

What is HRM

"A managerial perspective which argues the need to establish an integrated series of personnel policies to support organisational strategy" (Buchanan & Huczynski, 2004)

"HRM involves management decisions related to policies and practices that together shape the employment relationship and are aimed at achieving individual, organizational and societal goals" (Boselie, 2002)

"Human resources are something more than just 'resources'. HRM is not concerned solely with financial performance. HRM focuses on the exchange relationship between the employee and organization. And the shaping of the employment relationship takes place in an era of continuous tension between the added value and moral values". (Paauwe, 2004)

Translating developments into HR practices

Organi- sational strategy	HR strategy	Intended practices	Actual practices	Perceived practices
->	->	HR professional makes HR policies	Line managers are the enactors of HRM in practice. They are crucial for employee's success.	Employees' experiences and perceptions of HR practices implemented by their line manager and/or the organization
		For example: Translating new external developments (e.g. aging population) into new HR policies HR professionals mainly innovators, designers and facilitators of HR policies		Examples: employee perceptions of the fairness of a performance appraisal procedure and the role of the evaluator employee perceptions of the intensity of employee development efforts made by the organization

Levels of Strategy

Corporate-level strategy – the overall direction that an organisation will follow.

the overall purpose and scope of an organisation and how value will be added to the different parts (business units) of the organisation involves decisions about the organisation as a whole

Business-level strategy

how to compete successfully in particular markets

decisions are related to strategic business units (SBU)

SBU is a part of an organisation for which there is a distinct external market for goods or services that is different from another SBU

Operational strategy – the delivery of corporate and business strategies in terms of resources, processes and people.

how the component parts of an organisation deliver effectively the corporate- and business-level strategies in terms of resources, processes and people

The seven Weconomy trends

Self-production (3D) produces its own goods

Circular sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible



The seven Weconomy trends (cont)

Functional	one that optimizes the use (or function) of goods and services and thus the management of existing wealth (goods, knowledge, and nature).
Bio-based	using renewable biological resources sustainably to produce food, energy and industrial goods
Collaborative	consumers use new technology to provide, buy, sell, share or rent goods and services
Sharing	assets or services are shared between private individuals, either free or for a fee, typically by means of the internet.
Internet of Things refers to the rapidly growing network of connected objects that are able to collect and exchange data in real time using embedded sensors.	
Internet of Services - everything that is needed to use software applications is available as a service on the Internet, including the software itself, the tools to develop the software, and the platform (servers, storage and communication) to run the software.	

Business models

Platform business model	Community based business models	Circular business models
a business model that creates value by facilitating exchanges between two or more interdependent groups, usually consumers and producers. (Uber, Airbnb and Pinterest)	people centered, where collaboration, partnership, advocacy, and co-creation are top values. (Ben&Jerry's, TOMS, Warby Parker)	articulates the logic of how an organisation creates, offers, and delivers value to its broader range of stakeholders while minimising ecological and social costs. (Timberland, Nike, IKEA)

Innovative/new business models

The seven Weconomy trends	
New business models	Platform business models, Community based business models, Circular business models
Implications for HRM	
Competition will come from different, unexpected corners	
Communities - Recruitment: talent will choose companies that have sustainability on no.1	
What is your reputation? - Platform economy: more independent workers, changed employee - employer relations	
Not only manufacturers but also service companies will be affected	
Think of universities, free online courses etc	
21st century skills (creativity, critical thinking) more important than diplomas?	
Need for continuous development & training	

HRM and Performance

HRM Activities	HRM outcomes	Performance
Recruitment/selection	employee satisfaction	profit
HR planning	employee motivation	market value
Rewards	employee retention	market share
Participation/consultation	employee presence	increase in sales



HRM and Performance (cont)

Decentralisation	social climate between workers and management	productivity
Training	employee involvement	product/service quality
Opportunity for internal promotion	trust	customer satisfaction
more autonomy	loyalty/commitment	development of products/services
formal procedures		future investments
coaching		

Conflicts in expectations

Conflicts in expectations	Conflicts in expectations between Line Managers and HR
Short-term profit and high salaries versus long term growth	Line manager has little time for people management (selection, performance appraisals, exit interviews etc) and puts it on the shoulder of HR
Quality & design versus short-term profit	Line rather focuses on production / financial performance than people management.
Environmental posture versus short-term lower-cost	
Invest in training & development versus own responsibility of employees	
Recruitment from within own network versus open recruitment	
Financial independence versus reliance on external financing in order to grow	
Multinationals: Expat compensation in the home country versus the host country	
Hire a diverse team versus homogenous teams	
Flexible shell versus permanent employment	
Outsource to low cost country or stay	

Strategies in brief

Why HRM matters (cont)

In order to add value, HRM must: "Achieve outcomes that significantly increase the organization's capability to differentiate itself from similar organizations, and thereby enhance its progress". (Harrison 2002)

HR's Strategic Challenges

The need to support corporate productivity and performance improvement efforts.

Employees play an extensive role in employers' performance improvement efforts.

HR must be more involved in designing —not just executing— the company's strategic plan.

HR = shared responsibility

Developments in HR (cont)

Mergers & acquisitions

Reorganizations

Private equity interventions

Globalization

Financial crisis

Labour market; ageing population

Role society, CSR

Structuring

Increased Workload

Career Options

New Supervisor

Reduced Workforce

Acquisitions

Changing Work Processes

New Technology

It has impact on organizations and employees

HR's Strategic Role

What is strategy?

"Strategy is the direction and scope of an organization over the long term, which achieves competitive advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholders' expectations".

Elements of successful strategy

Well defined long-term goals	Appraisal of the environment	Knowledge of own resources & capabilities
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-> Successful implementation

--> Successful Strategy

The Strategic Management Process

Company	Strategic Principle	Line Manager	HR MANAGER	HR helps top management formulate strategy in a variety of ways by: Supplying competitive intelligence that may be useful in the strategic planning process. Supplying information regarding the company's internal human strengths and weaknesses. Build a persuasive case that shows how—in specific and measurable terms— the firm's HR activities can and do contribute to creating value for the company.	Strategic management	Strategy
Coolblue	Customer first “everything to get a smile”	Department level	Organisation level		The process of identifying and executing the organization's mission by matching its organization capabilities with the demands of its environment	A strategy is a course of action.
General Electric	Be number one or number two in every industry in which we compete, or get out	Management of own team	Specialist advise / knowledge			
		Daily responsibilities	Implementation of policies			
		Technical knowledge	HR strategy			
Southwest Airlines	Meet customers' short-haul travel needs at fares competitive with the cost of automobile travel	Work conditions of employees				
		Developments in HR				
		Changing labour market				
		Role of governmental bodies				
Vanguard Investment company	Unmatchable value for the investor-owner	Role of individuals				
		Changing economy				
		Role of organizations				
Wal-Mart	Low prices, every day	Covid pandemic-> article Blackboard				
Netflix	You can watch as much as you want, whenever you want without a single commercial – all for one low monthly price	Technology and digitalisation				
		Service-orientation				
		Role politics and municipalities				
Why HRM matters						
HRM is part of the total company strategy						
HRM brings Added Value						
Making a difference to an organization						
Helping shape the organization's business strategy						



The Strategic Management Process (cont)		Evaluating resources (cont)		Unique resources&capabilities			Recruitment and selection (cont)	
The company's long-term plan for how it will balance its internal strengths and weaknesses with its external opportunities and threats to maintain a competitive advantage		Raw materials			Like	Better	To use a fair process and be able to demonstrate that this process was fair To ensure that all recruitment activities contribute to organisational goals and the desired organisational image To conduct recruitment activities in a cost-effective and efficient manner As a strategic activity, recruitment (and selection) is a necessary part of a strategic approach dedicated to gaining competitive advantage that comes from having a superior workforce.	
		Global Corporations			compet-itors or	than		
		Have no borders			easy to	compet-itors,		
		Think global and act Local			imitate	difficult to		
		Have no time Zone		Resources	Threshold resources	Unique resources		
		Use virtual teams to succeed						
Evaluating resources		Demand global skills		Capabi-lities	Threshold capabi-lities	Core compet-ences		
Tangible resources	Intangible resources	Are culturally diverse		The base of competitive advantage				
Financial:		Evaluating capabilities: a functional approach		Examples: Distinctive capabilities				
Borrowing capacity	Technology:	Function	Examples of Capabilities	Toyota, Honda: Low-cost, high-quality manufacturing capability, and short design-to-market cycles Intel: Ability to design and manufacture ever more powerful microprocessors for PCs Zara: Trendy fashion inspired by the catwalk for a reasonable price (limited stock, many styles, 2 weeks to develop a product, and get it to the stores).				
Internal funds	Know how, R&D, design	Corporate Management	Financial management, strategic control, coordination of business units, social responsibility					
	Knowledge residing in technical & scientific employees & teams							
Physical:	Reputation:						Performance Management	
Land & buildings		Management Information System	Rapid information transfer				Performance Management as an integrated and strategic process:	
	Brands, company reputation, social responsibility, environmental pro activeness, quality	Research & Development	Development of new products, design, innovation				Contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance.	
Plant & equipment	Human resources:	Manufa-cturing	Flexibility, quality, design, efficiency, eco-efficiency				The goal of the organisation is to motivate everyone in the organisation and ensure that they are all working towards the same strategic objectives.	
Technology	Education, training, experience, adaptability	Marketing	Design, brand management, promotion, environmental marketing	Recruitment and selection				
		Sales & distribution	Sales responsiveness, efficiency & speed of distribution, customer service	The aims of resourcing/recruitment are: To attract a pool of suitable candidates for vacant posts				

Analysis of external environment

Objectives:
Identify the main macro-environmental forces that influence an industry (DESTEP)
Identify the main structural features of an industry that influence competition and profitability (PORTER)
Evaluate trends within industries to forecast future changes in industry profitability
Identify opportunities / Identify Critical Success Factors

Porter 5 forces framework + supplements

Suppliers	Bargaining Power	-	Industry months
		>	competitor
Substitutes	Threat	-	Existing competitors
		>	competitors
Potential entrants	Threat of entrance	->	
Buyers	Bargaining Power	->	
Supplements	Bargaining Power	->	

AkzoNobel case (cont)

Hire an HR team	Admin: proper employee contracts, visa's, archives
Payroll system and aligning benefits	Focus & attention to policies- procedures- standardization-communication
Recruitment and Selection: 110 employees hired in 18	Factory in Saudi Arabia: flexible force of 50 % changed into permanent staff

Focus on Health & Safety (absenteeism, admin & follow up)	Employee Survey was held, and results discussed
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Change of leadership in some areas	Career development opportunities for High Potentials from Europe/Asia
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AkzoNobel case

How did HR support this growth?	How did HR support this growth?
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Performance Appraisals system in place	Training & Development (to motivate, to increase productivity, to develop)
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Proper Onboarding (welcome, schedule, trainings program)