Study Guide. 2012b, 'Human Resource Management (HRM)', <a href="http://www.managementstudyguide.com/human-resource-management.htm">http://www.managementstudyguide.com/human-resource-management.htm</a> (accessed 12 September 2012).</li> <li>Mind Tools Ltd. 2012, 'Porter's Value Chain', <a href="http://www.mindtools.com/pages/article/newSTR_66.htm">http://www.mindtools.com/pages/article/newSTR_66.htm</a> (accessed 12 September 2012).</li> <li>Power, J., Garavan, T.N., and Milner, B.M. n.d., 'Illuminating the Relationship between Line Managers and HR Professionals: A Social Exchange Perspective', <a href="http://repository.wit.ie/1425/1/Illuminating_the_Relationship_Between_Line_Managers_and_HR_Professionals_A_Social_Exchange_Perspective_IAM.pdf">http://repository.wit.ie/1425/1/Illuminating_the_Relationship_Between_Line_Managers_and_HR_Professionals_A_Social_Exchange_Perspective_IAM.pdf</a> (accessed 12 September 2012).</li> <li>Senyucel, Z. 2009, <i>Managing the Human Resource in the 21<sup>st</sup> Century</i>, <a href="http://bookboon.com/en/textbooks/management-organisation/hrm-managing-the-human-ressource">http://bookboon.com/en/textbooks/management-organisation/hrm-managing-the-human-ressource</a> (accessed 12 September 2012).</li> <li>Sluijs, E.D. and Kluytsman, F. 1994, 'Business Strategy and Human Resource Management: Setting the Scene', <i>MERIT Research Memoranda</i>, (36), 1-23, <a href="http://www.merit.unu.edu/publications/rmpdf/1994/rm1994-036.pdf">http://www.merit.unu.edu/publications/rmpdf/1994/rm1994-036.pdf</a> (accessed 12 September 2012).</li> <li>StudyMode. 2012, 'Value Chain Analysis Human Resource Management', <a href="http://www.studymode.com/essays/Value-Chain-Analysis-Human-Resource-135633.html">http://www.studymode.com/essays/Value-Chain-Analysis-Human-Resource-135633.html</a> (accessed 12 September 2012).</li> </ul>
Multimedia:	<ul style="list-style-type: none"> <li>FiveSix Media 2011, 'Strategic Human Resource Management' [video], <a href="http://www.youtube.com/watch?v=HIO8tqxhunc">http://www.youtube.com/watch?v=HIO8tqxhunc</a> (accessed 12 September 2012).</li> </ul>
Section overview	The focus of this first section is on introducing human resource management and related concepts and to examine the principles that will determine success or failure to effectively manage human resources within an organisation.

## Introduction

Human Resource Management (HRM) is rooted in the concept of work as human activity; this referring specifically to the work that people is engaged in as a socio-economic activity within an organisational context. Most organisations need people to do the work and people depend on organisations to be able to make a living.

To ensure that such labour contributes positively towards production to increase the output and therefore the profitability of an organisation, this resource needs to be managed. This is the foundation of Human Resource Management.

## Examining the term “Human Resource Management”

Extensive research has been done on defining Human Resource Management (HRM) and identifying what the term entails.



Human Resource Management (HRM) is a strategic and coherent approach to the management of an organisation's most valued asset – people – who individually and collectively contribute to the achievement of the objectives of the organisation.

The terms "Human Resource Management" (HRM) and "human resources" (HR) have, at times, been replaced by the term "Personnel Management" as a description of the processes involved in managing people in organisations. The discipline of HRM is evolving rapidly. HRM is both an academic theory and a business practice that addresses the theoretical and practical techniques of managing a workforce.

Read the source:



- Management Study Guide. 2012b, 'Human Resource Management (HRM)', <http://www.managementstudyguide.com/human-resource-management.htm> (accessed 12 September 2012).

When you read through the above source you will note that Human Resource Management as the management of people within the organisation is distinguished from the management of people in an organisation from a macro perspective.



Note that, within this guide, both these components of Human Resource Management will receive attention. Units related to recruitment, selection and supervision speak to the management of people, whilst units such as training and career management speak to people management to the benefit of the organisation.



Human Resource Management is the function within an organisation that focuses on recruitment of, management of, and providing direction for the people who work in the organisation.

HRM is performed by managers and supervisors. HRM is therefore a way of management that links people-related activities to the strategy of a business or organisation. "Human Resources" is a term which some organisations use to describe the combination of traditionally administrative personnel functions and those of organisational performance, employee relations and resource planning. The field draws upon concepts developed in industrial/ organisational psychology.

Human resources have, dependent on context, at least two interrelated interpretations. The original usage is derived from political economy and economics, where it was traditionally called "Labour", one of four factors of production. The more common usage within corporations and businesses refers to the individuals within the firm, and to the portion of the firm's processes that deal with hiring, firing, training, and other personnel related issues.



The objective of human resources is to maximise the return on investment from the organisation's human capital and minimise financial risk. It is the responsibility of Human Resource Managers to conduct these activities in an effective, legal, fair, and consistent manner.

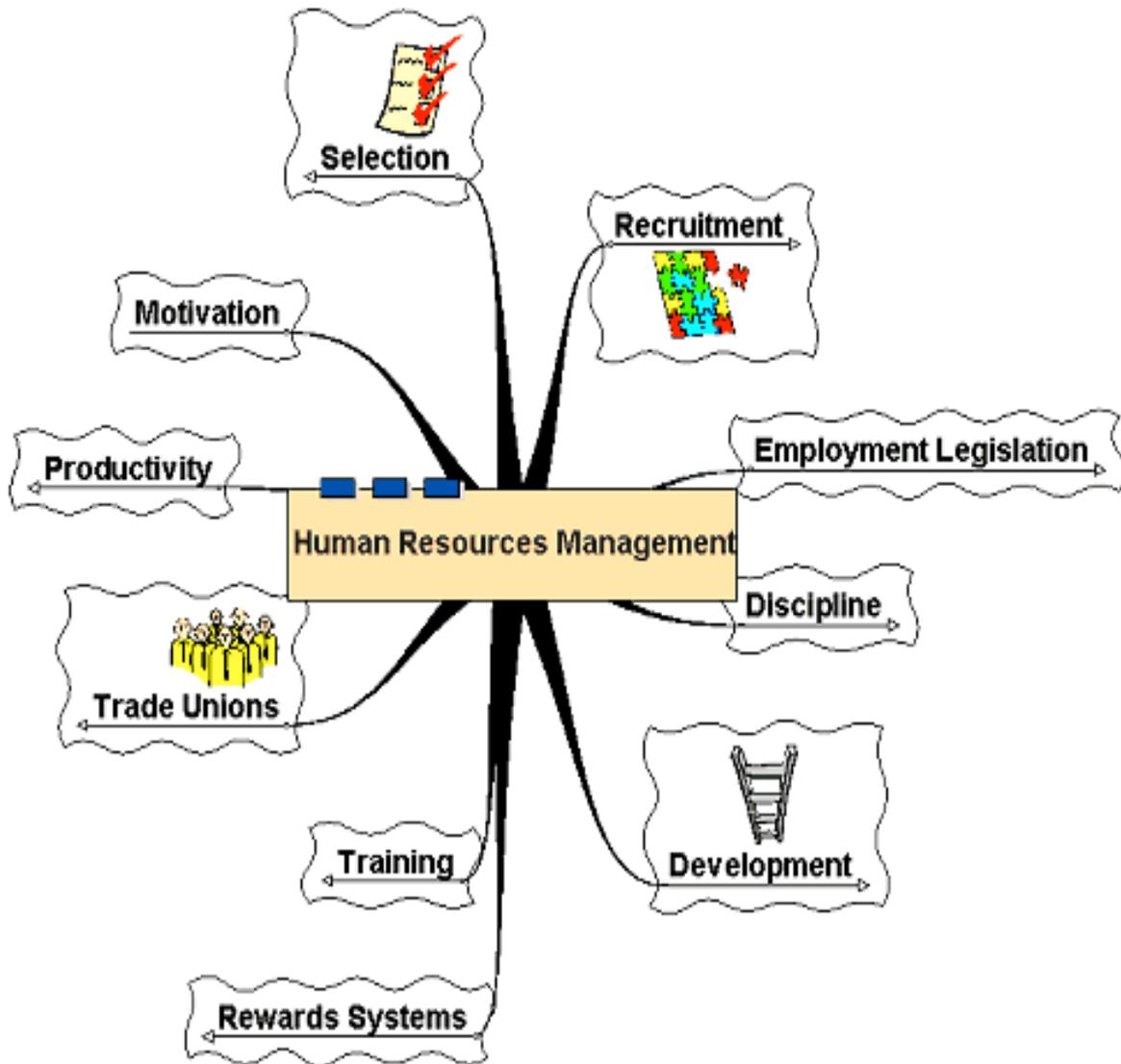
HRM has several goals:

- To meet the needs of the business and management (rather than just serve the interests of employees)
- To link human resource strategies / policies to the organisation's goals and objectives
- To find ways for human resources to "add value" to an organisation
- To help an organisation gain the commitment of employees to its values, goals and objectives

(Human Resource Management, n.d.)

Linked to these goals, HRM is comprised of a number of key components and/ or factors. These are diagrammatically displayed in **Figure 1**:

**FIGURE 1: HUMAN RESOURCE MANAGEMENT**

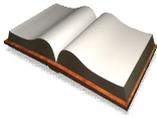


(Biz/ed, 2007)

The management of human resources is possibly one of the most challenging aspects of managing an organisation. Our abilities to think independently, feel and express emotions, rationalise issues and inquire about our reality are some of the elements that make humans special. This also places a challenge on HRM and implies that workers must be seen as an interrelated part of an organisation's activities.

Through organisations, managers are challenged to bring together a vast array of resources, including people, with the aim of delivering goods and services that will meet consumer demands in such a way as to enhance societal and ecological sustainability. Throughout this value chain cycle, people as labourers become an important link to sustained competitive advantage.

Read through Chapter two of the source below to obtain more information on the relationship between people and organisations.



- Senyucel, Z. 2009, *Managing the Human Resource in the 21<sup>st</sup> Century*, <http://bookboon.com/en/textbooks/management-organisation/hrm-managing-the-human-ressource> (accessed 12 September 2012).

## HRM as Part of the Value Chain

Michael Porter developed the notion of the value chain. A value chain can be defined as follows:

“A high-level model of how businesses receive raw materials as input, adds value to the raw materials through various processes, and sell finished products to customers.”

(Investopedia, 2012)



“Essentially, the value chain is a way of conceptualising and categorising the activities of an organisation, which together and as a process, creates value as inputs are converted into products and/or services that are sold to make a profit.”

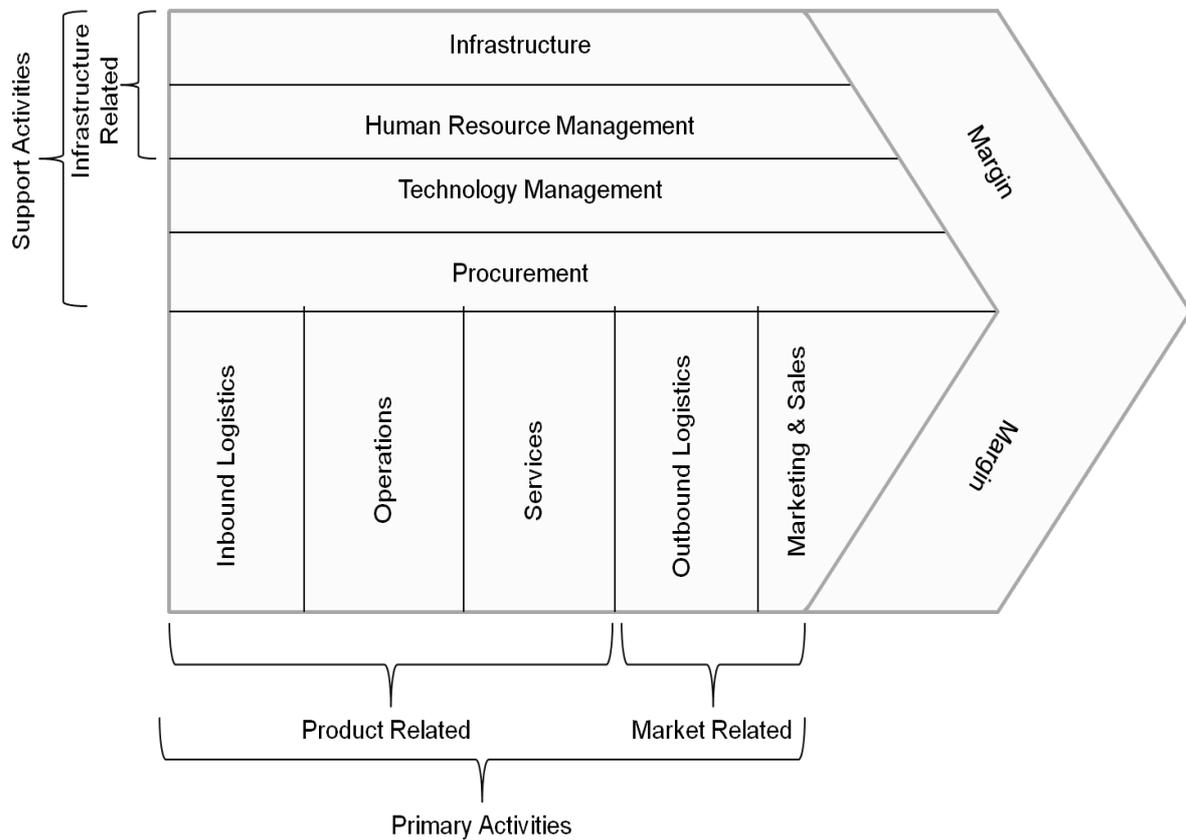
(Swanepoel, Erasmus and Schenk, 2008:10)

In relation to the primary activities – which include inbound logistics, operations, outbound logistics, marketing and sales as well as after-sales service – of an organisation, HRM is required to (Swanepoel, Erasmus and Schenk, 2008:11):

- Implement inbound logistics by receiving, sorting, handling and distributing (transporting) other resources and raw material
- Become engaged in operations by transforming inputs into outputs as products or services by working machinery, assembly lines and packaging
- Function to ensure that outbound logistics such as collecting, storing and distributing of services and products to customers takes place
- Be involved in marketing and sales such as advertising, promotion and selling
- Provide after sales service via general maintenance and repairs

The support requires that Human Resource Management ensure the achievement of primary activities, as diagrammatically displayed in **Figure 3**.

**FIGURE 2: VALUE CHAIN**



(Saha, 2012)

Read the following sources:



- Mind Tools Ltd. 2012, 'Porter's Value Chain', [http://www.mindtools.com/pages/article/newSTR\\_66.htm](http://www.mindtools.com/pages/article/newSTR_66.htm) (accessed 12 September 2012).
- StudyMode. 2012, 'Value Chain Analysis Human Resource Management', <http://www.studymode.com/essays/Value-Chain-Analysis-Human-Resource-135633.html> (accessed 12 September 2012).