



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Human Resource Management in Context

Learning Outcome Two: The managerial and business environment in which HR professionals work

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*Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives*



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LO1 - Key Points

- Contemporary HRM has emerged out of the **drive for competitive advantage and the search for improved performance**, and changes in the external contexts (globalisation etc)
- The latest trend in HRM represents a distinctive approach to managing people at work, with a **strategic focus, integrated with line management and individualistic** in its orientation to the management of people.
- The external contexts of HRM continually change and HR has to respond constantly to them by developing, implementing and evaluating appropriate strategies, policies and practices.
- With divisionalisation, devolved budgeting, internal markets and increased competition **the search for improved performance** is a driving force in most organisations.
- To promote effective HR strategy, the emphasis is on **vertical and horizontal integration**.



Key Points Continued:

- **Organisational Theory** is the study of organisations and how their stakeholders interact together. Classical/contemporary theories.
- There are **many types of organisations** – different forms of ownership, control and objectives.
- Differ in terms of **orientation (profit/community goals) and ownership** – public/private. Size.
- **Internal contexts – CLIPS** – culture, layout, innovation, power/conflict/control and social components.
- Importance of recognising **stakeholders**.
- Shift to **new organisational forms** - implications for hierarchy and other internal issues. Networking/Strategic alliances, boundary crossing.
- Emerging orthodoxy – **teamwork** increases commitment and involvement.
- Continual **search for improved performance, profit and efficiency** – this force promotes strong performance management cultures.
- Importance of **corporate governance and business ethics** including CSR.





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Managerial and Business Contexts consist of the 6 M's Framework – the central, core level of organisational context

1. Management
2. Managerial Functions
3. Modern Managerial Functions
4. Managerial power, authority and influence
5. Managerial politics and the change agenda
6. Models of the HR Function and relationships with employees



What is Management?

‘Might be defined as a group of people in an organisation who use their power through a variety of processes and functions to achieve the objectives set for them.’

- What does management do?
- How does it do it, and why?
- Are managers professionals?

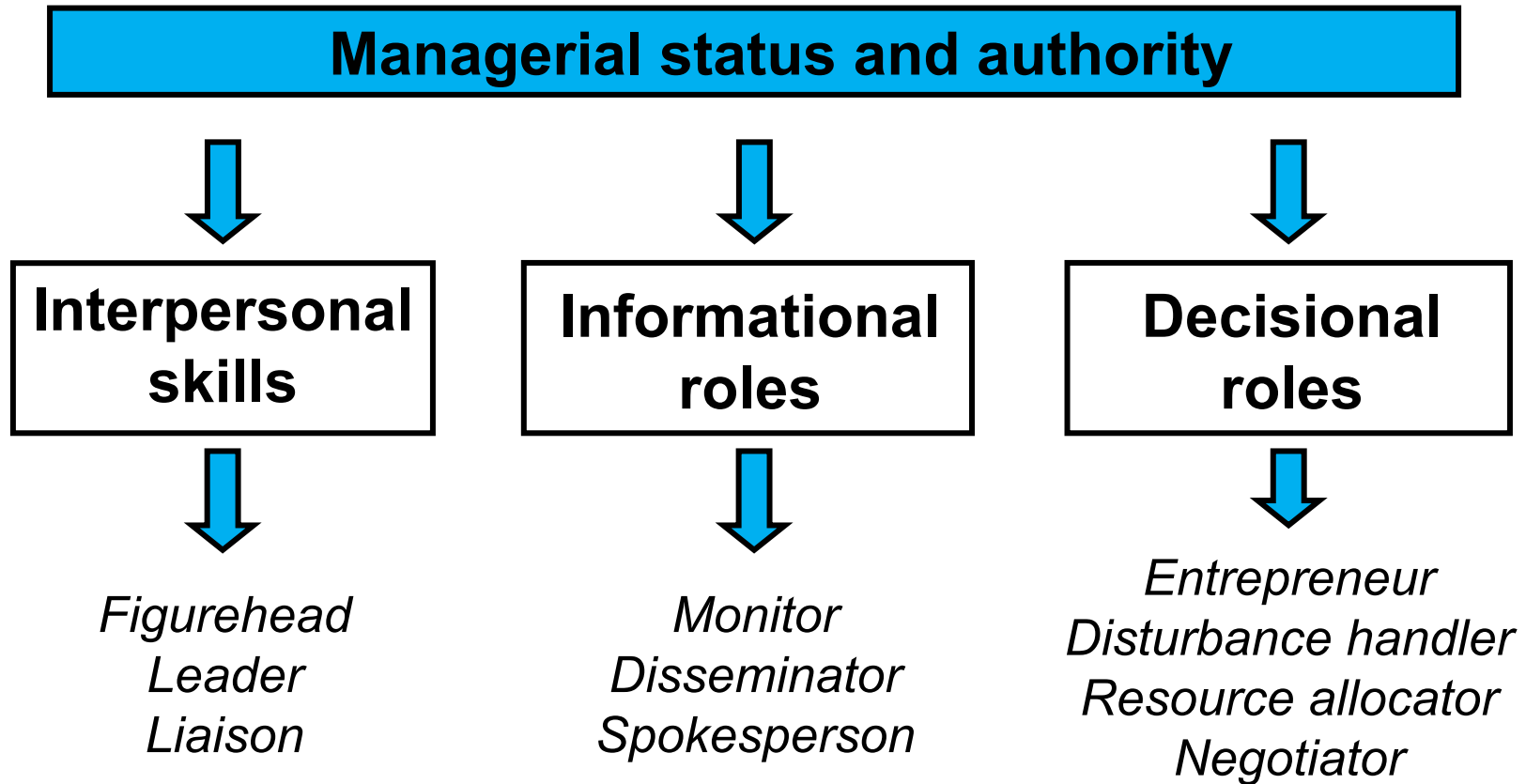


Further Definitions of Management

- ‘The hierarchy of individuals who perform specified critical functions in an organisation’ (*Harbison and Myers, 1959*).
- ‘Management can be: the activity of running things; the ideology of management; the people paid to run things’ (*Mant, 1979*).
- ‘Management is the process of communicating, co-ordinating and accomplishing action in the pursuit of organisation goals, whilst managing relationships at work’ (*Clegg et al, 2008*).
- ‘Management has become a complex, differentiated process for planning, allocating, motivating, co-ordinating and controlling work’ (*Hales, 2001*).



Figure 3.1: Mintzberg's Analysis of Management Roles



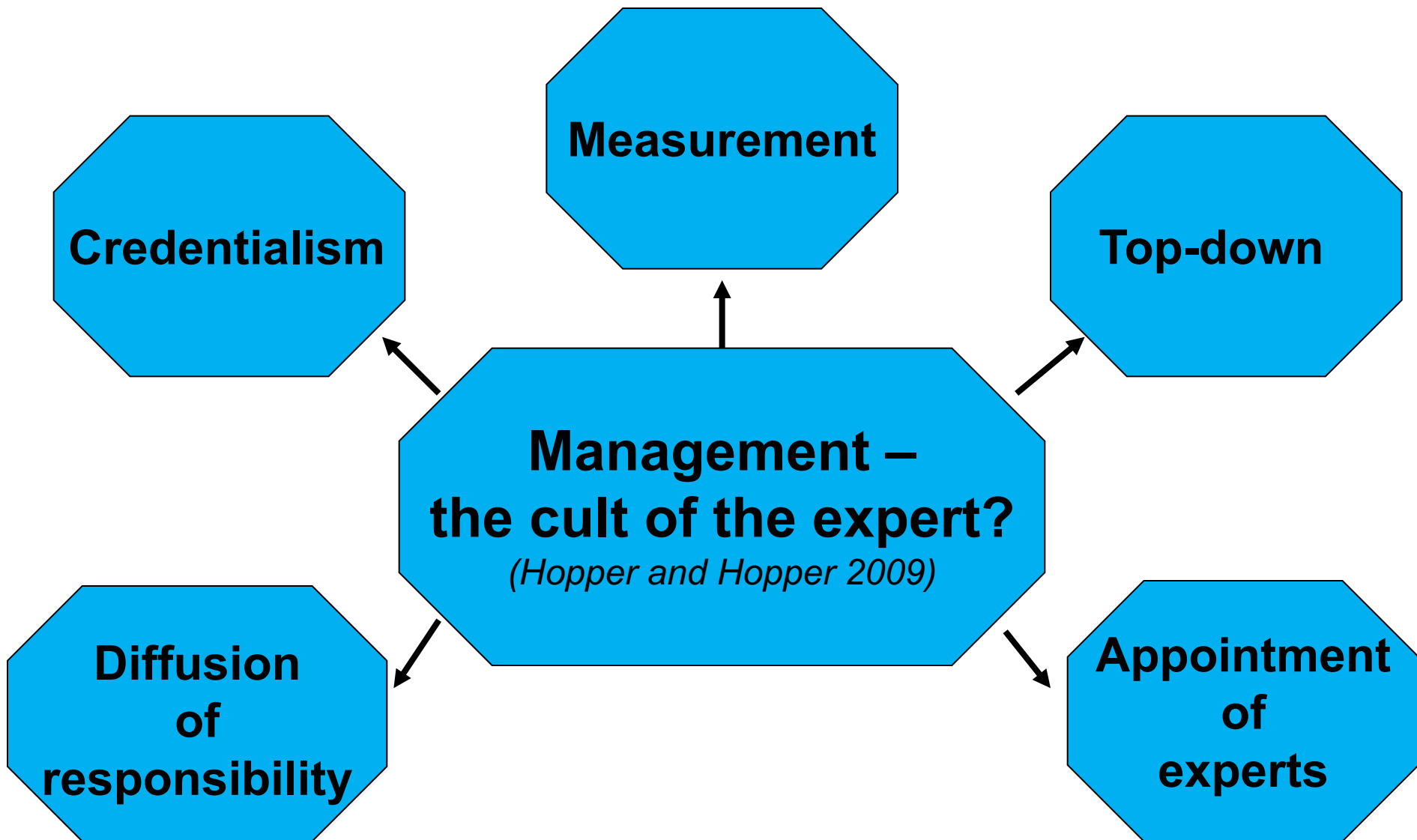
‘Is Management a Profession?’

‘Is management education a means of enhancing professional status

or

a political movement to marginalise unions and sustain unitarism?’





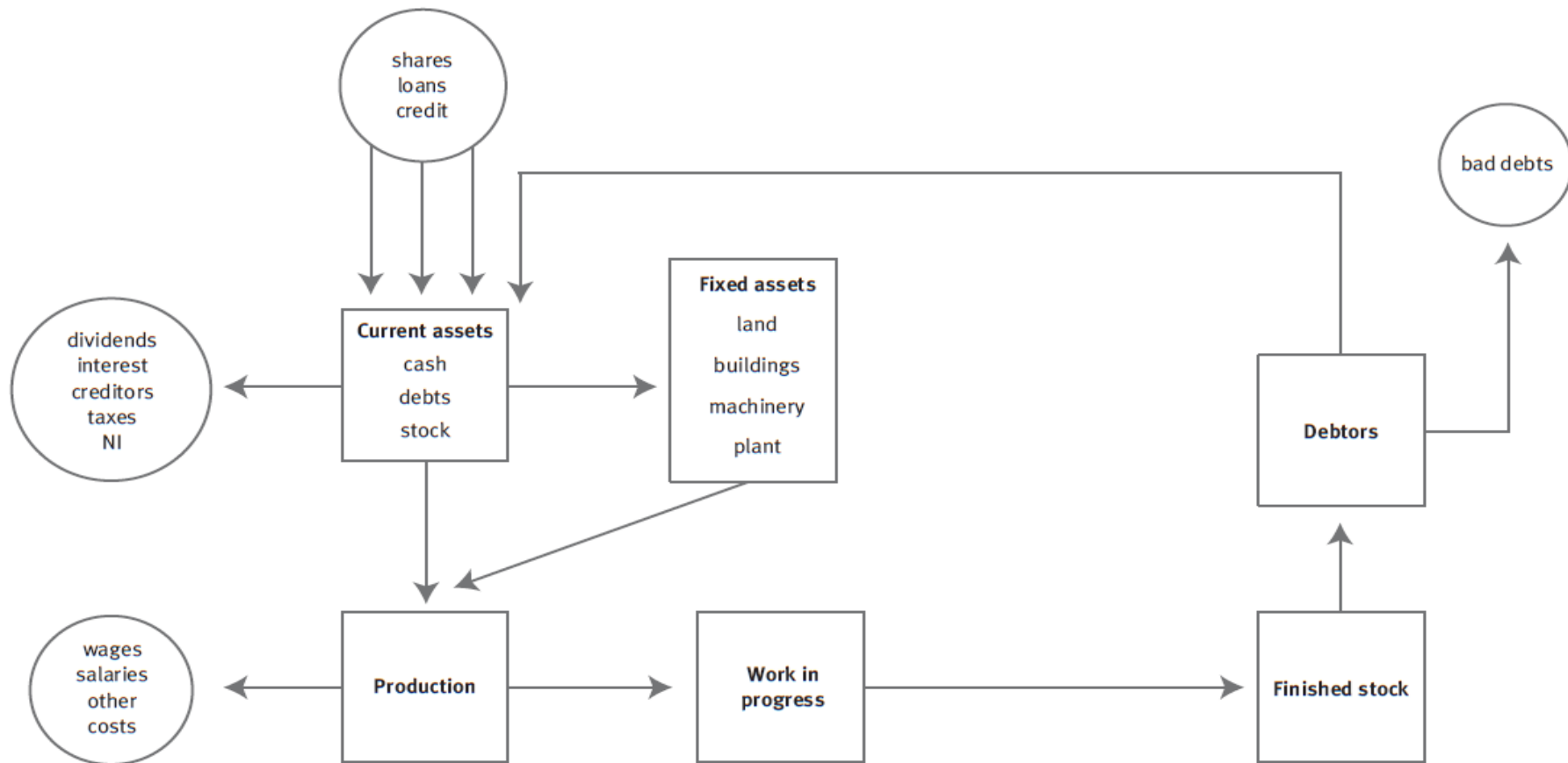
Management is Organised by Function

- Finance
- Marketing
- Operations
- Strategy
- HRM

And more recently - Risk management, Quality management, Customer Care, Performance Management.



Figure 3.2: The Main Sources and Flows of Finance within Private Sector Businesses



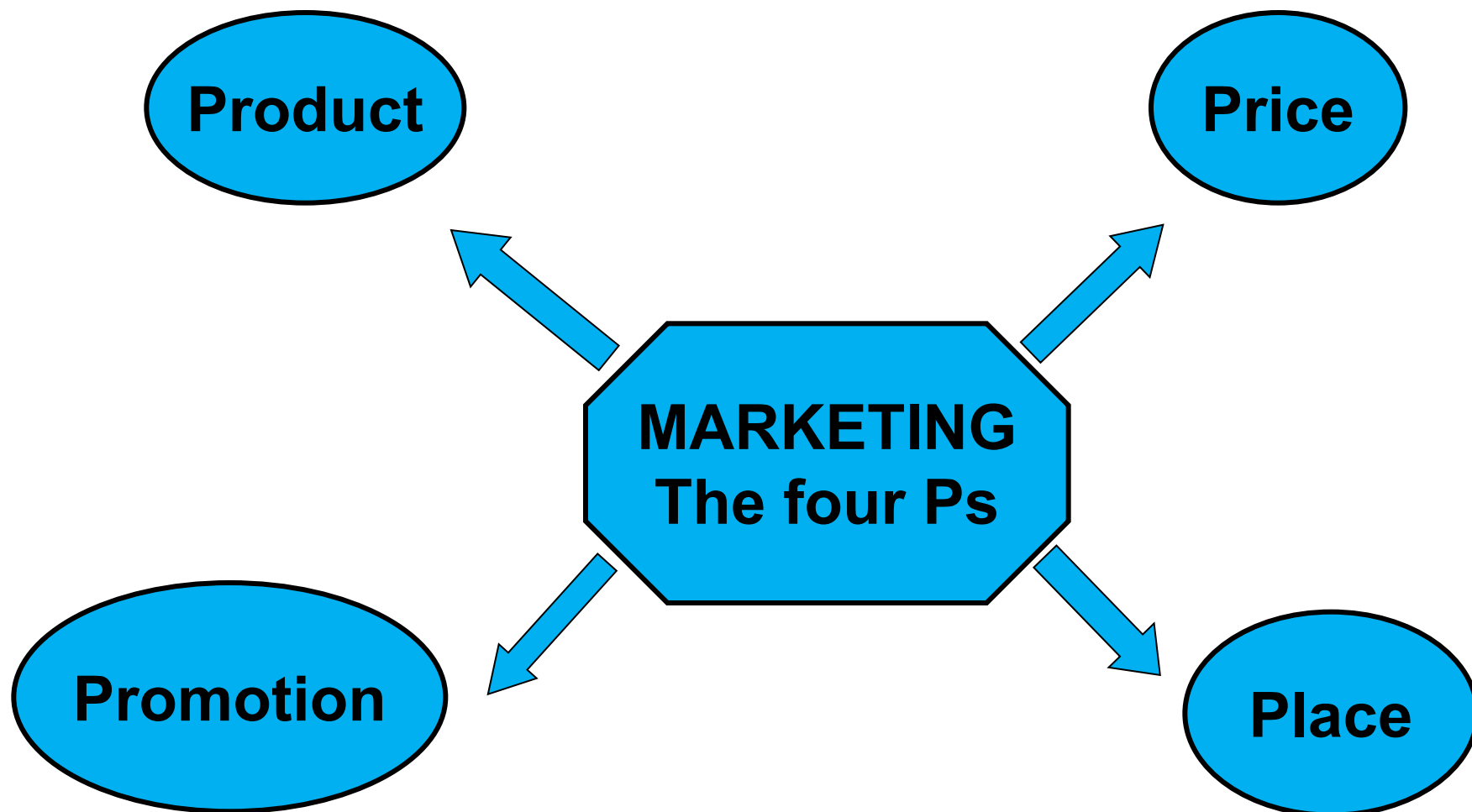
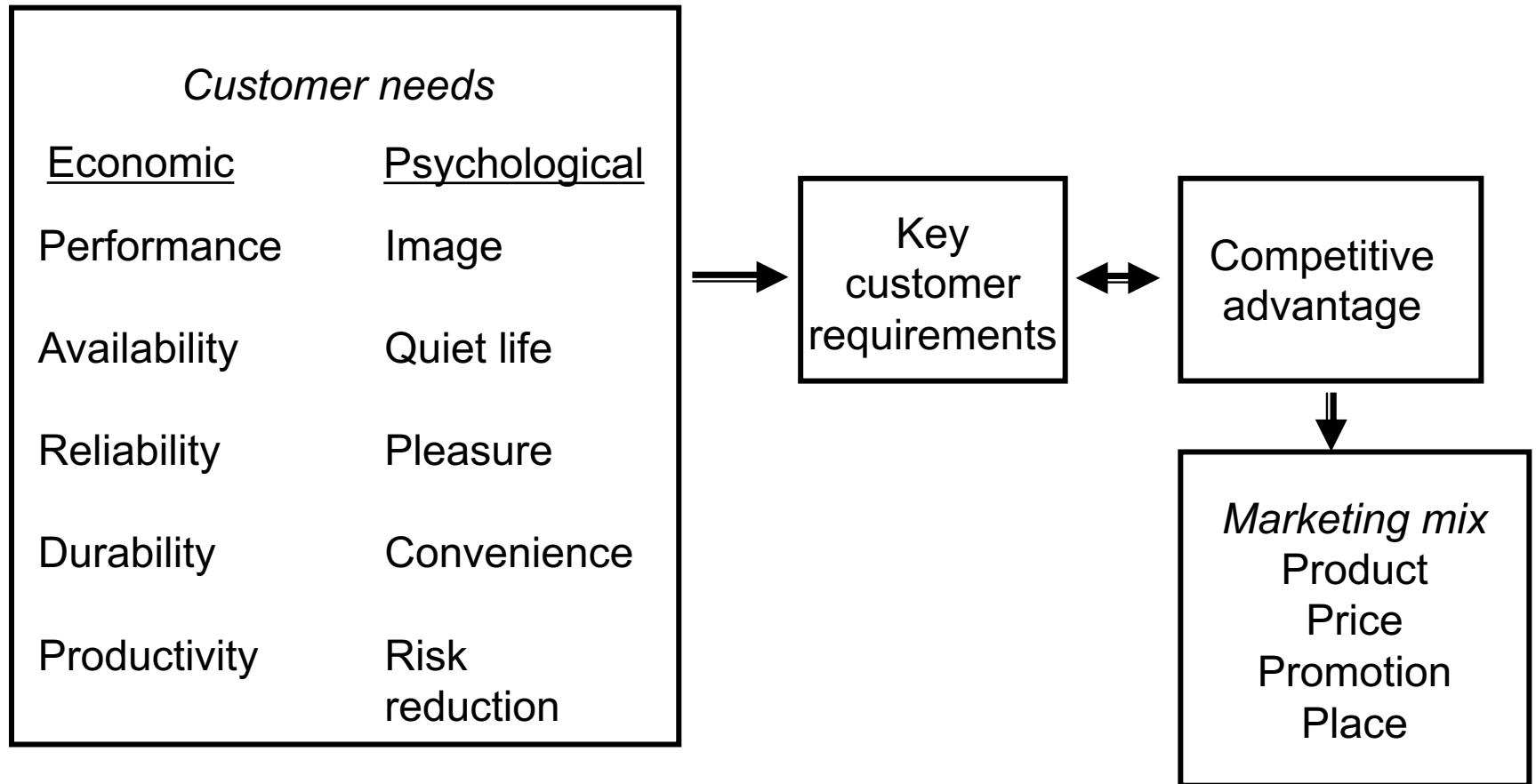
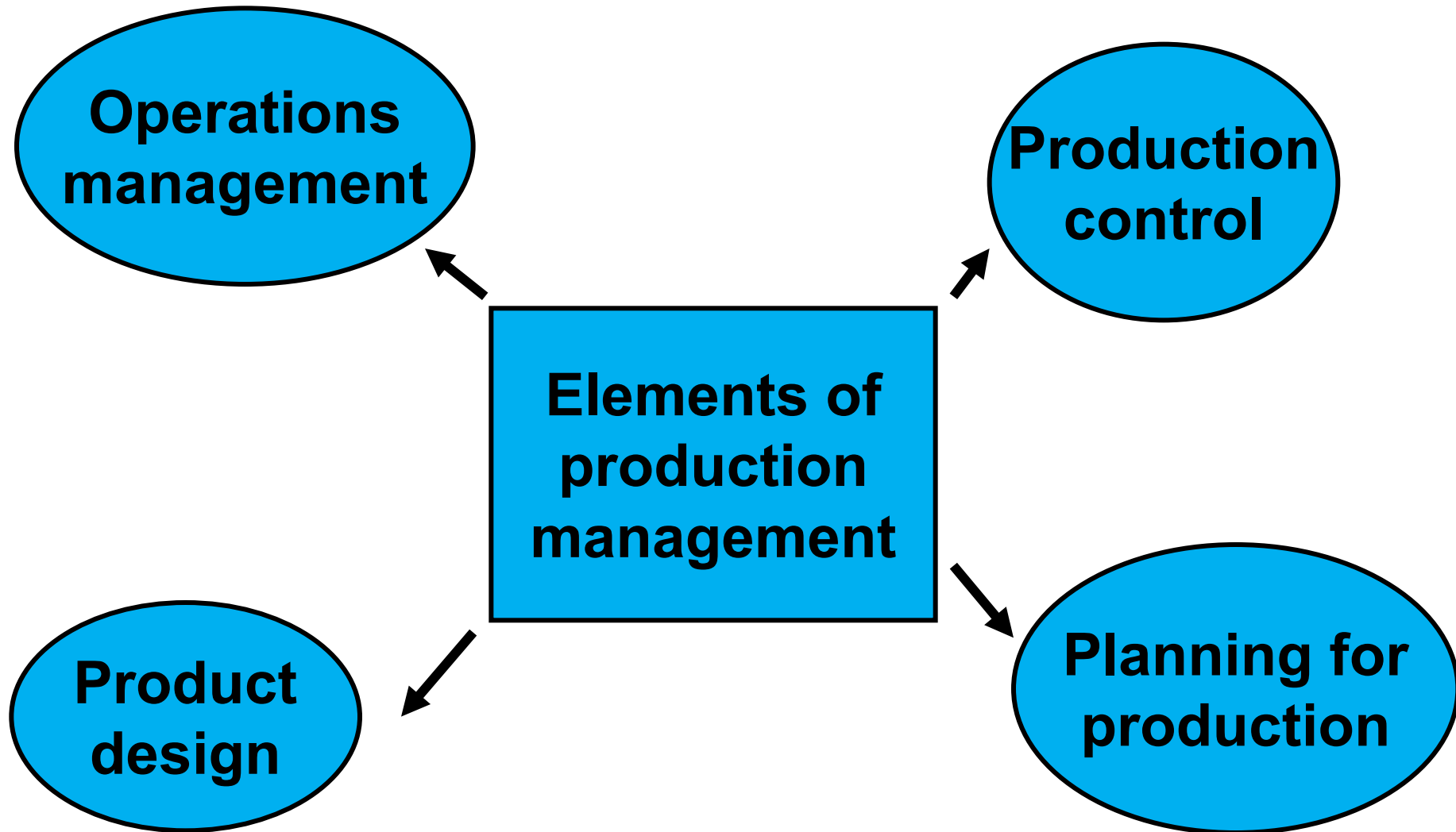


Figure 3.3: Matching the Marketing Mix with Customer Needs





Main Factors Relating to Production Control

- Complexity of product
- Length of cycle time
- Repeatability of work
- Forward notice available
- Dependence on outside suppliers and contractors
- Seasonal nature of workload
- Availability and quality of information on capacity and workload



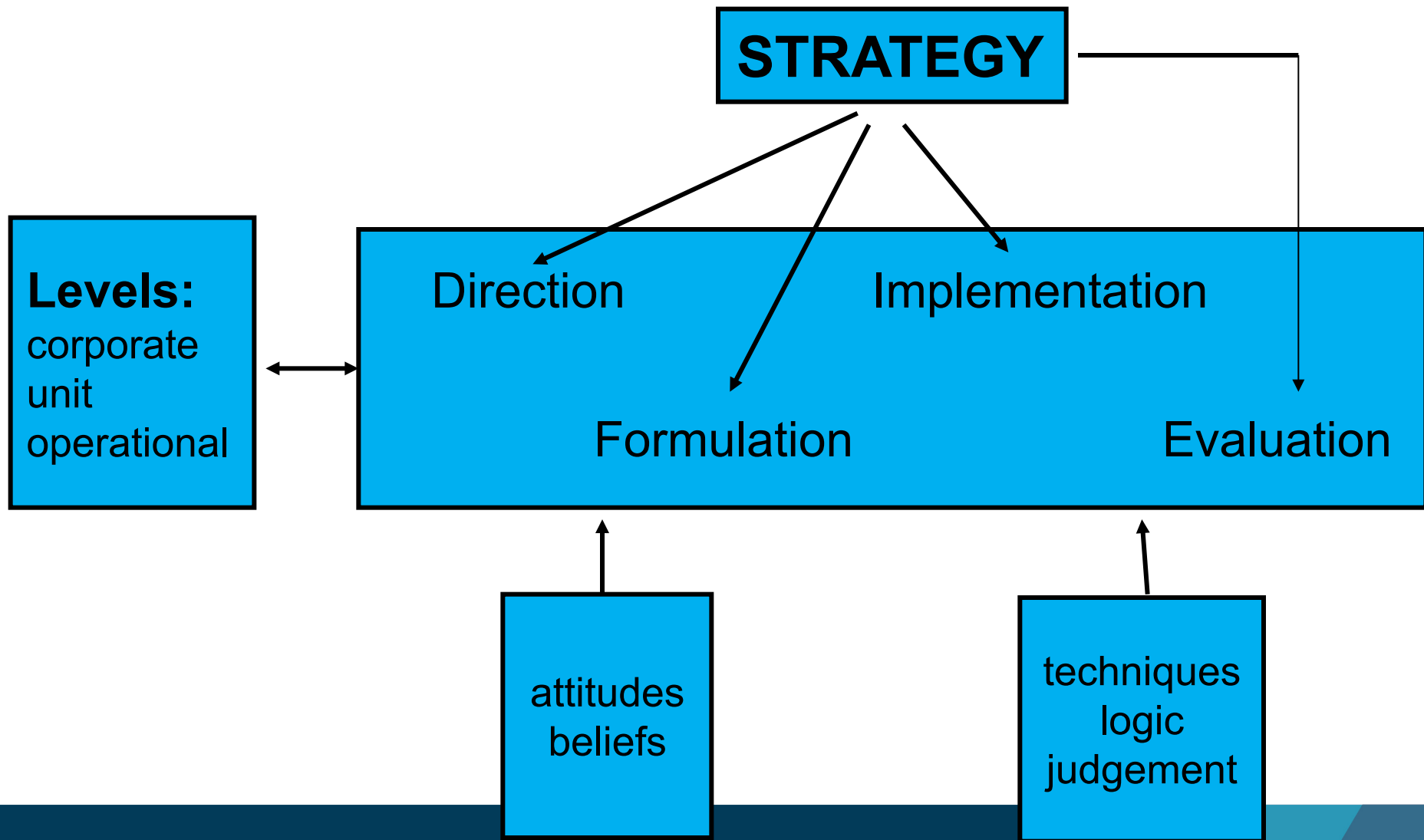


Figure 3.4 Some Types of Strategic Risk, Impacts and Solutions

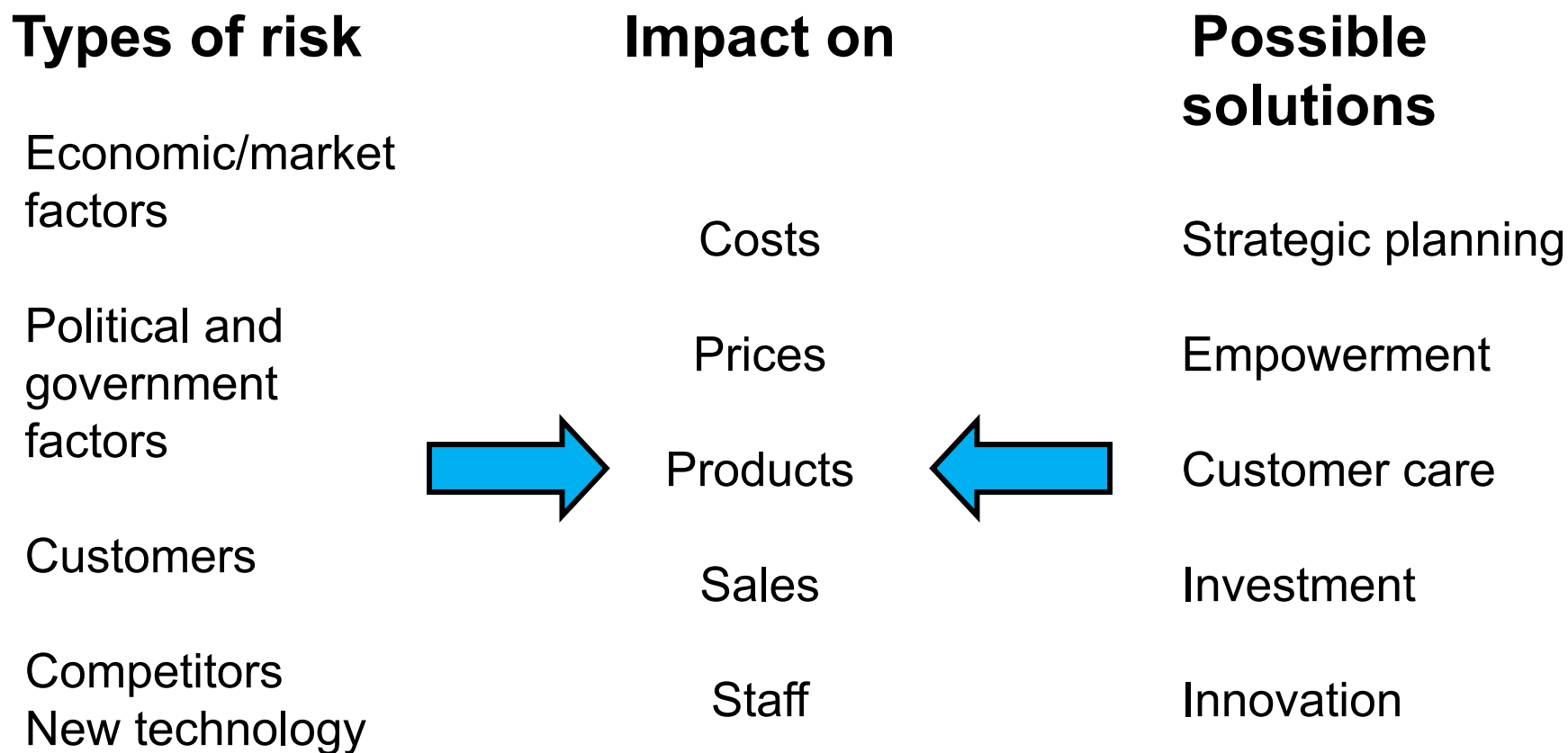
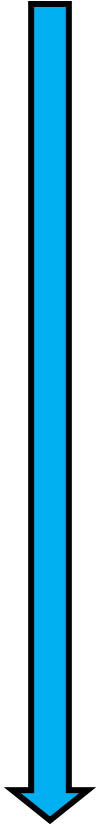


Table 3.2: The Evolution of Quality Management Systems

System	Components
Inspection	Salvage Sorting, grading, re-blending Corrective actions Identifying sources of non-conformity
Quality control	Development of a quality manual Process performance data Self-inspection Product testing Basic quality planning Use of basic statistics and paperwork controls
Quality assurance	Development of quality systems Advanced quality planning Use of quality costs Failure mode and effects analysis Statistical process control
Total quality management	Policy deployment Supplier and customer involvement All operations involved Process management Performance measurement Teamwork and employee involvement



Key Elements of TQM

- Executive leadership
- Planning and organisation
- Tools and techniques
- Education and training
- Involvement
- Teamwork
- Measurement and feedback
- Culture of continuous improvement



Figure 3.5: Performance Management: The Planning, Assessment and Feedback Model

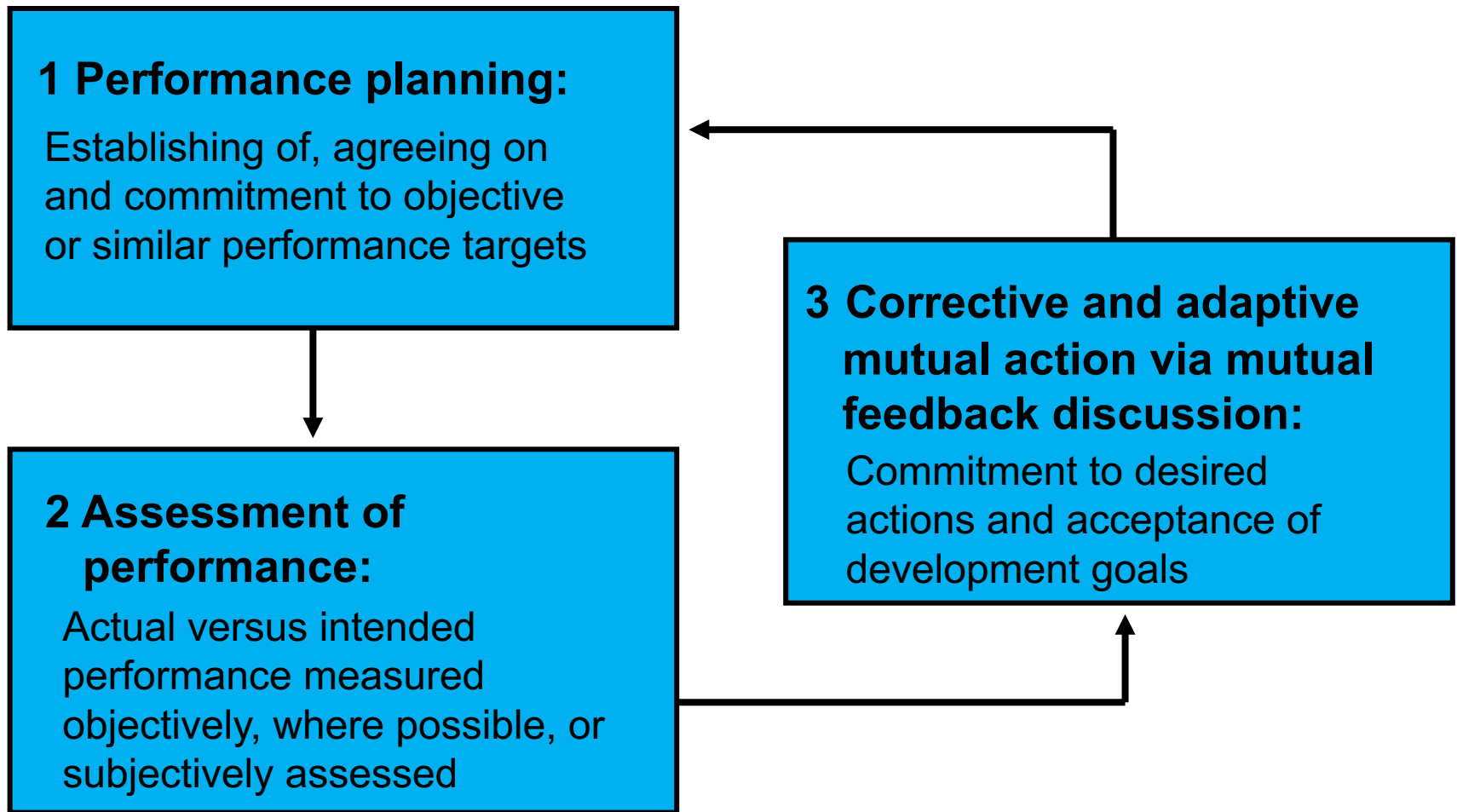


Table 3.4: Power Resources: Modes of Influence, Legitimacy and Likely Employee Responses

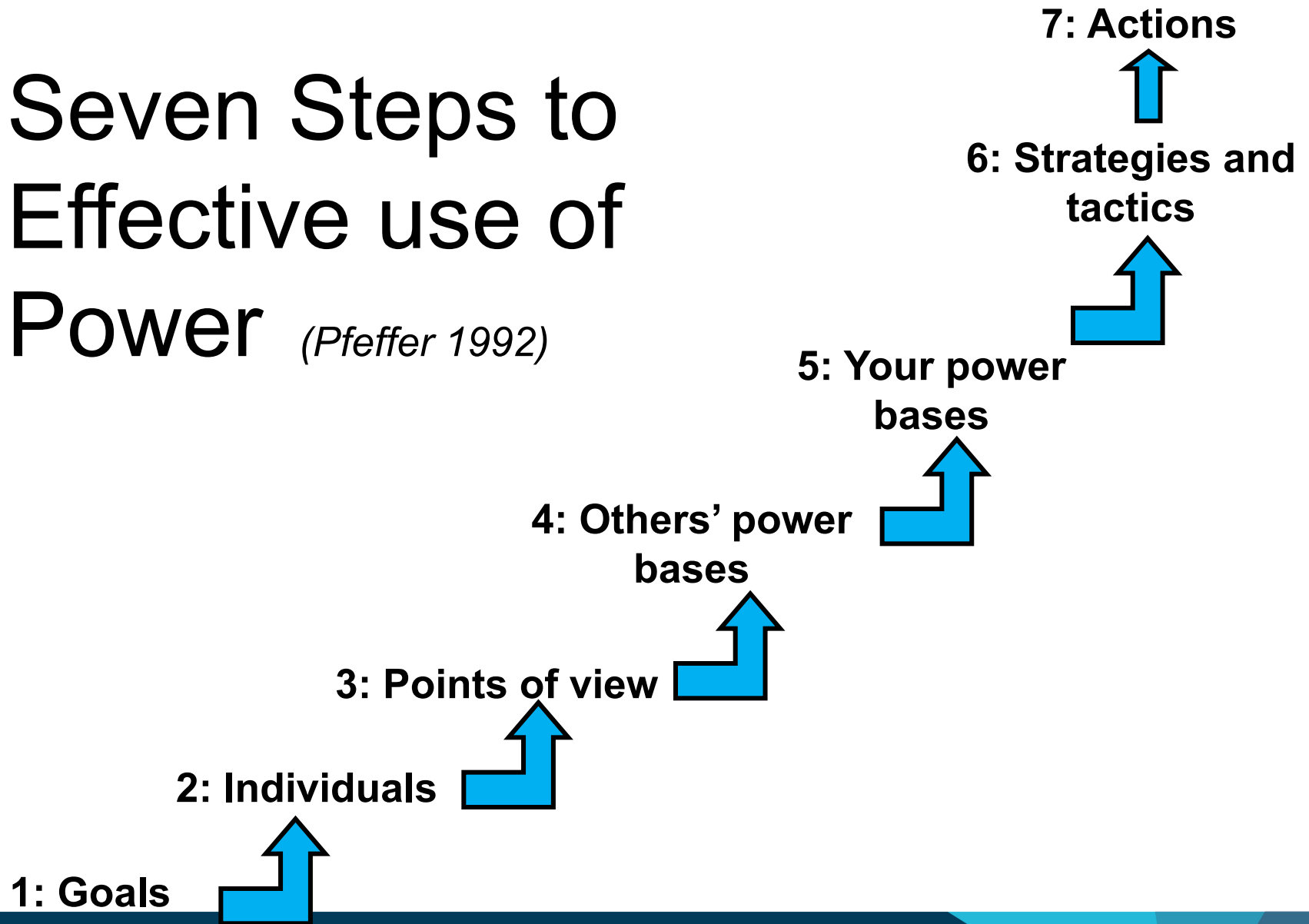
Power resources	Personal forms of power	Positional forms of power	Modes of influence	Legitimacy	Likely employee responses
Physical	Individual strength Possession of means for violence	Access to means of violence	Force	Not legitimate	Alienative compliance or withdrawal
Economic	Individual wealth and income	Access to and disposal of organisational resources	Reward	Partially legitimate	Economic calculation or instrumental compliance
Administrative knowledge	Individual experience	Access to and control over organisational information	Accepted rules or procedures	Partially legitimate	Instrumental compliance
Technical knowledge	Individual skill and expertise	Access to and control over technical information and technology	Accepted methods	Partially legitimate	Rational calculation or cognitive commitment
Normative	Individual beliefs, values, ideas and personal qualities	Access to and control over organisational values, ideas	Moral persuasion	Legitimate	Moral commitment

Adapted from Hales (2001)



Seven Steps to Effective use of Power

(Pfeffer 1992)



Activity (20 mins)

Reflect on any situation in your organisation where the chief executive has used power to initiate and set out a change management programme.

How was power used to do this and what were a) some of the intended consequences and b) some of the unintended consequences?

Was there any resistance to this change programme and was it successful or not?

What have you learned from their approach?



Models of the HR function and relationships with employees

As there is no universal model of HRM or any consensus about its wider features, as a means of analysis the models in figure 3.5 can be used to outline the common features. These are:

- the way HRM has evolved in response to internal/external contexts
- HRM is both eclectic and pragmatic – structured in line with organisational contingencies facing it
- HRM contributes at both the operational and strategic levels.

Additionally, HRM must:

- account for labour market conditions
- respond to the increasing need for flexibility and changes in legislation and public policy
- assist in developing positive employee relations
- nurture the [psychological contract](#) and be aware of how it changes.

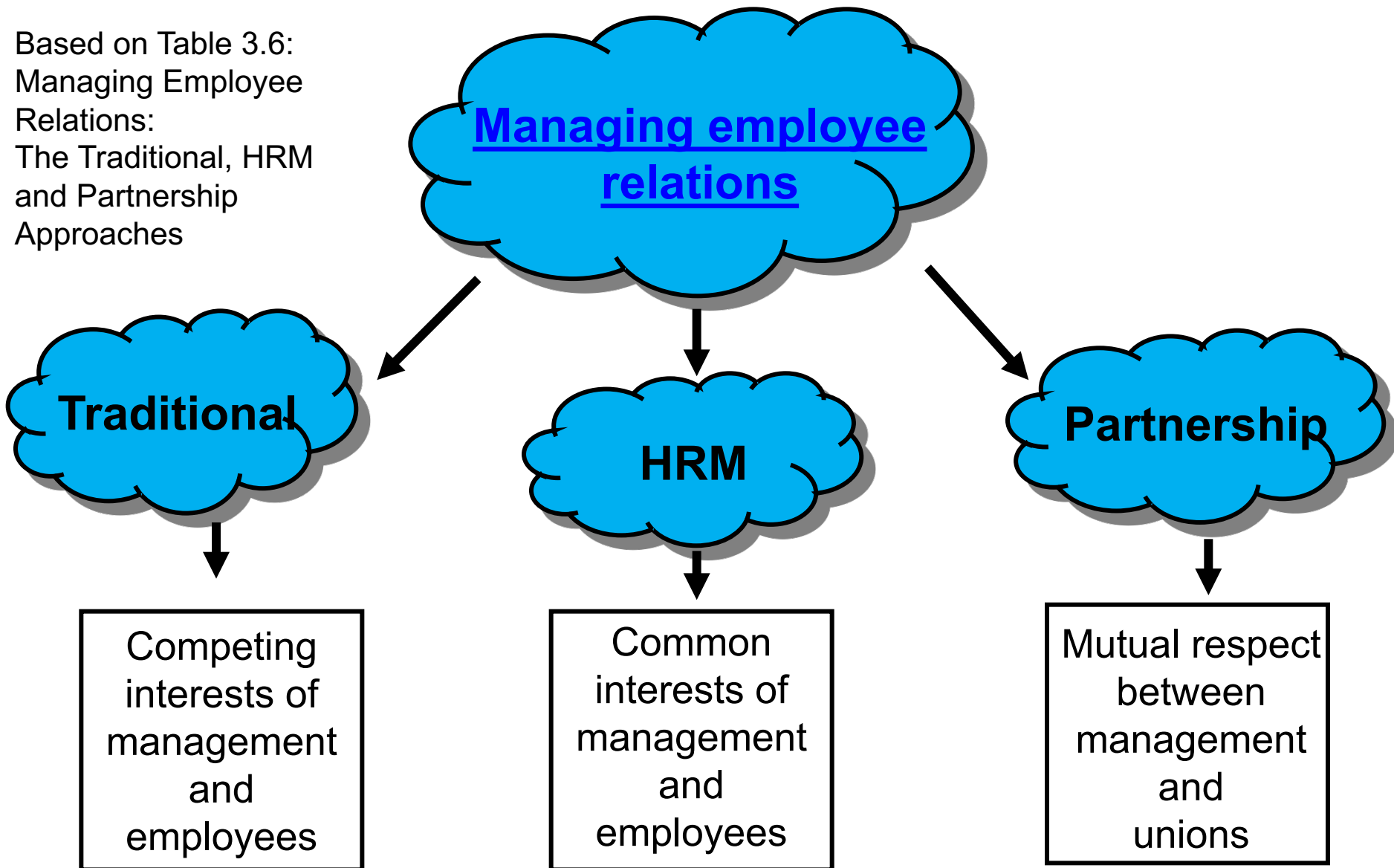


Activity

- Which role do you assume in HR or, if you do not work in HR, which role do you see HR adopting in your organisation?
- Can you see it changing in the future?



Based on Table 3.6:
Managing Employee
Relations:
The Traditional, HRM
and Partnership
Approaches



The HR Equation

- Much HR research seeks to demonstrate the links between effective people management practices and improved business performance.
- HR Equation - the link between effective people management and high performing organisations.
- Pfeffer's (1998) analysis – the importance of the human equation in firms which argues that profits are built by putting people first in organisations.
- A key concept in this debate is the psychological contract.



The Psychological Contract

- Schein (1980) – the expectations that employers and employees have of their relationship, what each expects the other to deliver
- If changes are made by managers which mean long-standing expectations are dashed it can lead to a loss of loyalty and commitment, dissatisfaction, demotivation and turnover.
- Guest (2007), Boxall and Purcell (2008) – research suggests that a positive psychological contract is necessary to release discretionary effort and work beyond the contract.
- Nature of psychological contracts may be changing because of greater volatility in product markets leading to less job security. Less ‘relational’ and more transactional. (Taylor, 2014)



Table 3.7: Stereotypical Relational and Transactional Psychological Contracts for Employers and Employees

Rational: • concerned with people • long-term • broad and narrow • highly subjective		Transactional: • concerned with economic factors • short-term • narrow • well defined	
Employer offers	Employee offers	Employer offers	Employee offers
• job security • career prospects • training and development	• loyalty • conformity • commitment to goals	• pay • pay for performance • having a job	• long hours • flexibility • willingness to change



The Psychological Contract (2)

- Recruitment, Selection and Induction offer a chance to shape expectations before employment starts and establish the psychological contract
- State what employer expects of employee and what employee can expect in return
- Chance for employers to embed or reinforce culture of organisation
- Temporary employees may have lower expectations (psychological contract less likely to be breached)



LO2 - Key Points

- Management is basically a power resource in organisations, comprising a hierarchy of those people – managers – who have responsibility for enabling organisations to achieve their organisations and make them work.
- Debates over whether management is a profession.
- Management normally organised by function (Marketing . .).
- Power, authority and influence are the means through which managers manage and attempt to control resources.
- Managerial politics plays a central role in organisational life. Being an effective manager means knowing how and when to use power ethically.
- There are a variety of models of the HR function, with research indicating HRM operates at strategic and operational levels.
- There are many forces shaping the HR agenda – eg labour market.
- Psychological contract – evidence transactional model has superseded relational one and is based on the short-term.



Assignment

Over the course of 6 weeks you will be required to submit two pieces of work (600 words each) to an online forum discussing current PESTLE (environmental) factors affecting organisations. Your contributions should contain a critical analysis of the impact of two factors on your organisation's corporate and HR strategic direction. You may comment on the content of each other's submissions (noting similarities and differences with your own organisation) and will be awarded 10 marks for satisfactory participation in the forums.

Guidance for the Blogs:

Blogs are often informal and conversational; however, as your blogs will be contributing to your assignment (which will be a formal report), I suggest that you adopt a more formal style. Use the third person (no 'I's or 'We's), use in-text citations and include a reference list at the end. Structure your blog, with a mini introduction, main body and conclusion. Reference internal documents/your organisation's website, if referring to sources from your own organisation. Use 5-10 references, as a guide. Blogs should be no longer than 600 words each. You need to write 2 however can write more if you wish.



Assignment

At the end of the period, you should submit a report by 5th April (worth 90 marks) which incorporates the following:

1. An introduction which includes a critical examination of the 'PESTLE' tool as a way of analysing the managerial and business environment for the purpose of strategic planning.
2. The main content of the above submissions.
3. A conclusion and set of recommendations relating to future corporate and HR strategy. Your recommendations should be discussed in order of importance and should give some indication of the costs, benefits and risks involved. They should be underpinned with suitable sources.

Please note the following when completing your assignment:

1. Writing: Written in English in an appropriate business/academic style
2. Focus: Focus only on the tasks set in the assignment.
3. Length: 2000 words +/- 10%.
4. Formatting: Times New Roman or Arial font 12.
5. Document format: Report, with executive summary, contents page, introduction, main findings, conclusion, recommendations and a reference list, using Harvard referencing throughout.
6. Research: Points should be robustly underpinned with up-to-date research including peer reviewed articles and internal documents.

