

# Human resource management (HRM)

2<sup>ND</sup> YEAR

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# *Trends Shaping Human Resource Management*

*\* Trends are occurring in the environment of human resource management that are changing how employers get their human resource management tasks done. These trends include:*

- 1) Globalization Trends
- 2) Indebtedness ( Leverage ) and Deregulation
- 3) Technology Trends
- 4) Trends in How People Work
- 5) Demographic and Workforce Trends

# 1) Globalization and Competition Trends

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Globalization: The tendency of firms to extend their sales, ownership, and/or manufacturing to new markets abroad.

# Globalization and Competition Trends

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## Examples:

- \* *Toyota produces the Camry in Kentucky, while Dell produces PCs in China.*
- \* *Free trade areas agreements that reduce tariffs and barriers among trading partners further encourage international trade. NAFTA (the North American Free Trade Agreement) and the EU (European Union) are examples.*

Companies *expand abroad* for several reasons. <sup>1</sup> Sales expansion is one.

*EX:* *Walmart is opening stores in South America.*

*EX:* *Dell, knowing that China will soon be the world's biggest market for PCs, is aggressively selling there.*

\* Firms *go abroad* for other reasons. Some manufacturers *seek new foreign products and services to sell*, and to *cut labor costs*.

*EX:* Some apparel manufacturer's *design and cut fabrics in Miami*, and then *assemble the actual products in Central America*, where *labor costs are relatively low*.



\* For businesspeople, *globalization means more competition, and more competition means more pressure to be world-class to lower costs, to make employees more productive, and to do things better and less expensively.*



\* *Globalization* therefore brings both *benefits and threats.*

\* For *consumers,* it *means lower prices and higher quality on products from computers to cars.*

\* For *workers,* it *means the prospect of working harder, and perhaps less secure jobs.*

*\* Job offshoring: Having employees abroad do jobs that Americans formerly did illustrates this threat.*

*EX: In the next few years, many employers plan to offshore even highly skilled jobs such as sales managers, general managers and HR managers*

## 2) Indebtedness (Leverage) and Deregulation

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\* In many countries, *governments stripped away regulations.*

*EX:* In the United States and Europe, for instance, *the rules that prevented commercial banks from expanding into stock brokering were relaxed.*

*EX:* *Giant, multinational financial supermarkets such as Citibank quickly emerged.*

### 3) Technological Trends

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\* Everyone knows that technology *changed almost everything we do.*

EX: We use *smartphones and iPads to communicate with the office, and to plan trips, manage money, and look for local eateries.*

EX: We also *increasingly use technology for many human resource management type applications, such as looking for jobs* such as *Facebook recruiting.*

## *More on HR Technology Trends*

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\* There are 5 main types of digital technologies driving HR professionals to automation:

1) *Social Media*

2) *Mobile Applications*

3) *Gaming*

4) *Cloud Computing*

5) *Data Analytics (as known as Talent Analytics)*

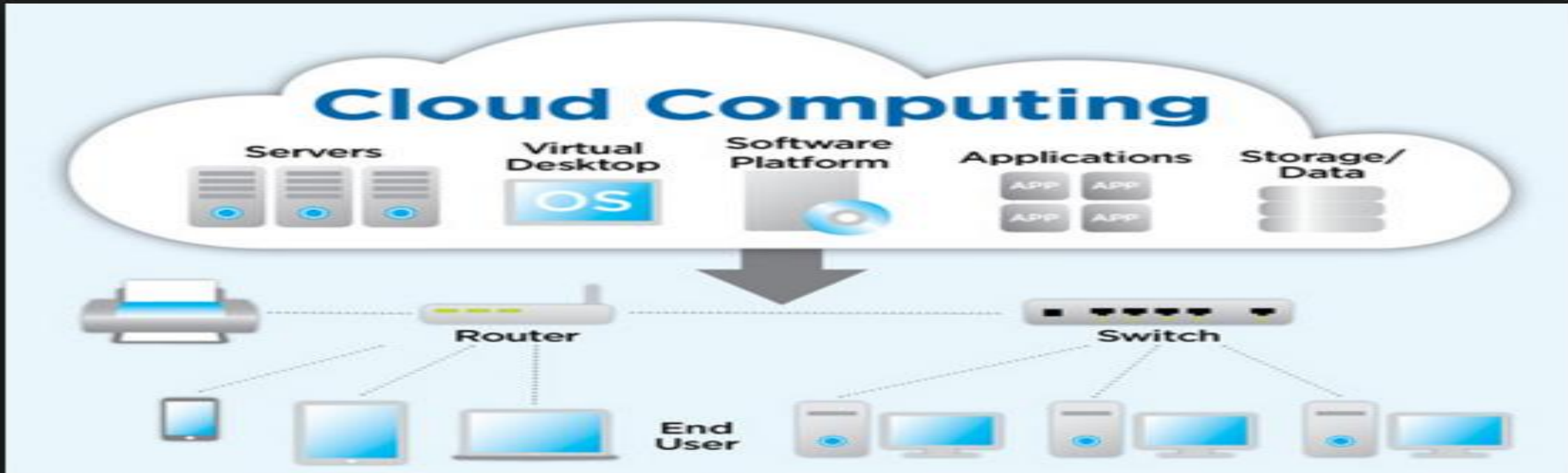
*A) Employers increasingly use social media tools such as Twitter, Facebook, and LinkedIn (rather than, say, as many employment agencies) to recruit new employees.*

*B) Employers use new mobile applications to monitor employee location and to provide digital photos at the facility clock-in location to identify workers.*



*C) Employers use gaming: New training applications, and websites such as Knack, Gild, and True Office enable employers to inject gaming features into training, performance appraisal, and recruiting.*

*D) Employers use cloud computing which enable employers to monitor and report on things like a team's goal attainment and to provide real-time evaluative feedback.*



*E) Employers also use data analytics, also called talent analytics, which use statistical techniques, algorithms, and problem-solving to identify relationships among data for the purpose of solving particular problems (such as what the ideal candidate's traits are, or how can I tell in advance which of my best employees is likely to quit?)*

#### 4) Trends in the Nature of Work

*\* Technology has also had a huge impact on how people work, and therefore on the skills and training today's workers need.*

##### A) HIGH-TECH JOBS

*EX: In older plants, machinists would manually control machines that cut chunks of metal into things like engine parts. Today, they spend much of their time keying commands into computerized machines that create precision parts for products, including water pumps*

## B) SERVICE JOBS

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\* *Work has shifted from manufacturing jobs to service jobs in North America and Western Europe.*

\* Today *over two-thirds of the U.S. workforce is producing and delivering services, not products. EX: Demand workers like Uber.*

\* Furthermore, *higher productivity enables manufacturers to produce more with fewer workers.*

*EX: Just-in-time manufacturing techniques link daily manufacturing schedules more precisely to customer demand, squeezing waste out of the system and reducing inventory needs*

### C) Knowledge work and human capital:

\* In general, *the best jobs that remain require more education and more skills.*

EX: *Automation and just-in-time manufacturing* mean that even *manufacturing jobs require more reading, math, and communication skills*

Human Capital: *The knowledge, education, training, skills, and expertise of a firms workers.*



## 5) Demographic and Workforce Trends

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- \* The composition of the workforce will continue to change over the next few years; specifically, it will continue to become more diverse with more women, minority group members, and older workers in the workforce.*
- \* Demographic trends are making finding and hiring employees more challenging.*



## A) Generation Y (Millennials):

\* Generation Y employees take the place of the labor force's previous new entrants, Generation X who themselves were the children of, and followed into the labor force, the Baby Boomers.

\* Gen Y employees are *both high-performance and high-maintenance*. Therefore:

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- 1) They want fair and direct supervisors who are highly engaged in their professional development.*
- 2) They seek out creative challenges and view colleagues as vast resources from whom to gain knowledge.*
- 3) They want to make an important impact on Day 1.*
- 4) They want small goals with tight deadlines so they can build up ownership of tasks.*
- 5) They aim to work faster and better than other workers.*

## *B) Retirees*

- \* Many human resource professionals call *the aging workforce* the *biggest demographic trend affecting employers*.
- \* *The basic problem is that there aren't enough younger workers to replace the projected number of baby boom era older-worker retirees*

## *C) Non traditional workers*

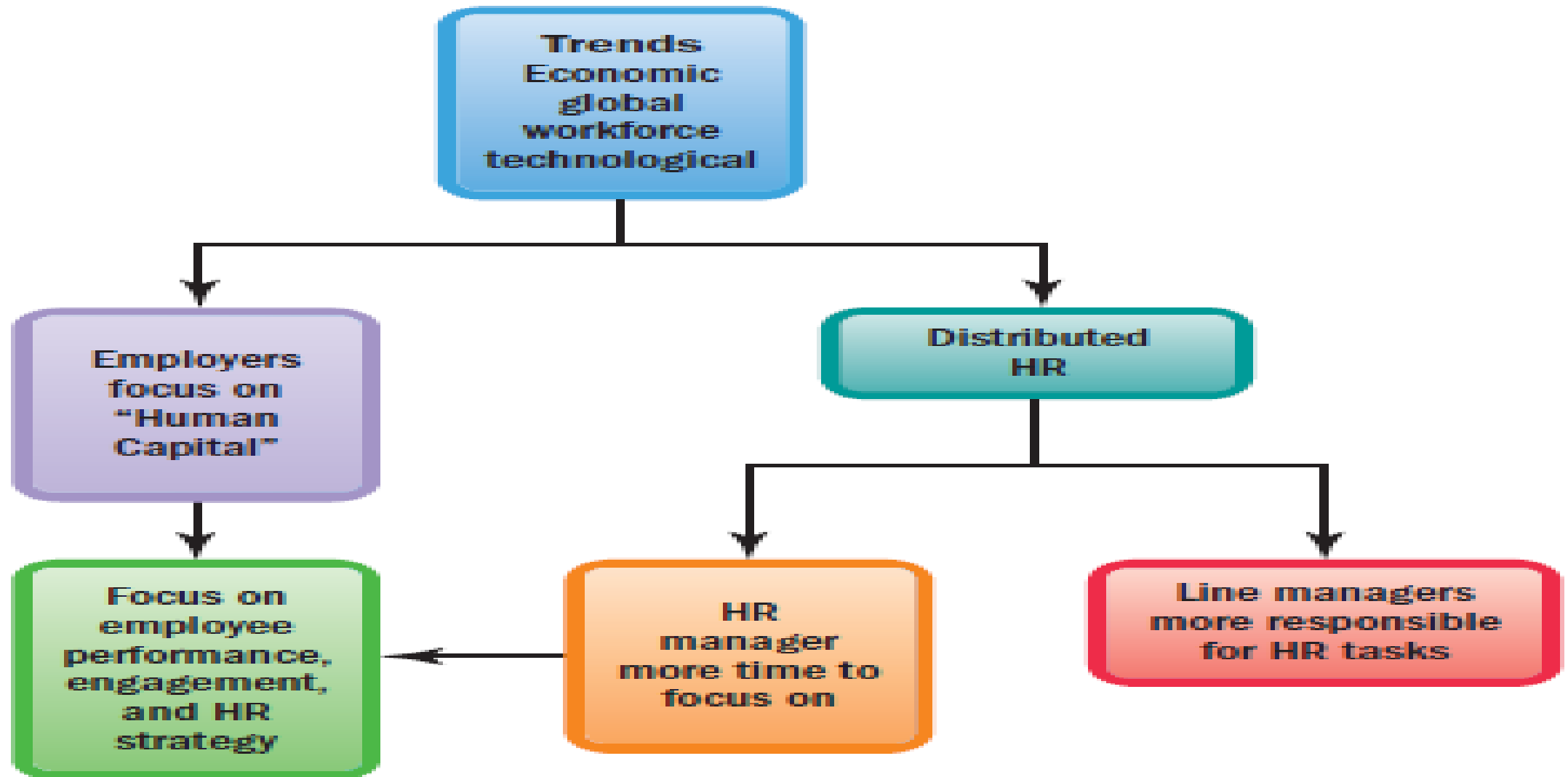
\* *Non traditional workers* include those *who hold multiple jobs, or who are contingent or part-time workers, or who are working in alternative work arrangements (such as a mother daughter team sharing one clerical job).*

## *D) Workers from abroad*

- \* With retirements triggering projected workforce shortfalls, many employers are hiring foreign workers for U.S. jobs.*
- \* U.S. employers recruit skilled foreign professionals to work in the United States when they can't find qualified U.S. workers.*

# A Quick Summary

**FIGURE 1-4 What Trends Mean for Human Resource Management**



# *Today's New Human Resource Management*



## 1) HR and Strategy

### Strategic Human Resource Management

**Strategic human resource management:** *Formulating and executing human resource policies and practices that produce the employee competencies and behaviors that the company needs to achieve its strategic aims.*

## 2) HR and Performance

**\* The Human Resource Manager is expected to spearhead employee performance.**

**Three Levers can be applied to do so:**

**A) The HR Department Lever**

**B) Employee Cost Lever**

**C) Strategic Results Lever**

## A) The HR department lever:

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\* *The HR manager ensures that the human resource management function is delivering services efficiently.*

\* EX: This might include *outsourcing certain HR activities such as benefits management, and using technology to deliver its services more cost-effectively.*

## *B) The Employee costs lever.*

*EX:* *The human resource manager takes a prominent role in advising top management about the company's staffing levels, and in setting and controlling the firm's compensation, incentives, and benefits policies.*

## *C) The strategic results lever.*

*\* The HR manager puts in place the policies and practices that produce the employee competencies and skills the company needs to achieve its strategic goals.*

*\* Employers also expect their human resource manager/“people experts” to spearhead employee performance-improvement efforts.*

*\* Here they can apply three levers.*

### 3) HR and Performance and Sustainability

*\* It is about measuring companies in terms of maximizing profits but also on their environmental and social performance as well.*



## 4) HR and Employee Engagement

**Employee engagement:** *Being psychologically involved in, connected to, and committed to getting one's job done.*

\* *Engaged employees “experience a high level of connectivity with their work tasks,” and therefore work hard to accomplish their task-related goals.*

\* *Employee engagement is important because it drives performance.*

## 5) Integrated Talent Management Approach

*Talent management: The goal-oriented and integrated process of planning, recruiting, developing, managing, and compensating employees.*

\* It involves *instituting a coordinated process for identifying, recruiting, hiring, and developing high-potential employees.*

## *6) Managing Ethics*

*Ethics:* *The standards someone uses to decide what his or her conduct should be*

## 7) HR and Evidence Based Management

***Evidence-based human resource management:*** *The use of data, facts, analytics, scientific rigor, critical evaluation, and critically evaluated research/case studies to support human resource management proposals, decisions, practices, and conclusions.*

\* *The evidence may come from the following:*

*A) Actual measurements:* Such as, *how did the trainees like this program?*

*B) Existing data:* Such as, *what happened to company profits after we installed this training program?*

*C) Research studies:* Such as, *what does the research literature conclude about the best way to ensure that trainees remember what they learn?*

\* Sometimes, companies translate their findings into what management gurus call *high-performance work systems*: *sets of human resource management practices that together produce superior employee performance.*



## 8) HR and Adding Value

**Adding value:** *Helping the firm and its employees improve in a measurable way as a result of the human resources manager's actions.*

*\* The bottom line is that today's employers want their human resource managers to add value by boosting profits and performance.*



## 9) The human resource manager's new Competencies

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A) Talent Managers/Organization Designers: *With a mastery of traditional human resource management tasks such as acquiring, training, and compensating employees.*

B) Culture and Change Stewards: *Able to create human resource practices that support the firms cultural values.*

C) Strategy Architects: *With the skills to help establish the company's overall strategic plan, and to put in place the human resource practices required to support accomplishing that plan.*

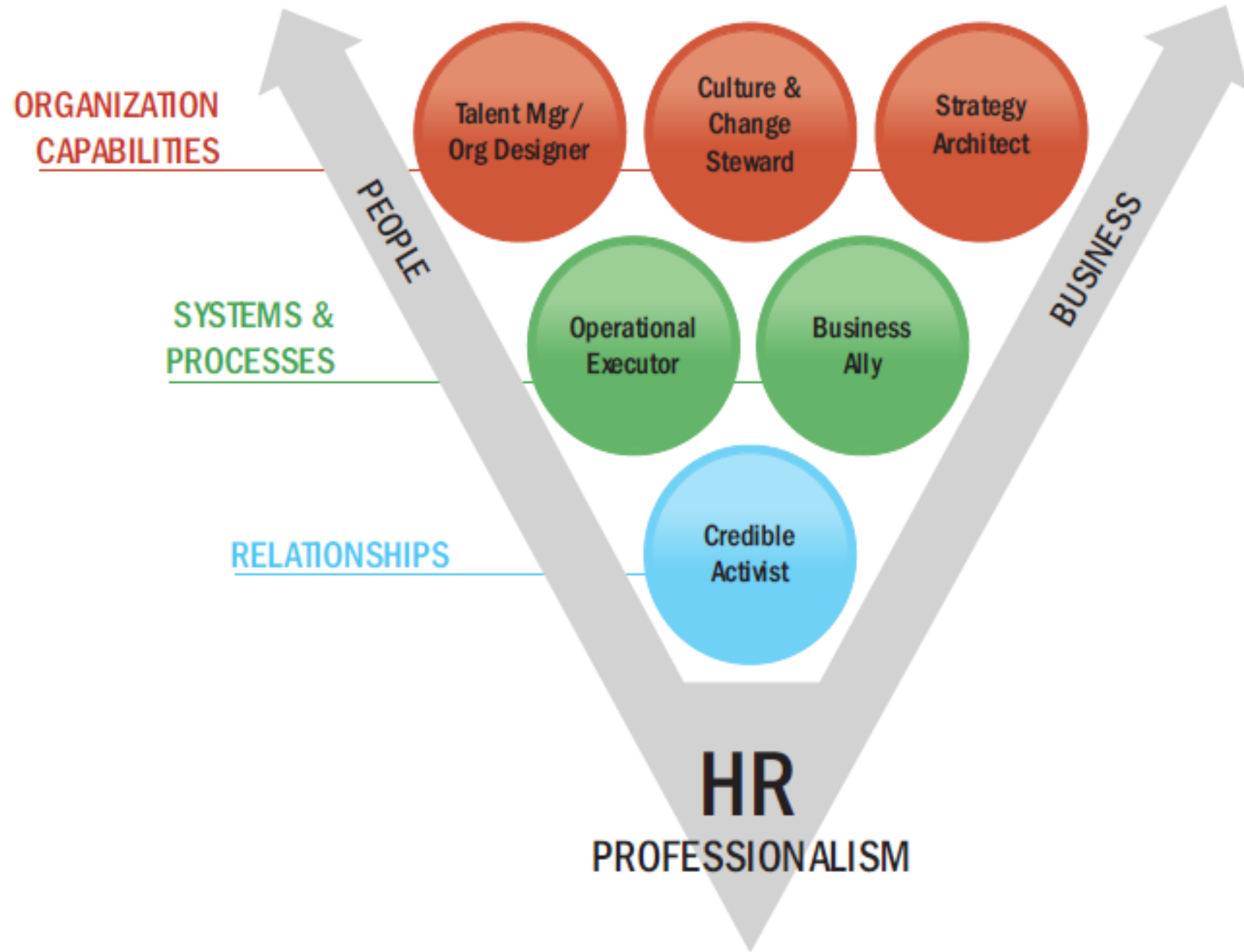
*D) Operational Executors:* *Able to anticipate, draft, and implement the human resource practices (for instance in testing and appraising) the company needs to implement its strategy.*

*E) Business Allies:* *Competent to apply business knowledge (for instance in finance, sales, and production) that enable them to help functional and general managers to achieve their departmental goals.*

*F) Credible Activists:* *With the leadership and other competencies that make them both credible (respected, admired, listened to) and active (offers a point of view, takes a position, challenges assumptions).*

**FIGURE 1-7** The Human Resource Manager's Competencies

Source: Used with permission of The RBL Group, [www.rbl.net](http://www.rbl.net), accessed April 4, 2011.



# *The New Human Resource Manager*

# *The New Human Resource Manager*

*The Society of Human Resource Management (SHRM) has a new “competency model” called the SHRM Body of Competency and Knowledge that itemizes what a New HR Manager needs*

# *What does it take to be a New Human Resource Manager today?*

- \* Recently, *the SHRM Body of Competency and Knowledge* itemized the competencies, skills, and knowledge and expertise human resource managers need.
- \* *The HR Manager should be able to exhibit:*



*1) Leadership & Navigation:* *The ability to direct and contribute to initiatives and processes within the organization.*

*2) Ethical Practice:* *The ability to integrate core values, integrity, and accountability throughout all organizational and business practices.*



3) Business Acumen: *The ability to understand and apply information with which to contribute to the organization's strategic plan.*

4) Relationship Management: *The ability to manage interactions to provide service and to support the organization.*

5) Consultation: *The ability to provide guidance to organizational stakeholders.*

6) Critical Evaluation: *The ability to interpret information with which to make business decisions and recommendations.*

7) Global & Cultural Effectiveness: *The ability to value and consider the perspectives and backgrounds of all parties.*

8) Communication: *The ability to effectively exchange information with stakeholders.*

# *Human Resource Manager Certification*

*\* Many human resource managers use certification to demonstrate their mastery of contemporary human resource management knowledge and competencies.*

\* *The oldest is administered by:*

\* *HR Certification Institute (HRCI):*  
*An independent certifying  
organization for human resource  
professionals.*

\* *HRCI Certifications:* Through testing, HRCI awards several credentials including:

*1) Professional in Human Resources (PHR)*

*2) Senior Professional in Human Resources (SPHR)*

\* *SHRM now has its own competency and knowledge based testing*







1) All of the following are activities performed within the staffing function of the management process EXCEPT \_\_\_\_\_.

- A) evaluating performance
- B) providing training
- C) recruiting employees
- D) maintaining morale

**D**

2) In the management process, which activity is part of the staffing function?

- A) developing rules
  - B) maintaining morale
  - C) evaluating performance
  - D) setting production levels
- C

3) \_\_\_\_\_ is the right to make decisions, to direct the work of others, and to give orders.

- A) Leadership
  - B) Authority
  - C) Arbitration
  - D) Bargaining
- B