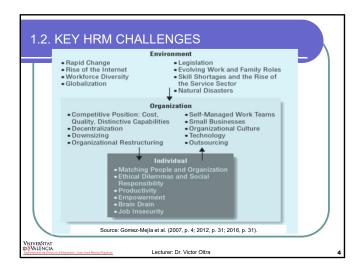


TOPIC 1. THE ROLE OF HRM IN BUSINESS STRATEGY 1.1. Key HRM concepts. 1.2. Key HRM challenges. 1.3. Evolution of thinking on the HR function. 1.4. Evolution of the role of the HR function. 1.5. The need for a strategic approach to HRM. References: Baron, J.N. & Kreps, D.M. (1999). Strategic Human Resources. Frameworks for general managers. Wiley. Chapter 1. Delery, J.E. & Doty, D.H. (1999). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency, and configurational performance predictions. *Academy of Management Journal, 39(4): 802-835, Gomez-Mejla, L., Balkin, D. & Cardy, R. (2007/2012/2016). Managing Human Resources (5th /Th/8th International-Global Ed.). Pearson. - Prentice Hall. Chapter 1. [2016 edition available as ebook in online library] Herrera Gomez, J. (2005). Producing sustainable competitive advantage through the effective management of people'. Academy of Management Executive, 19(4): 95-106. Reprinted from Academy of Management Executive, 1995, 9(1): 55-72. VNNERMITAT BONALENCE.

Human Resources (HR) People who work in an organization (also called staff, personnel, employees, associates, etc.). Human Resource Strategy A firm's deliberate use of human resources to help it to gain an edge against its competitors. The grand plan or general approach an organization adopts to ensure that it effectively uses its people to accomplish its mission and strategic goals. Human Resource Tactic A particular HR policy or programme that helps to advance a firm's strategic (HR-related) goal. Different implementation methods can be used.

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Rapid change The internet revolution (e.g., information overflow, online recruitment, online learning, etc.) Workforce Diversity Globalization (e.g., worldwide company culture, global recruitment, industrial transformation, virtual teams, etc.) Legislation (e.g., increased potential liability, discrimination risks, etc.) Evolving work and family roles (e.g., dual career families, family-friendly policies, etc.) Skill shortages & rise of the service sector Natural disasters

Competitive position (cost, quality, distinctive capabilities) Decentralization Downsizing Organizational restructuring (e.g., M&As, delayering, etc.) Self-managed work teams Small businesses Organizational culture (e.g., cultural adjustments to keep up with environmental changes) IT (e.g., telecommuting, electronic monitoring, etc.) Internal & data security (e.g., employee rights, etc.) Outsourcing (e.g., layoffs, quality risks, data risks, etc.)

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1.2. KEY HRM CHALLENGES: (c) Individual

- Matching people and organizations (e.g., fit between individual values and organizational culture, etc.)
- Ethics and social responsibility (e.g., performance misreporting, labour law fraud, pressure to apply unethical selling methods, etc.)
- Productivity (e.g., increasing relevance of the 'knowledgebased economy' and intangible human capital) - key role of ability, motivation & quality of work life
- Empowerment goal of having enthusiastic, committed people who achieve goals because they believe in and enjoy their work (internal vs. external control)
- Brain drain organizational & national

Job insecurity - major source of stress, role of unions, etc

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1.3. EVOLUTION OF THINKING ON THE HR FUNCTION

- Classical school 'homo economicus' (early 20th Century)
- People as a production factor and only financially motivated
- Strict separation between 'thinkers' (managers) and 'doers' (workers).
- Key contributors: F.W. Taylor ('principles of scientific management'), H. Fayol ('functions and principles of management').
- Human relations school 'homo socialis' (from 1920s)
- People also have non-financial motivations, esp. related to the social group.
- Influence of the informal organizational structure.
- Key contributor: E. Mayo 'Hawthorne experiments' (Western Electric Co.).
- Surprise that external/technical factors just have a limited effect on behaviour - perception of being valued and appreciated is more important. Basis for further contributions on motivation (e.g., A. Maslow, 1920s; F Herzberg, 1950s) & leadership (e.g., D. McGregor; 1960s, R. Likert, 1960s)

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1.3. EVOLUTION OF THINKING ON THE HR FUNCTION

- Social systems school (from 1930s)
- Deepening on studying intrinsic motivation (Herzberg's 'motivating' factors).
- Importance of organizational behaviour issues (motivation, leadership, groups, communication, culture, decision making, etc.), which contributed to lay the foundations for HRM.
- Key contributors: C.I. Barnard, R. Cyert, J.G. March, H.A. Simon, etc.
- Integrative approaches (from 1950s)
- Broad diversity of management theories, with different implications for how to manage people in organizations; neoclassical school, socio-technical school, systems approach, contingent approach, strategic approach, etc.
- Key contributors: A. P. Sloan, P. Drucker, Aston group (D. Pugh et al.)
- Current relevance of a **strategic approach** to HRM (e.g., M. Armstrong, D. Guest, S. Dolan, J. Storey, R. Schuler & S. Jackson, J. Baron & D. Kreps, L. Gómez-Mejía et al., J. Pfeffer, etc.)

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1.4. EVOLUTION OF THE ROLE OF THE HR **FUNCTION** FOUR STAGES IN THE EVOLUTION OF THE ROLE OF THE HR FUNCTION I. CLASSICAL MODEL

II. LEGAL-CENTRIC MODEL

III. ORGANIZATIONAL BEHAVIOUR MODEL

IV. BUSINESS-STRATEGIC MODEL

1990s BUSINESS-STRATEGIC MODEL 1960s-1980s ORGANIZATIONAL BEHAVIOUR MODEL Up to 1960s LEGAL-CENTRIC MODEL CLASSICAL MODEL

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1.4. EVOLUTION OF THE ROLE OF THE HR FUNCTION (I): CLASSICAL MODEL

Purpose: To maintain internal order and discipline, and maximize efficiency of operations.

Unit name: Personnel Office, Personnel Department

Characteristics:

- 1) Orientation towards technical and clerical employees.
- 2) Strict supervision and control of operators' work.
- 3) Focus on 'personnel' paperwork (contracts, payroll, etc.).

Management style: Authoritarian.

Professionals: Lawvers / Labour relations specialists

Position in organizational chart:



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1.4. EVOLUTION OF THE ROLE OF THE HR FUNCTION (II): LEGAL-CENTRIC MODEL

Purpose: To apply labour law and reach agreements with (usually unionized) employees (especially on salaries).

Unit name: Personnel Department

Characteristics:

- 1) Orientation towards technical and clerical employees.
- 2) Focus on complying with legislation (contracts, social security, wages, etc.) and collective bargaining.
- 3) Labour-related legal advisory services

Management style: Authoritarian

Professionals: Lawyers / Labour relations specialists

Position in organizational chart:

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