

Unit 4: Chapter 9

HUMAN RESOURCE MANAGEMENT

Learning Outcomes from this chapter

On completion, you should be able to:

- Explain the key functions of human resource management
- Understand the central role of human resources in management
- Understand how a business decides to hire new staff
- Explain the steps involved in recruiting and selecting new staff
- Distinguish between different types of training for staff
- Illustrate different types of rewards that motivate employees
- Discuss the reasons and benefits for carrying out performance appraisal
- Explain the importance of creating good employer–employee relations

Human resource management

Human resource management deals with issues related to employees in a workplace, such as recruiting, training, developing, rewarding, motivating and communicating.

Functions of the HRM

1. Manpower planning	4. Pay and rewards
2. Recruitment and selection	5. Performance appraisal
3. Training and development	6. Employer–employee relations

1. Manpower planning

Having the right people with the right skills in the right place at the right time throughout the business

Steps	Carry out a human resource audit, estimate future staff needs, reduce staff through redundancies or increase staff through recruitment
Implications of being understaffed	Quality/standard may fall, not enough output to meet demand (loss of sales and customer loyalty to competitors)
Implications of being overstaffed	Workers may become bored and unchallenged; higher wage costs than are necessary for the business

2. Recruitment and selection

Create job description and person specification, advertise and attract suitable candidates, screen applicants, interview and test, prepare contract, offer job

Job description	Outlines the job – title, hours, responsibilities, salary, expectations
Person specification	Outlines ideal potential candidate – the qualifications, experience, skills and characteristics the business would like a candidate to have
Internal vs external	Internal: Knows organisational culture, no training, promotional path External: Wider pool, fresh outlook, new skills, can headhunt talent
Panel interview	Group interview reduces bias, spreads questions and judgement

3. Training and development

Training is concerned with improving the employees' ability to perform their job in an effective manner (improving skills through courses).

Development is a long-term approach taken with existing employees to encourage them to take on new challenges and to realise their full potential.

Induction	For new employees: teach culture, systems, rules, policies of business
On-the-job	Employees trained internally (e.g. HRM training on teamwork)
Off-the-job	Employees trained externally (e.g. attend a course to upskill)
Benefits	Higher skills, more productive, lower labour turnover, staff feel more valued and are more adaptable to change

4. Pay and rewards

HRM organises compensation/pay due to each employee for work done, using monetary and non-monetary rewards and agreeing their terms in their contract

Monetary	Wages, salaries, bonuses, benefit-in-kind (taxable), share options, pension plans
Non-monetary	Benefits-in-kind (non-monetary payments/perks), job satisfaction, job enrichment, job enlargement, flexi-time, job sharing

5. Performance appraisal

Regular meetings with employees to review their progress and set targets for the future

Benefits to employee

Job satisfaction, bonuses, feedback, training, feeling valued

Benefits to employer

Improves industrial relations, highlights training, recognition



6. Employer–employee relations

HRM will try to improve the harmony between employees and management, using activities such as sports and social clubs within the business. This helps staff and management to mix socially and build better relationships.

Benefits	Staff are happier, more motivated and adaptable, clear goals, fewer disputes
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How can HRM improve relations?

- Clear grievance procedures
- Feedback from staff
- Recognition for good work
- Team-building exercises

