

# **INDEPENDENT STUDY PROJECT**

**BOH 4M1**

**Topic:**

**Functions of the Human Resource Department**

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## **Overview of Human Resources:**

### **Purpose:**

Human resource management, HRM may also be called staffing and personnel management. Its main purpose is to “plan, implement, and manage recruitment, as well as selection, training, career, and organizational development initiatives within an organization” (Mote).

### **Goals:**

HRM consists of four main goals. The first goal of HRM is integration of policies and mindset of the organization to all associates. HR should be integrated into the strategic planning of the organization so that there is consistency amongst managers regarding policies. Moreover, managers must accept and practice the organization’s standards in order to have similar interests between employees and the company.

The second goal of HRM is gaining commitment from the associates, whether this being to the organization, to getting a promotion, or to the job itself. Thus, “commitment could be seen as acceptance of enterprise values and goals, and could be reflected in behaviour which seeks to further these goals” (De Silva). Some means in which this commitment is gained are: incentives, agreed goals and performance appraisals.

The third goal is for HRM to have flexibility and adaptability (De Silva). HR must be able to manage change and to also respond quickly to market demands. “This requires a HRM policy which is conducive to change...a structure which is not bureaucratic, rigid and hierarchical, with...flexibility” (De Silva). Thus, the organization must be involved in “training, work organization, multi-skilling and removal of narrow job classifications” (De Silva).

The fourth goal of HRM is quality. This involves organization and consistency with the use of skilled, adaptable workers and constant performance goals. Altogether, these goals can result in a “unified organizational culture and achieving a competitive advantage through the productive use of human resources” (De Silva).

### **History:**

Human resource practices originated at the beginning of humankind. Selecting tribal leaders or passing down safety techniques to youth for hunting involved aspects of human resource management. HRM techniques later advanced in 1000 to 2000 B.C. For example, “employee screening tests have been traced back to 1115 B.C. in China” (Mote). More significantly, “the need for an organized form of HRM emerged during the industrial revolution, as the manufacturing process evolved from a cottage system to a factory production” (Mote). It was important for companies to have HRM in place because corporations needed to recruit and hire employees. Furthermore, immigration increased and so the need for proper management increased as well.

As companies grew in size and power, the concern for good working conditions decreased resulting in “hazardous tasks, long hours, and unhealthy work environments” (Mote). This left a great need for HRM.

The industrial welfare movement improved the importance of employee recognition from their managers instead of being referred to as “nonhuman resources” (Mote).

In 1900, the B.F. Goodrich Company was the first corporation to acknowledge associate concerns (Mote). In 1935, “HRM as a professional discipline was especially bolstered by the passage of the Wagner Act” (Mote) which is also known as the National Labour Relations Act. This law increased the need of personnel managers.

Moving into the 1930s and 1940s, the focus of HRM was of worker efficiency and employee satisfaction. After implementing various acts, "...companies began placing greater emphasis on HRM in order to avoid lawsuits for violating this legislation" (Mote). Finally, during the 1970s, HRM was recognized as a profession with various programs in colleges.

### **Positions and Structure of HRM Departments Overview:**

The HRM departments are positioned so that there is access to all sectors and management levels. "In larger organizations the HRM function might be headed by a vice-president" (Mote), however smaller organizations may have a middle manager as head. Regardless, the head of HRM must have access to the key decision makers and be able to communicate with all areas of a company. This ensures that HRM can "integrate, educate, and train the workforce, and to facilitate changes that affect one division and indirectly influence other segments of the company" (Mote).

Depending on the size and the type of organization, the corporation, for example, may have one training department for all divisions of the company. Conversely, the HRM department may be structured in that HR functions around various groups of associates - "different employee development groups for each department are necessary to train and develop employees in specialized areas, such as sales" (Mote).

### **Corporate Social Responsibility and HR:**

#### **Definition of Corporate Social Responsibility:**

Corporate social responsibility, CSR, is integrating social, economic and environmental considerations into the decisions of the organization (Strandberg). This is very important for the future success of the company and this contributes to the preservation of the community in which the organization belongs ("Corporate Social Responsibility").

**Overview:**

Human resource associates play a key role in achieving the CSR goals. The HR managers have the opportunity to involve their employees through motivation and incentives to engage them in the CSR of their company. Moreover, by fostering an organization that has a definite CSR, a positive reputation will result and moreover, it encourages recruitment (Strandberg).

**Steps to Integrating CSR using HRM:**

Ways in which HR managers can integrate the CSR are through ensuring that they support the company's vision and implement the employee codes and conducts. HR managers should also set performance standards and monitor associates while ensuring that the workers job responsibility includes the CSR. Moreover, managers should educate, build awareness and conduct incentive programs in order for workers to be aware of the CSR. For employees to act the Employee Engagement Pyramid by Melcrum was devised to show the process of how to get workers to be committed to the CSR (Strandberg).

**Conclusion:**

Not only is having a CSR the right thing to do, but it is "beneficial for attraction" (Strandberg) for the organization. Human resources should take on a key role as an organizational leader along with top executives to incorporate the CSR objectives into the company. An organization should not look at CSR as a separate task outside of the regular duties, but instead CSR should be incorporated into the everyday "experience of being an employee in an organization that lives its values" (Strandberg).

## **HRM Activities**

### **Introduction**

Human resource management takes on various activities. The activities are: acquisition, maintaining, and development. Depending on the size of the organization, the activities may be done by one manager. As an organization grows, various specialized groups may take over the activities. Below, the manager's role will be intertwined with the activities.

### **Activity One: Acquisition**

#### *Brief Overview:*

Acquisition incorporates five separate activities: human resource planning, job analysis, recruiting, selection and orientation. These activities determine future needs of the organization which will lead to hiring new workers.

#### *Human Resource Planning:*

Human Resource Planning is determining the company's future HR needs. First, managers must determine the company's overall strategic plan because from there, they can then determine the future demand for HR. This work is specifically done by human resource planners and they gather the information from "past staffing levels, evolving technologies, industry staffing practices, and projected economic trends" (Pride, Hughes, and Kapoor 251).

#### *Job Analysis:*

Job Analysis is determining the exact responsibilities and needs that is required from each position so that managers can hire the best person for that specific job. Job analysis consists of two parts: a job description and a job specification. A job description is a list of duties that a job entails which includes an explanation of working conditions, responsibilities, and tools and

equipment that will be used. A job specification is the qualifications required for a specific job which includes skills, education, and experience.

*Recruiting:*

Recruiting is attracting future associates to apply for a job. A goal that recruiters have “is to attract the “right number of applicants” (Pride, Hughes, and Kapoor 255). This means that recruiters must try to maintain a balance between number of applicants and open positions. Attracting applicants outside of the organization is referred to as external recruiting. This may occur via newspapers, agencies, or online databases. An “advantage of external recruiting is that it brings in people with new perspectives and varied business backgrounds” (Pride, Hughes, and Kapoor 256). Conversely, it also can be very expensive if private employment agencies are used. Internal recruiting refers to considering present employees for the position. An advantage is that there is a “strong motivation for current employees and helps the firm to retain quality personnel” (Pride, Hughes, and Kapoor 256). A disadvantage of primary recruiting is that it costs the company double since they have to train the current employee who is being promoted along with training a new employee to fill that opening. In some instances, internal recruiting is not an option because of time strains or no one is qualified (Pride, Hughes, and Kapoor 257).

*Selection:*

Selection is “the process of gathering information about applicants for a position and then using that information to choose the most appropriate applicant” (Pride, Hughes, and Kapoor 257). The selection process is usually done by line managers, and HRM is responsible for developing a group of applicants. The prospects are assessed by applications, interview, and/or references.

*Orientation:*

Orientation is essential for new employees because it allows them “to learn about the organization, what the expectations are in the position, who is responsible and accountable, and...what they need to know to become an integral part of the company” (“Employee Orientation Process”).

**Activity Two: Maintaining***Brief Overview:*

Maintaining consists of encouraging workers to stay with the organization and to work effectively through the use of: employee relations, compensation, and benefits.

*Employee Relations:*

In order for a healthy work environment to grow, employees must be comfortable with each other. Employee relations are the bonds between employees working together in an organization. A company needs good employee relations because individuals may not be able to make all decisions by themselves. He or she needs guidance and the advice from others. Also, work is easier when the environment is productive, harmonious, and when work can be divided. An employee relation grows when employees motivate each other resulting in an increase in group morale, confidence, and productivity. A human resource manager works on employee relations by binding the employees together through devising ways to strengthen co-worker relationships and ensuring everyone has a role or a responsibility. Employee relations are also important to the department manager or supervisor, as they must assign challenging tasks to the team. Managers must understand their team members well, and they must also be a role model. A manager must recognize that every individual employee should be treated fairly and with dignity, and he or she must always be accessible to his or her employees (“What is Employee”).



### *Compensation and Benefits:*

A compensation system solves the problem of getting employees to do what the company needs or wants. Its purpose is to make qualified people want to join an organization and do what is needed. Employees must think that if they do this, it will help them satisfy some important needs they may have (Long).

Anything that the organization provides for the employee is considered a reward. This can be any needs mentioned in Maslow's Hierarchy of Needs. There are two types of rewards: extrinsic rewards, which satisfy basic and social needs, and intrinsic rewards, which satisfy needs for self-esteem and self-achievement. An organization can mix these rewards to create a reward system. The compensation system deals with the economic aspect of the reward system. A reward strategy is the plan in which a company plans to provide for their employees, and included in the reward strategy is the compensation strategy. The compensation is comprised of three parts: base pay, performance pay, and indirect pay. Base pay is the foundation pay based on a unit of time (e.g., hours, days, weeks, etc), performance pay relates monetary bonuses to the individual's performance, and indirect pay refers to employee benefits, which do not have to be in monetary form (Long).

As mentioned, benefits are a form of indirect pay. Employers provide indirect pay because of competitive pressure, to satisfy employees' needs for security and safety, and because employers feel responsible for the well-being of employees. However, indirect pay can be disadvantageous. It can be costly, and employees may not be committed to their job, but stay just for the benefit package. Benefits are in the form of mandatory benefits (instated by the government), retirement, purchase plans, health/life insurance, or pay for time not worked (Long).

### **Activity Three: Developing**

#### *Brief Overview:*

Developing is concerned with improving and expanding the skills of the employees. This activity includes: training and development, and performance appraisals.

#### *Training and Development:*

Training and development is to teach employees new skills and how to complete their job more effectively. Employee training specifically aims to teach technical employees how to perform and complete their jobs efficiently and effectively. Management development prepares managers to assume more responsibility for the present or the future. Organizations who take this step seriously and who devote a lot of time to this step are very competitive companies.

#### *Performance Appraisals:*

Performance appraisals are assessments of the employees' current and potential abilities in the company. "They should be personal and specific to the employee and should come with development plans that are followed up on consistently" (Naqvi). In large companies, this stage is very important because it gives the associates "undivided attention and feedback" (Naqvi).

### **Legal Factors**

#### **Legal influences in HRM**

Human resource management is designed around federal legislation regarding the protection of employees from abuse from their employers. It is the responsibility of HRM departments to ensure compliance with legislation for the company (Mote). The rights that are in place in Canada protect Canadian workers against "discrimination based on factors that do not relate to personal merit or valid requirements of the job" ("Guide to Employment"). Below are some of the Canadian laws that HR managers must comply to in their organization.

## **Laws/Policies affecting HRM**

### *Age Discrimination*

The Age Discrimination in Employment Act, ADEA, of 1967 protects persons over the age of forty - employees and job applicants. It is also against the law to “discriminate against a person because of his/her age with respect to any term, condition, or privilege of employment, including hiring, firing, promotion, layoff, compensation, benefits, job assignments, and training” (Hall). Moreover, ADEA protects apprenticeship programs, job notices and advertisements, pre-employment inquiries, benefits, and waivers (Hall).

### *Equal Pay*

The Canadian Human Rights Act of 1978 includes a policy that requires “compliance with federal equal pay policy with Labour Canada” (“Equal Pay for Work”). This policy is in place to assist in closing the gap between the differences in salaries between men and women. This is a concern of the government because it “has a direct effect on the financial well-being of many Canadian women and their families” (“Equal Pay for Work”).

### *Employer Liability*

Employers hold responsibility for ensuring safe, healthy working conditions. They must also protect their workers against discrimination and harassment. Due to their position, “they may also be held responsible for the conduct of a supervisor, an employer or...a customer when such conduct occurs at work” (“Guide to Employment”). Furthermore, companies must “document safety procedures and programs that reduce a company’s liability” (Mote).

## **Social Factors**

### **Culture**

“Culture impacts on every stage of the HR cycle, from selection and recruitment, to feedback, evaluation, coaching, and exit interviews” (Kaminsky). Although many of these functions of HRM is familiar to Canadians, newcomers such as immigrants, face these familiarities as challenges especially in communication and performance. HR managers must be aware and sensitive to the fact that cultural differences exist in the organization. If the HR manager is not aware of these differences it “can lead to employee dissatisfaction, increased turnover and decreased productivity” (Kaminsky).

### **Economy**

HRM is affected economically. If the economy experiences a downturn, then there may be less money imparted to the various departments in the organization. With a decrease of funds, there may be cuts, decrease in salaries, and less money allocated to improve the company. For example, China is industrializing. With an increase in corporations, HRM becomes more important for ensuring proper recruiting and training. The new corporations are also “beginning to appreciate the direct impact of HRM on productivity and organizational effectiveness” (Jiuhua Zhu and Dowling).

### **Technology**

The advancement of technology affects how successful the HR department can be. New advances in computer programs can allow companies to administer training online. Furthermore, these practices can assist in “learning and other time-savers to improve productivity, products can be introduced faster” (Peterson).

**Differences Between Labour Relations and HRM:**

Human resource management focuses on the singular person in the organization and how to improve him or her. It focuses on the interests of the workers and managers alike in order for their company to succeed. HRM favours “win-win” situations and compromise. On the other hand, the field of labour relations is more pessimistic and assumes conflict is inevitable. Another dissimilarity is that human resource managers believe that workers should “be absorbed into the corporation fairly seamlessly, minimizing any friction and maximizing the common agenda” (Gunderson). Labour relations managers recognize that the interests between company managers and employees might not be the same and can cause conflict. HRM and labour relations also have different policy implications. In HR, the idea is to make the goals of the company and those of the worker the same using monetary incentives, such as profit sharing. HR managers recruit, select and motivate employees, compensate them, and improve their relationship with the organization. Labour relations managers focus on the policies that regulate employment relations. They emphasize the development of rules and procedures, and they have a vast knowledge in unionization processes, negotiating, work stoppages, and grievance procedures.

**Manager Overview:****Salary**

A HR manager can make between: \$44 350 - \$98 664 in Canada. The salary depends on: the company, educational experience, range of responsibilities and years of experience (“HR Manager Salary”).

**Role**

The role of HR managers depends on the company and its size. The manager is responsible for “processes [including] recruiting, training/learning, talent development,

performance management, progressive discipline, scheduling/hours” (Naqvi). Furthermore, the HR manager may also work with associates and “support and [coach] to the salaried teams, including the assistant store managers and store manager” (Naqvi).



