

Pearson BTEC Level 4 Higher Nationals in Business (RQF)

Unit: 3

Assignment 1: Information Pack

Learning Outcomes 1 & 2

Human Resource Management



INTRODUCTION

The aim of this unit is to enable students to appreciate and apply principles of effective Human Resource Management (HRM). People are the lifeblood of any organisation and being able to attract, recruit and retain talented staff is at the core of all HRM activity. This unit will explore the tools and techniques used in HRM to maximise the employee contribution and how to use HR methods to gain competitive advantage. Students will explore the importance of training and development in building and extending the skills base of the organisation and ensuring it is relevant to the ever-changing business environment. Students will also consider the growing importance of becoming a flexible organisation with an equally flexible labour force and become familiar with techniques of job design and with different reward systems.

The unit investigates the importance of good employee relations and the ways in which employers engage with their staff and possibly with trade unions. Students will gain an understanding of the law governing HRM processes as well as the best practices which enable an employer to become an 'employer of choice' in their labour market.

This pack is designed to give you the information and guidance that you will need to complete your assignments for this unit.

Sample

GUIDANCE

This document is prepared to break the unit material down into bite size chunks. You will see the learning outcomes above treated in their own sections. Therein you will encounter the following structures;

Purpose

Explains *why* you need to study the current section of material. Quite often learners are put off by material which does not initially seem to be relevant to a topic or profession. Once you understand the importance of new learning or theory you will embrace the concepts more readily.

Theory

Conveys new material to you in a straightforward fashion. To support the treatments in this section you are strongly advised to follow the given hyperlinks, which may be useful documents or applications on the web.

Example

The examples/worked examples are presented in a knowledge-building order. Make sure you follow them all through. If you are feeling confident then you might like to treat an example as a question, in which case cover it up and have a go yourself. Many of the examples given resemble assignment questions which will come your way, so follow them through diligently.

Question

Questions should not be avoided if you are determined to learn. Please do take the time to tackle each of the given questions, in the order in which they are presented. The order is important, as further knowledge and confidence is built upon previous knowledge and confidence. As an Online Learner it is important that the answers to questions are immediately available to you. Contact your Unit Tutor if you need help.

Challenge

You can really cement your new knowledge by undertaking the challenges. A challenge could be to download software and perform an exercise. An alternative challenge might involve a practical activity or other form of research.

Video

Videos on the web can be very useful supplements to your distance learning efforts. Wherever an online video(s) will help you then it will be hyperlinked at the appropriate point.

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LO1

Explain the purpose and scope of Human Resource Management in terms of resourcing an organisation with talent and skills appropriate to fulfil business objectives

The nature and scope of HRM:

Human resource management (HRM) is concerned with all aspects of how people are employed, managed and developed in organisations.

Definition of HRM

Firstly, as Boxall (2007: 13) explained 'Human resources include the knowledge, skills, networks and energies of people and, underpinning them, their physical and emotional health, intellectual capabilities, personalities and motivations'.

Some people criticize the notion of referring to people as resources. Osterby and Coster (1992: 31) argued that 'the term "human resources: reduces people to the same category of value as materials, money and technology – all resources, and resources are only valuable to the extent they can be exploited or leveraged into economic value'.

Human resource management (HRM) can be described as a strategic, integrated and coherent approach to the employment, development and well-being of the people working in organisations. HRM was defined pragmatically by Boxall and Purcell (2003: 1) as 'all those activities associated with the management of employment relationships in the firm'.

Goals and Beliefs of HRM

- Support the organisation by developing and implementing human resource (HR) strategies which are integrated with the business strategy (strategic HRM).
- Contribute to the development of a high-performance culture.
- Ensure that the organisation has the talented, skilled and engaged people it needs.
- Create a positive employment relationship between management and employees, as well as a climate of mutual trust.
- Encourage the application of an ethical approach to people management.

Theoretical Base of HRM

The original notion of HRM has a strong theoretical base, Guest (1987, 505) commented that: 'Human resource management appears to lean heavily on theories of commitment and motivation and other ideas derived from the field of organisational behaviour' The main theories underpinning the HRM concept are summarized below;

Motivation Theory

Motivation theory, especially expectancy theory and goal theory, explains the factors that affect goal-directed behaviour. It therefore influences the approaches used in HRM to enhance engagement, reward people and manage performance.

The resource-based view

Resource-based theory expressed as the 'the resource-based view' states that the competitive advantage is achieved if a firm's resources are valuable, rare and costly to imitate

The HRM System

The main functions within an organisation associated with HRM are;

Organisation

- The designing of policies, procedures and practices that affect and influence human resource.
- Creating job roles, job specifications, role profiles in line with organisational objectives.
- Knowledge management, the acquisition, retention and distribution of knowledge from the workforce within the organisation, with the use of various tools and channels.

People Resourcing

- Workforce Planning
- Recruitment and Selection
- Talent Management
- Health and Safety
- Employee Wellbeing
- Employment Law Compliance
- e-HRM, the application of IT for both networking and supporting at least two individual or collectives' departments in their shared performing of HR activities.

Learning and Development

- Organisational Learning
- Individual Learning
- Management Development
- Performance Management
- Engagement

Reward Management

- Job Evaluation
- Pay Surveys
- Base Pay Management/ Merit Pay
- Employee Benefits

Employee Relations

- Employment Relationship
- Industrial Relations
- Employee Voice

- Communication

The HRM System

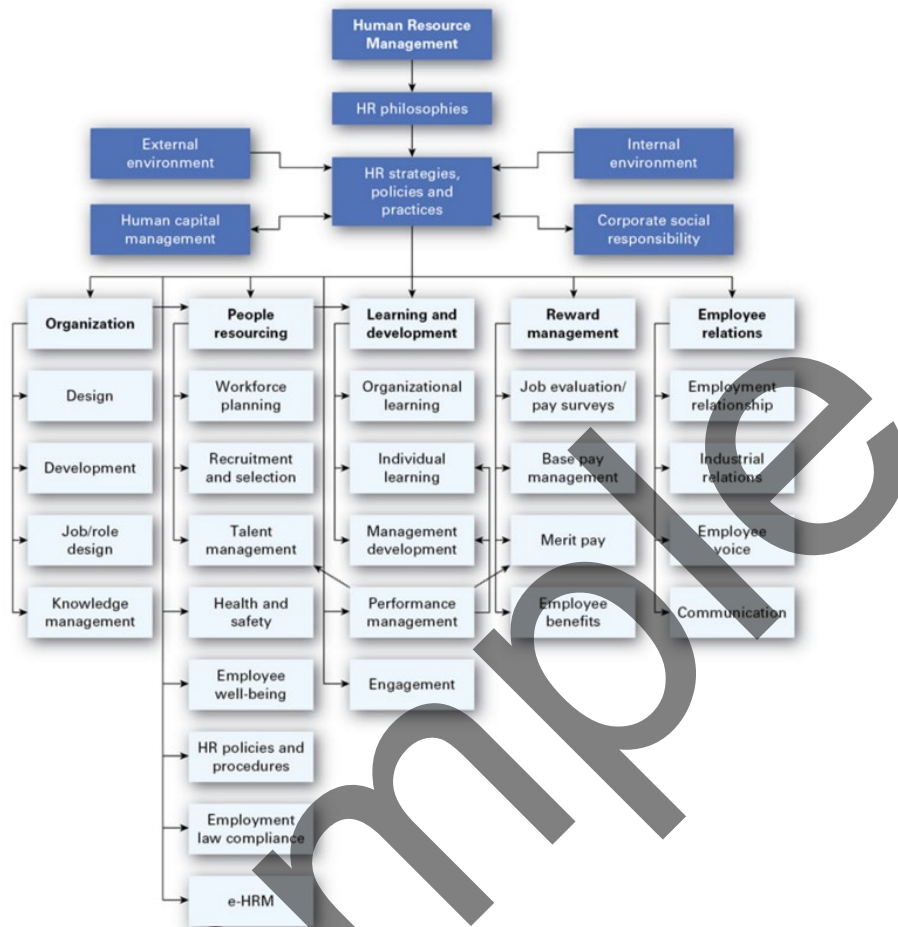


Figure 1 HRM Functional Structure Chart

Strategic Fit

The concept of strategic fit stresses that when developing HR strategies. It is necessary to achieve congruence between them and the organisation's business strategies within the context of its external and internal environment, this notion is fundamental to SHRM, as was stressed by Wright and Snell (1998: 758) 'who wrote the primary role of strategic HRM should be to promote a fit with the demands of the competitive environment, in more detail, Shuler (1992: 18) stated that: 'Strategic human resource management is largely about integration and adaptation. Its concern is to ensure that; (1) human resources (HR) management is fully integrated with strategy and strategic needs of the firm (vertical fit); (2) HR policies cohere both across policy areas and across hierarchy (horizontal fit); and (3) HR practices are adjusted, accepted and used by line managers and employees as part of their everyday work'.

The Best Practice Model

This model assumes that there is a set of best HRM practices that are universal in the sense that they are best in any situation, and that adopting them will lead to superior organisational performance.

A number of lists of 'best practices' have been produced, the most quoted being Pfeffer (1998).

- Employment Security.
- Selective Hiring
- Self-Managed Teams
- High concentration contingent on performance
- Training to provide a skilled and motivated workforce
- Reduction of status differentials
- Sharing information

The Best Fit Model

The best-fit model emphasizes that HR strategies and organizational strategies must be aligned. In other words, it is important to make sure the HR strategies are suitable in different circumstances along with the culture and operational process as well. Thus, according to Armstrong (2006, p.138), it is an idea that different HR strategies have to focus on a given needs of both the organization and its employees.

Hard/Soft Approaches to HRM

Hard HRM

Treats employees simply as a resource of the business (like machinery & buildings). Strong link with corporate business planning – what resources do we need, how do we get them and how much will they cost. Focus of HRM: identify workforce needs of the business and recruit & manage accordingly (hiring, moving and firing)

Key features

- Short-term changes in employee numbers (recruitment, redundancy)
- Minimal communication, from the top down
- Pay – enough to recruit and retain enough staff (e.g. minimum wage)
- Little empowerment or delegation
- Appraisal systems focused on making judgements (good and bad) about staff
- Taller organisational structures
- Suits autocratic leadership style

Soft HRM

Treats employees as the most important resource in the business and a source of competitive advantage. Employees are treated as individuals and their needs are planned accordingly. Focus of HRM: concentrate on the needs of employees – their roles, rewards, motivation etc.

Key features

- Strategic focus on longer-term workforce planning
- Strong and regular two-way communication
- Competitive pay structure, with suitable performance-related rewards (e.g. profit share, share options)

- Employees are empowered and encouraged to seek delegation and take responsibility
- Appraisal systems focused on identifying and addressing training and other employee development needs
- Flatter organisational structures
- Suits democratic leadership style

Which is best? Soft or Hard HRM?

Which of the two approaches is better? The answer is – it depends!

The "hard" approach to HR might be expected to result in a more cost-effective workforce where decision-making is quicker and focused on senior managers. However, such an approach pays relatively little attention to the needs of employees and a business adopting a genuinely "hard" approach might expect to suffer from higher absenteeism and staff turnover and less successful recruitment.

The "soft" approach will certainly appeal to the "touchy-feely" amongst us who like to see people being treated nicely! And you can also make a good business case for an approach that rewards employee performance and motivates staff more effectively. However, the danger of taking too "soft" an approach is that when all the employee benefits are added up, the cost of the workforce leaves a business at a competitive disadvantage.

Workforce Planning

Workforce Planning is the process of analysing, forecasting, and planning workforce supply and demand, assessing gaps, and determining target talent management interventions to ensure that an organization has the right people - with the right skills in the right places at the right time - to fulfil its mandate and strategic objectives.

Workforce planning can be broken down in to 6 phases;



Figure 2 6 Phases of Resource planning

Components of Workforce Planning

- Forecasting and assessment
- Recruitment
- Contingent workforce
- Leadership development
- Career paths
- Performance management
- Retention planning
- Redeployment
- Potential retirements
- Backfills
- Internal placements
- Metrics
- Identifying job and competency needs