



Higher Still Notes

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Higher Business Management

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Contents

Human Resource Management	1
What is HRM Responsible for?	1
The Working Environment	1
Implications of the Changing HRM Environment	2
What does HRM Involve?	3
HRM Planning	3
Recruitment and Selection	3
Training and Staff Development	4
Employee (and Industrial) Relations	4
Development, Implementation and Monitoring of HRM Policies	5
HRM Record Keeping and Information	5
Legislation Implementation and Compliance	6

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Human Resource Management

What is HRM Responsible for?

Human Resource Management is responsible for the *strategic* and *integrated* management of an effective and efficient workforce.

Why is HRM Important?

It is important because an organisation's workforce is its most important asset. If this key asset is not well managed, for example by not having enough staff, unskilled staff, or unhappy staff, the organisation could fail (because due to inefficient provision of goods there will be inefficient generation of revenue and profit).

The Working Environment

The structure of the working population has changed in recent years.

- Employment has risen to 26 million (70% of the working population).
- The percentage of men in full-time employment has fallen, but the percentage working part-time has risen.
- The percentage of women in full-time and part-time employment is relatively constant.
- There has been an increase in the percentage of men and women employed on a temporary, fixed-period, agency or contract basis.
- The percentage of men and women employed on a permanent basis has decreased.
- The percentage of men and women working in the economy's manufacturing sector (factories etc.) has declined.
- The percentage of both men and women working in the economy's service sector (e.g. call centres, telesales, service work) has increased.
- The structure of working hours has changed from the traditional '9-5' to encompass part-time work, core and flexi-time, and shift work.
- There has been the establishment of separate *core*, *contractual*, and *flexible* workforces within organisations.

Reasons for the Changing Working Environment

Political

- Changes to market structures (e.g. financial services) have increased opportunities (and employment) and have created competition (which has cost some jobs).
- Changes to government policies (e.g. changes to benefits structure, employment grants, etc.) have increased employment.

Economic

- UK manufacturing sector inefficiency has led to closures and unemployment.
- UK service sector expansion has been biased towards part-time and temporary employment.
- Market de-regulation, the 80's boom/recession and increased competition have led to companies trying to be more cost-efficient by:
 1. Downsizing (e.g. redundancies from permanent staff).
 2. Minimising financial obligations to staff (i.e. wages, pensions, redundancy payments, NI, sick pay, holiday pay, etc.) by employing temporary rather than permanent staff.
 3. Operating different working practices (e.g. shift work, etc.) to minimise staff costs and obligations.

Social

- More people are returning to work after having a family in a way which suits the, i.e. usually part-time, temporary, etc.
- There are more one-parent families which may prefer to work part-time, temporary, etc.
- The family role of men and women has changed as more men look after the family instead of going into full-time work, and vice versa.

Technological

- Much of the remaining manufacturing sector work has been automated or computerised, which has compounded unemployment problems in this sector.
- Technology has created a 'global economy' with global competition, which increased the need to be cost efficient.

Implications of the Changing HRM Environment

Advantages of the current HRM environment include:

- Money can be saved from reduced financial obligations.
- Money can be saved from reduced space requirements.
- Less permanent staff and more temporary staff will allow better response to the market (e.g. cheap redundancies to reduce costs, etc.).

Disadvantages of the current HRM environment include:

- More money may have to be spent on recruitment.
- There may be staff shortages in certain areas of the organisation.
- Employee commitment may be less due to the temporary nature of the job.
- More money may have to be spent on training.
- Less benefit may be seen from training due to staff turnover.
- Lack of personnel continuity can cause problems.

What does HRM Involve?

The exact remit and work of HRM within an organisation will depend on:

- Organisational size.
- The nature of the labour force employed.
- The status of HRM in the organisation.
- The priorities and values of senior management.

Typical Roles

- Executive (“expert” decision-making).
- Auditor (monitoring implementation and use of HRM policies).
- Facilitator (aiding other peoples’ HRM work through action).
- Consultant (giving additional guidance to others).
- Service (providing useful HRM information to others).

Typical Activities

Strategic

- Developing integrated HRM policies.
- Implementing HRM policies.
- Monitoring use of HRM policies.

Tactical

- Human resource planning.
- Staff recruitment.
- Staff training and development.
- Promoting good industrial relations.

Operational

- Maintenance of HRM information.

HRM Planning

The HRM activity refers to a planned but flexible approach to:

- Ensuring the workforce is sufficient.
- Ensuring the workforce is effective and motivated.

Recruitment and Selection

The HRM activity refers to the way in which the organisation attracts and selects the right people to fill any vacancies. A possible step-by-step process of this could be:

- Identify the vacancy.
- Identify the job details – draw up a *job analysis job description* and *person specification*.
- Advertise the vacancy – internally and externally.
- Select – use CV’s and application forms, interview, aptitude tests, ask for references.
- Appoint the candidate.
- Assess his/her effectiveness.

Training and Staff Development

Training refers to the teaching of new skills to staff and the on-going development of their existing skills. The main types/methods of training undertaken by organisations are:

- Induction training.
- On-the-job training.
- Off-the-job training.
- Staff development.

Benefits to Training

- Necessity (staff must be able to fulfil their job description).
- Flexibility of operations (due to variety of staff skills).
- Efficiency (as skilled staff will be more productive and so cheaper).
- Competitiveness (due to flexibility and efficiency's lower costs).
- Improved employee satisfaction (which improves output).
- Better public image (which can win customers and good staff).

Training Costs

- Course costs (i.e. fees, accommodation and travel expenses, etc.).
- Staff costs (e.g. in-house trainers' salaries, temp costs, etc.).
- Loss of output (due to staff absence at training, inexperience, etc.).

Employee (and Industrial) Relations

Employee relations describes all of the dealings between employers and their employees (as a group or as individuals). Industrial relations describes the specific parts of employee relations which are between employers and worker trade unions.

The main areas covered by employee relations will be:

- Trade union recognition.
- Collective bargaining with trade unions.
- Employee relations procedures (discipline, redundancy, etc.).
- Terms and conditions of employment.
- Participation and involvement in decision-making.

The main parties which are involved in these activities are:

- Employers' associations.
- Trade unions.
- ACAS.

The main processes which are used by all of the above parties in employee relation activities are:

- Consultation.
- Negotiation.
- Arbitration.

Specific examples of the main employee relations processes include:

- Collective bargaining (a form of negotiation).
- Works council (a form of consultation and negotiation).
- Single union agreements (a form of negotiation).
- Employee suggestion schemes (a form of consultation).
- Employee share issues (which aids negotiation).

It is in the interest of both employers and employees to ensure employee relations are as productive as possible for the following reasons:

- Efficiency, profitability and rewards.
- To prevent industrial action.

Development, Implementation and Monitoring of HRM Policies

HRM will involve creating and using policies that will create a productive and safe working environment where employees know:

- What is expected of them (and how their performance is monitored).
- What will happen if they do not do as expected of them.
- What they can do if they have a problem.

The main policies which will establish and govern this environment are:

- Appraisal (or performance review).
- Grievance procedures.
- Discipline procedures.
- Health and Safety.

HRM Record Keeping and Information

HRM will keep records of the following:

- Basic employee data.
- Employee training data.
- Employee absence data.
- Recruitment and selection data.
- Holiday data.
- Salary data.
- Labour turnover data.
- Health and safety data.

This information will be kept for the following reasons:

- Employee information and management.
- Monitor performance and progress.
- Provide information for strategy development.
- Provide advice to non-HRM staff.

Legislation Implementation and Compliance

The HRM department will be concerned with legislation as they must:

- Ensure HRM policies take account of relevant legislation.
- Ensure HRM policies are updated for new/changed UK/EU legislation.
- Provide training to staff who have legislative responsibilities.
- Monitor performance to ensure legislative requirements are met.

The main legislation which HRM departments must account for include:

- Health and Safety at Work Act 1974 (creates a safe workplace).
- Sex Discrimination Act 1975 (stops discrimination).
- Race Relations Act 1976 (stops discrimination).
- Equal Pay act 1970 (stops discrimination)
- Employment (Consolidation) Act 1978 (creates employment rights).
- Employment Protection Act 1978 (creates employment rights).
- Trade Union Act 1984 (Stops discrimination/creates employment rights).
- EU Directives (protects safety/creates rights/stops discrimination).

The main provisions of this legislation collectively are:

- To ensure that unlawful discrimination is prohibited.
- To bring about employment protection.
- To create a safe and healthy working environment.