

FACTFILE: GCE PROFESSIONAL BUSINESS SERVICES

UNIT AS 2: HUMAN RESOURCE SERVICES



Learning Outcomes

Students should be able to:

- demonstrate understanding of the term human resources;
- demonstrate understanding of the importance of effective human resources management in a business;



Human Resource Services

Human Resource Management Overview

Time, space, and perspective has influenced the development, understanding and interpretation of how businesses are managed and could or should be managed in the future. The term 'Human Resource Management' has evolved and changed over time, in part, due to the changes in the external and internal business environment and also due to the concepts, theories and research of academics (Entrekin and Court, 2001). The changing nature of businesses and their competitive environment has meant that the management of employees has been undertaken by line managers, administrators, welfare officers, personnel managers and human resource managers / directors. The specific role of personnel and human resource managers / directors within a business environment is normally determined by the nature and structure of the business (Torrington et al., 2014) and defined through job descriptions, person specifications and work practices.

Figure 1. shows the external and internal factors that have led to the current setting in

which the practices associated with human resources management in businesses exist. For illustrative purposes, the blue triangles represent a business that operates in some countries within an international setting (Multi-divisional organizational structure). The larger blue triangle represents headquarters where the strategic decisions are taken. The smaller blue triangles are subsidiaries of the business. The internal decisions are reflected, in part, by the stated strategic aims and objectives of the business which demonstrate the main goals of the business over a given timeframe. If we assume that there is a human resources department (function), then the strategic aims and objectives of this department will be directed by the strategic aims of the business. This relationship between the aims and objectives of the business and the human resources department is referred to as goal alignment or goal congruency (Drucker, 1995). For example, if the aim of the business was to increase production in a subsidiary, then the goal of the human resources department might be to recruit more employees for that subsidiary in order that output could be increased. Conversely if there was a fall in demand

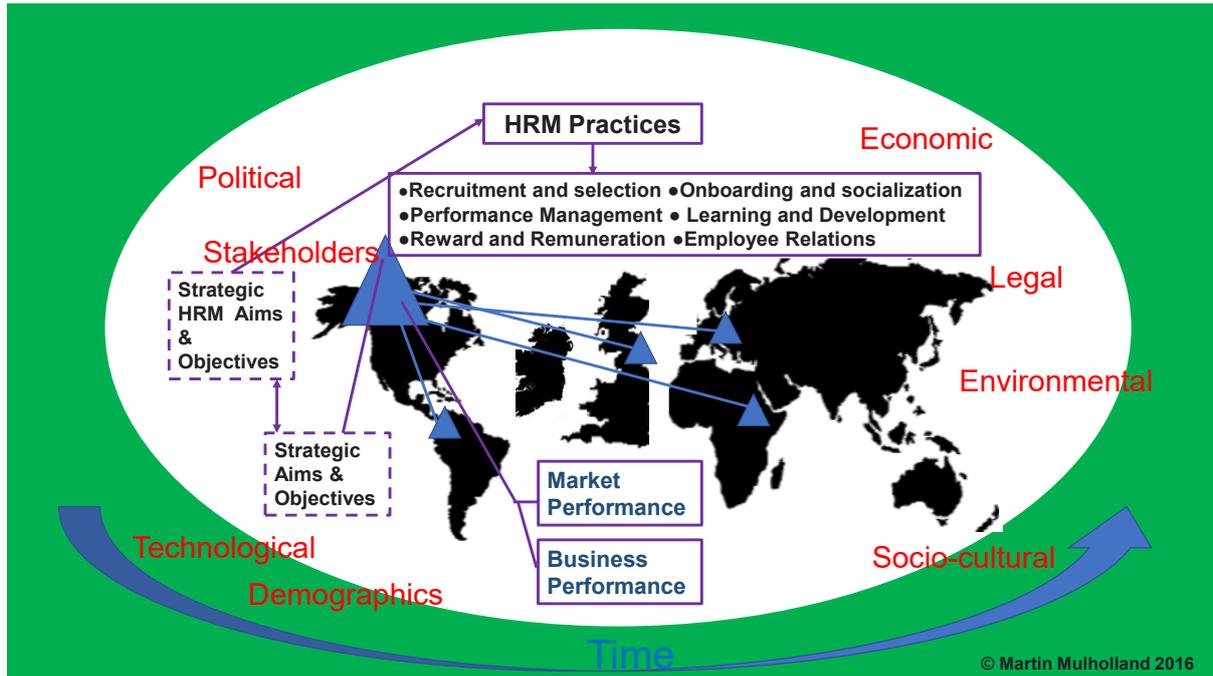


Figure 1. Human Resources Management (HRM) in Context: Time, Space and Perspective

for products in a market where a subsidiary was located then the human resources department may have to reduce the size of the workforce (downsizing / retrenchment) and engage in redundancy activities.

The various practices associated with human resources management include: Recruitment and selection; on-boarding (induction); socialisation; performance management; learning and development; reward and remuneration and employee relations (Akingbola,2012). As businesses adapt to their external environment and reset their aims and objectives, the human resources department must change in accordance with the business. This invariably means revising the human resources department’s aims and objectives and adjusting the human resources practices in order to deliver on the needs of the business as illustrated in Figure1.

The external factors that can affect the business in different parts of the world include: technological developments; demographic shifts such as ageing populations; legal requirements affecting labour mobility across borders; socio-cultural changes in terms of the size of ethnic / religious groups; environmental challenges relating to carbon emissions; political drive to negotiate trade deals. Space and time perspectives are also noted in Figure 1. and these two variables illustrate the influences at play on businesses. The spaces linked to these factors, in Figure 1., are the United

Kingdom (UK) and the United States of America (USA). As businesses react to external factors and revise their strategies, the human resources practices inside the businesses may also have to be adjusted and changed in response to external developments. Figure 2. contains events, research and theories that may have influenced businesses and how they managed people may have been managed and treated during the last one hundred years.

The people designated, to manage and support employees inside businesses over this time are classified as an: administrator; foreman; supervisor; welfare officer; personnel manager; and human resource manager. These job categories are depicted in red in Figure 2. Their position on the timeframe reflects the changing nature of how organisations evolved before they appointed personnel managers and / or human resource managers. It should be emphasized that these designated job roles are not tied to any specific era. For example, businesses still employ administrators, foremen, and supervisors to this day. On the other hand, there are also many businesses that employ people but do not have any of the aforementioned job roles registered in their employ. For example, a small bakery or confectionery shop may employ a few people but the personnel management / human resource management practices may well be undertaken by the owner of the business.

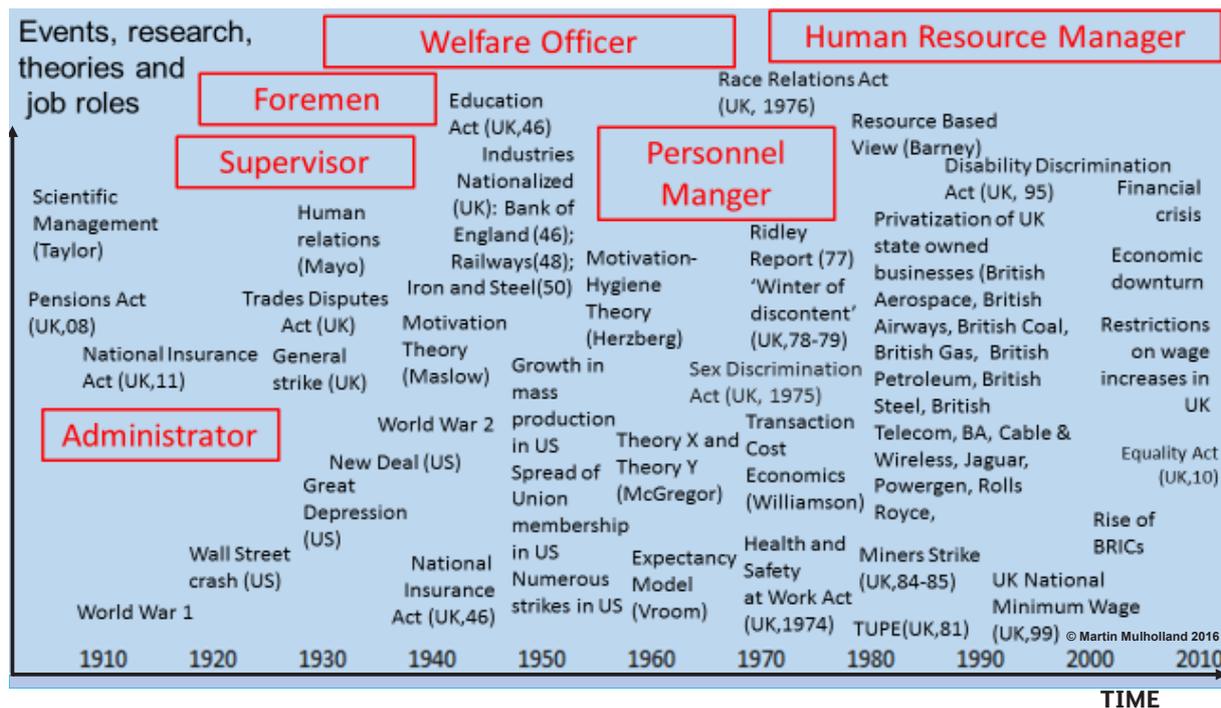


Figure 2. Events, research, theories and job roles affecting human resource management practices

During the 20th century the Personnel Management function has developed from a record-keeping function to one that helps to create a competitive advantage and add value to the business.

Contribution of human resource management

With the growth of mass production businesses in the US in the late nineteenth and early twentieth centuries attention was focussed on designing efficient production systems and utilizing employees effectively. The concept and practice of scientific management, time and motion studies, which was associated with Frederick Taylor (Taylorism) expanded across businesses during the early part of the 20th century. More and more companies began to quantify work processes and setting piece rate payments to maximise employee work outputs. Furthermore, these businesses focused on the selection and training of workers in order to ensure that they maximized output from these workers.

The 1920s witnessed a growth in strikes which began to affect UK and US manufacturing businesses. These industrial disputes were a reflection that labour issues existed between workers and the respective businesses. The development of compatible employee- business relationships was dependent upon developing the mutual interests of employee satisfaction and

the financial returns required by businesses. As businesses placed more emphasis on the human factor, this led to the development of the human resource management arena which drew on research relating to: human relations; industrial relations; and psychology.

The importance of human resources management has (HRM) increased since the 1950s, driven largely by changing legislation and regulations. (US businesses recognised) In the 1970s and 1980s that their technological resources did not offer competitive advantage, so they turned to HRM to enhance business performance.

Definitions of human resource management (HRM), and personnel management (PM) are listed in Table 1. These help to explain the purpose of HRM /PM and outline activities undertaken by HR Managers. Comparison of the various definitions reveals some distinct commonalities such as: the key purpose of HRM is to help the business to achieve its aims and objectives; employees are deemed to be an asset (human capital); HRM creates and manages policies and activities that enable employees to assist the business to achieve its aims and objectives. These commonalities also show a chain of linkages whereby the strategic aims and objectives of the business are linked to HRM department's aims and objectives and the HRM employees' aims and objectives are linked to the HRM department's aims and objectives. As noted previously, this is known as goal congruency.

Table 1. Definitions of Human Resource Management and Personnel Management

Definitions	Author(s)
Human resource management is defined as a strategic and coherent approach to the management of an organization’s most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives.’	Armstrong (2006, p.3)
Personnel management is ‘a series of activities which first enables working people and the organisation which uses their skills to agree about the objectives and nature of their working relationship and secondly, ensures that the agreement is fulfilled.’	Torrington et al. (1995, p.21).

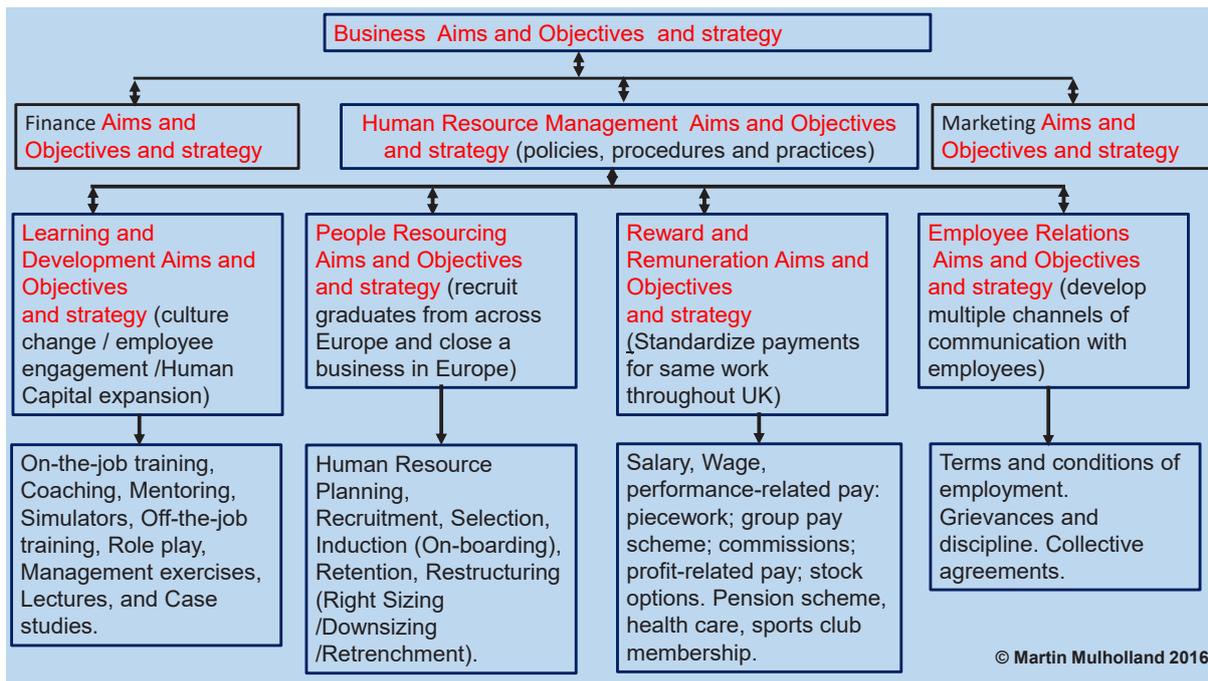


Figure 3. Business and HRM aims and objectives alignment

Figure 3. shows the concept of goal congruency between business aims and objectives and Human Resource management aims and objectives. The arrows in the model are dual in direction which shows the interaction is a two-way process. This process allows for adjustments to be made to aims and objectives which may be necessary due to changes in the internal and external environment of the business. As the external environment changes, the business strategy and the strategic aims and objectives may be revised and adjusted in order to realign the business activities. Likewise, the HRM strategy and objectives would be amended to be goal congruent with the business strategy and objectives.

The Human Resource (HR) Department in Figure 3. has four categories of work consisting of: Learning and Development; People Resourcing; Reward and

Remuneration; and Employee Relations. Each of these categories has their own strategy, aims and objectives which link to the HRM strategy, aims and objectives. Again, any changes in the HRM strategy will affect one or more of the HRM categories. For example, if a UK manufacturing business decided that it could not meet demand for its products across Europe it might choose to address this challenge by opening a new manufacturing business in France. The HRM strategy may state that a certain number and type of people need to be recruited to work in the business in France. The People Resourcing strategy and aims and objectives will change as more people will need to be recruited and selected. The Reward and Remuneration strategy and aims and objectives will be revised as the payments to employees in France will be in Euro, the different tax system will have to be taken into consideration, and the differences in the

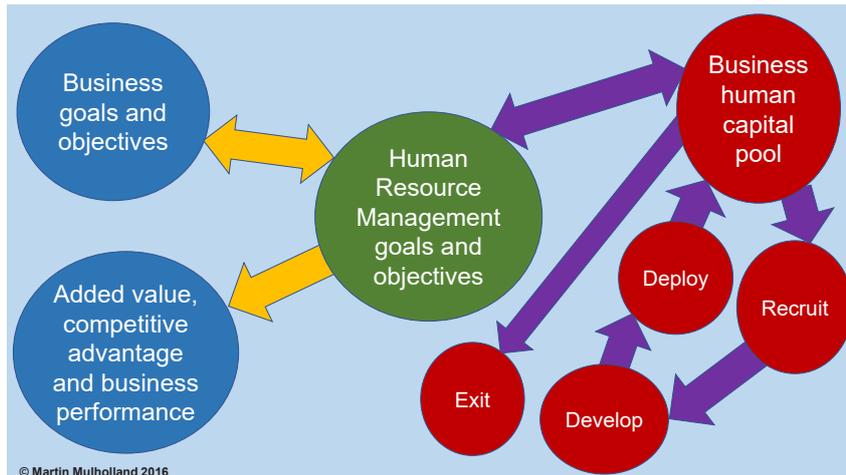


Figure 4. HRM value-added activities and business performance

minimum wage and overtime payment need to be accounted for. Different employment legislation in France will affect the Employee Relations strategy. Finally, new employees will require training which will mean that the Learning and Development strategy and aims and objectives will change.

A slightly differing perspective is provided in Figure 4. regarding the work and expectations placed upon the Human Resource Department. Human capital relates to the physical, intellectual, knowledge, information, ideas, skills, and health of employees. The HRM department helps to recruit, develop, develop and retain this human capital although some human capital is lost when employees exit the business. It has also been argued that human capital, through its uniqueness, provides the business with a competitive advantage in its

operating environment. Figure 4. also depicts HRM adding value to the business and contributing to business performance. This added-value from the HR Department could be related to: improved retention rate(s) of employees; increased attendance rates; raised employee productivity levels; higher levels of human capital due to training. The aforementioned added-value activities may then feed through to improving business performance in terms of reduced costs and increased revenue.

As businesses evolve and adapt to their changing environments, HRM likewise adjusts and develops in order to meet the strategic imperatives and aims and objectives of the business.

- 1.a. Explain and illustrate how external factors to a business can affect how the strategies of that

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- business may change.
- 1.b. Provide an account of how people management practices in a business may change as its business strategy changes. Use an example to exemplify your account.
2. Compare and contrast the differences and similarities between personnel management and human resource management (HRM).



Activity

Choose an industry that you may want to pursue a career in or an industry of your choice. Select at least one public limited company and at least one Northern Ireland based company which are advertising for a personnel manager and a human resource manager. Download the respective job descriptions and person specification forms.

Compare the differences and similarities between the personnel manager and a human resource manager documents that you downloaded. If there were any differences in duties and person specifications between the two job titles, why do you think they were different? To what extent do the differences / similarities relate to the definitions cited in this fact sheet?



Sources for further study

Armstrong, M. (2006) A Handbook of Human Resource Management Practice. 10th ed. Kogan Page.

Entrekin, L. and Court, M. (2001) Human resource management practice: Adaptation and change in an age of globalization. ILO, Management and Corporate Citizenship Working Paper no. 2. Available at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_142319.pdf [Accessed 13 November 2016].

Rogovsky, N. and Tolentino, A. (2010) Sustainable Enterprise Promotion Through Good Workplace Practices & Human Resource Management. ILO, International Training Centre of the International Labour Organization. Available at: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_143000.pdf [Accessed on 23 November 2016].

Torrington, D., Hall, L., Taylor, S., and Atkinson, C. (2014) Human Resource Management 9th edn. Pearson.

