

Factors affecting the roles of human resource management



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In a context of continuous evolution of the environment both internally and externally, the change is being offered more as a necessity other than a luxury or a choice. Indeed, when the environment changes the business which deny making essential modifications both in terms of attitudes and behaviours places herself at risk on inadequacy of its context: which means that it is probable to be in phase shift with the present world another by the development of competition that inevitably tends to condemn businesses less adapted.

That's why companies should stay vigilant because there are increasingly external factors able to influence their futures. One of the functions of the Human Resource Management is to be collected and be aware of changes in the environment of the company and their consequences for this one. The environment being essentially in perpetual motion and constant advancement, the prediction and recognition of changes should allow companies to acclimatize and transform themselves adequately.

“ Don't deal with change its inevitability expose yourself to disappear “ P. WATZLAWICK (1980)

Firstly we will analyse which are the external environmental factors able to influence a business or a company. Secondly we will criticize the role of Human Resources Managers in this environment and finally analyze the practices that could help a company to gain sustainable advantages to its competitors.

EXTERNAL FACTORS AFFECTING A BUSINESS

There are numerous factors that affect the Company's business and the results of its operations, some of which are beyond the control of the Company. The following is a description of some of the significant factors that may cause the actual results of the Company's operations in future periods to differ materially from those actually expected.

Pearce and Robinson (2002) talk about four external forces Economic, Political, Social and Technological. Each external factors influence business strategy. While these descriptions are generally unquestionable, they may give the false effect that the constituents and factors are easily recognised, mutually exclusive, and equally applicable in all positions (Pearce & Robinson, 1985, p 121). In fact, forces in the external environment are so dynamic and interactive that the influence of any single element cannot be disassociated from the impact of other elements.

Economic factor

Businesses require making money to continue to exist. The economy has an important influence on the viability of a business strategy. For example in house market, because of the recession, prices of houses are now declining in London.

So, it's an understatement to say that the present recession is hurting business owners. To remediate this situation the successful businessman visualizes the external factors affecting the business, anticipating the prospective market situations and makes suitable to get the maximum with minimize cost.

Political factor

The present political climate can influence the kinds of legislation that can affect tariffs on goods and a service which means political factors can be restrictive or beneficial.

Restrictive components are those factors that limit profits; such as tax laws, minimum wage legislation or pollution laws as cited in Pearce and Robinson, (1985). Governmental influences are particular interest for those enterprises that operate in foreign countries.

Social factor

The social dimension of a nation determines the value scheme of the society which affects the functioning of the business: in others words, changes in the structure of the population, and in consumer lifestyles and behaviours.

CERTO (1997, p. 51) defines social responsibility as a managerial responsibility to take actions that protects and improves both the welfare of society and the interests of the organization.

Technological factor

The development of new technology has directly influenced the function of the organization. Technology factors are the scientific advances, which influence the competitive position of the enterprise. Maintaining awareness of new technologies decreases the probability of becoming obsolete and help to promote innovations.

In summary, the external environment of a business plays a principal role in determining the opportunities that a firm faces. Consequently, the Human

Resources Managers have a important role to play to be sure that the company take into consideration the external environmental factors.

ROLE OF HUMAN RESOURCES MANAGERS

Human Resource Management is a strategic and logical approach to the management of an organization most valued assets: the employees who individually and collectively contribute to the achievement of its objective. Furthermore, good Human Resource Management must be aware of any change or external environmental factor which can influence the company.

Human Resource Management aims to help the organization to achieve success through people. As Ulrich Lake (1990) remark “ HRM systems can be the source of organizational capabilities that allow firms to learn and capitalize on new opportunities ” .

However, according to STOREY (1989) sometimes the decisions made by the Human Resource Management to face the external factors are both hard and soft.

The SOFT roles of Human Resource Management

Ulrich 1998 propose that environmental and contextual changes present some challenges to organizations; which means that Human Resource has to be involved in assisting to construct new capabilities. These comprise:

Globalization which requires HRM to move people, ideas and information's around the world to meet local needs.

Profitability through growth : the drive for revenue to grow means that HRM must be creative and this means encouraging the free flow of information and shared learning among employees

Organizational and individual learning: systematically developing organizational and individual learning processes; providing employees with learning opportunities, including e-learning, to develop their capabilities, realize their potential for them to be totally conscious of all the external environmental factors.

Technology: the challenge is to make technology a viable, productive and update part of the work setting.

HARD roles of Human Resource Management

The hard approach about Human Resource Management emphasizes the quantitative, calculative and business-strategic aspects of organising the headcount resources.

It adopts a business-oriented belief which focuses on the need to manage people in ways to obtain added value from them. Also is the mistake of taking bad decisions which are not in similarities with the exterior changes and movements.

Overall it's important to a company to have a good Human Resource Management which is aware of all the changes that can be happen in her external environment. To clearly know them all will help Human Resource Managers to apply some HR practices to gain sustainable competitive advantages.

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HUMAN RESOURCE MANAGEMENT FOR SUSTAINABLE COMPETITIVE ADVANTAGE

The role of the Human Resource Manager is evolving with the change in competitive market environment and the fact that Human Resource Management must play a more strategic role in the success of an organization. Human Resource practitioners must have the capacity to identify business opportunities, and to understand how their HUMAN RESOURCE roles can help to differentiate the company to the others and finally achieve the company's business objectives.

With the boost of the competition, in small or big areas, organizations should become more adaptable, resilient, agile and customer -focused to succeed. In order to do well, Human Resource must be able to influence key decisions and policies.

The question then is to know what firms should really do to maintain and optimize their situation in this environment. Should them focus on the financial situation, technological , or human resources plan?

To answer this question we would first compares researchers' conclusions:

Coff 1994 argues that human assets are a key source of sustainable advantage because of causal ambiguity and systematic information making them inimitable.

Guest 1990 says that if management trust their workers and give them challenging assignments, workers in return will respond with high motivation, high commitment and high performance.

Gratton 1997 identified six factors of success: the commitment of top management, the motivation and aspirations of recruits, the core capabilities of the management team, the team's aspiration, its ability to build and maintain alliances and the integration of the business into a global network.

It means that sources of competitive advantage have shifted from financial resources to technology resources and now to human capital. Now that we know that employees are one of the sources of competitive advantage, what do we have to do to achieve competitive advantage through them? In other words, what are the human resources practices to gain sustainable competitive advantages?

According to the answer is simple and consist of two actions:

Cost Leadership Strategy: the primary focus of a cost leadership strategy is to accomplish reduced charges to competitors. Lowering costs lead to lowering prices, which can increase demand for products or services. This is the case of ASDA supermarket in London which believes to have a policy of prices more cheaply than all of their competitors. However if the product cannot be produced at a lower cost it also decreases earnings margins. To compete on cost, managers must address other costs and design a system that lowers the cost per unit of the product or service.

Differentiation Strategy: the primary focus of a differentiation strategy is creating uniqueness that the organizations goods and services are clearly distinguished from those of its competitors. In other words the focus is on creativity and innovation which have long been recognized as necessary for <https://assignbuster.com/factors-affecting-the-roles-of-human-resource-management/>

bringing the required change to obtain the competitive advantage. But SHULER AND AKSON 1987 have divided the differentiation strategy in 3 small groups:

Innovation strategy: the primary focus here is developing products different from those of competitors or offering something new and distinct. For example when the company APPLE introduced on January 9, 2007 the first iPhone.

Quality enhancement strategy: the aim is enhancing the product and means changing the processes of production in ways that require workers to be more involved and more flexible.

Cost reduction strategy: firms typically attempt to gain competitive advantage but being the lowest cost producer.

But for all this to be possible, HRM must be careful to choose the right people, in the right way, which means:

- *employees with more competencies
- *employees who have more ideas that are implemented
- *employees with higher customer satisfaction, bonus rates and promotion rates
- *employees who produce more return for every dollar of salary paid to them.

CONCLUSION

The role of the HR manager must follow the needs of the changing organization. Successful organizations are becoming more adaptable, resilient, quick to change directions, and customer-centred. The primary function of human resources today is to ensure the effective and efficient use of human talent to accomplish an organization goal and objectives. Using human resource as a competitive advantage means analysing what factors are necessary for the organization long term success.

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MANAGEMENT HUMAN CAPITAL ASSIGNMENT: TOPIC 2

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LONDON SCHOOL OF COMMERCE

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SOURCES9**INTRODUCTION**

The management of pay is important to the conduct of industrial relations. The employment relationship is formed around the payment of labour. These strategies have taken fundamental changes in recent years as the influence of trade unions has diminished, and as competitive pressures have increased and become more international.

We will look at economic explanations for the substantial pay differences that are actually to be found between similar firms. For much of the last century their discretion was greatly modified by trade unions. But in recent years the consequent institutions of collective bargaining have seen substantial decline and change.

This essay will discuss the implications of this for employer pay strategies, and also the ways in which these strategies are increasingly transcending national frontiers.

But before everything we will try to understand the meanings of these two terms:

Compensation package and

Bargaining agreements.

EXPLANATION OF KEY WORDS

Compensation Package

In order to provide additional incentive to attract quality employees, as well as keep competent workers who are already associated with the company, many businesses offer a compensation package that is much more detailed than simple salary or wages. The compensation package may include a number of other benefits, including insurance, employee discounts, extended leaves, and retirement programs.

Compensation packages vary greatly from one industry type to the next. Yet, all of them address the matter of consistent compensation through the process of a wage or salary. Wage and salary requirements are usually agreed upon before the employee begins work, and becomes the foundation for the compensation package. The details of the wage or salary may also include guarantee of increases from time to time, based on either the cost of living or the job performance of the individual.

Along with basic compensation, there is usually some sort of process that guarantees pay for some time off. This may come in the form of one or two weeks during the calendar year when the entire facility shuts down for vacation or providing for the accrual of time off that may be taken by the employee when necessary. Another basic aspect of the compensation package is often some form of health insurance. This may be a benefit that is extended to the employee and is paid for by the company, or the company may choose to pass part of the cost along to the employee in the form of a payroll deduction.

Here are some examples of typical elements contained within a compensation package.

COMPENSATION PACKAGE is:

Base pay rates

Overtime pay rates

Retirement benefits

Health benefits

Travel pay

Pay incentives

Collective bargaining

'Collective bargaining' is the term that employers use when they deal directly with the trade unions representing their employees. The objective is

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to regulate the conduct and terms of their work. Some conceived of collective bargaining as an essentially economic activity in which workers substitute a group negotiation over wages for individual bargains.

In Britain collective bargaining had, until the 1980s, with successive authorities through years supporting not less than the standard of expanding its coverage. However, the inquiry is to understand if it's factual that compensation package negotiated through collective bargaining agreement are the first reason of our inability to compete in the international market?

In the other hand, collective bargaining is a type of negotiation that employees used to work peacefully with their employees. Through collective bargaining, employee's representatives discuss with the employer to negotiate until the two sides can agree. The main points to cover are work hours, working conditions benefits, and wages . so, a collective bargaining agreement is the result of a collective bargaining effort.

PROCESS

Actually, the employees are represented by a union . collective bargaining start by a meeting union where the rules of the community are discussed and a leader voted. Sometimes people with experience will assist and help the employees to present their needs to the company . and meetings between the employer representatives and employees will continue to take place until both sides agree on a contract.

Overall, collective bargaining is an important tool for workers because they benefit from unionization together and affirm their rights. Employer also

gains over that cause collective bargaining agreement clear expectations for both sides.

COMPENSATION PACKAGES NEGOTIATED THROUGH COLLECTIVE BARGAINING AGREEMENTS ARE CAUSE OF OUR INABILITY TO COMPETE IN THE INTERNATIONAL MARKET

One sign of the importance of collective bargaining is the percentage of workers affected by it - its coverage. Across the EU, two thirds of workers (66%) are enclosed by collective bargaining, whereas there are significant variations between countries. It is hitting that some nations have very high grades of collective bargaining treatment - at around 80% - which are more overhead the levels of union density.

Overall however, it is important to remember that in many countries, the figures for collective bargaining coverage are uncertain and, in some, the agreements signed do no more that restate existing legal minimum requirements and therefore have little impact on employees' terms and conditions. Moreover the countries where compensation package is in practice always deal with minimum wage like it is in UK but not in Africa for example.

CASE OF EU AND ACP COUNTRIES

With the example we will try to understand differences between European Union and the ACP African Caribbean and Pacific countries actually producers of bananas. EU would like to negotiate for the ACP bananas producers a compensation package.

The reality is that most of the EU countries have negotiated collectively a compensation package for them and because they get bananas from the EU countries, they think it would be good to negotiate compensation package for ACP countries.

European say there are still a few hurdles to overcome in completing the compensation package, but they indicate that for the funds would assist ACP countries in the transition away from bananas. The package is now being debated in the European Parliament with the relevant European Commissioners already agreeing to the package.

SLBC Deputy Chairman, Christopher Frederick said banana fields have been terribly damaged. " I have never seen a drought like this before even in the interior it is bad so farmers are desperately in need of funds," he added.

Collective bargaining

Table 2 below outlines briefly the extent to which company restructuring and change is an issue in collective bargaining at company and higher levels (eg sectoral and intersectoral) in the 16 countries examined.

<http://www.eurofound.europa.eu/eiro/2001/07/study/tn0107201s.htm>

Table 2: Restructuring and change as an issue in collective bargaining at company level and higher levels

Country

Company level

Higher level

Austria

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Major theme in negotiations between works councils and management over works agreements.

Not a significant issue in sectoral bargaining.

Belgium

Some bargaining, typically at union behest over job losses and introduction of less favourable employment conditions. Social plans often negotiated to accompany redundancies.

No bargaining at sector level. Intersectoral agreements provide framework for information and consultation over introduction of new technology.

Denmark

No collective bargaining as such, but negotiations within works councils.

No bargaining at sector level. Intersectoral agreements provide framework for information and consultation over restructuring.

Finland

No collective bargaining as such, but negotiations with trade union representatives and employees governed by cooperation legislation.

No substantive bargaining at sector level, though some agreements (eg for restaurants industry) adapt certain aspects of participation over restructuring. Intersectoral agreements also regulate some aspects of participation.

France

Some bargaining. Obligatory annual bargaining on employment may cover restructuring-related job cuts. Some agreements on employment policy in restructuring (eg at MAAF Assurances in 1996).

Sectoral bargaining often includes preventive measures on employment, by promoting implementation of various statutory schemes (eg retraining and working time cuts) accompanying restructuring. Numerous sectoral agreements establish joint national employment committees. Intersectoral agreements deal with some employment aspects of restructuring – eg retraining following redundancy.

Germany

Major theme in negotiations between works councils and management over works agreements. These frequently take form of “ pacts on employment and competitiveness”, covering working time, work organisation and remuneration issues

Some sectoral agreements (eg in chemicals, banking and printing), often dating initially from 1980s, seek to mitigate outcomes of restructuring through measures such as redeployment, early/progressive retirement, working time cuts, and increased notice periods or severance pay.

Greece

Bargaining occurs, but details unknown.

No relevant bargaining.

Ireland

A number of agreements deal with major company restructuring and consequences for employees, while, in terms of continuous restructuring and change, there is an increase in workplace union-management “ partnership” arrangements, some of which deal with such issues.

The current national intersectoral agreement, the Programme for Prosperity and Fairness (PPF), deals with a number of restructuring-related issues, such as: modernisation of public sector; workplace partnership; and family-friendly work organisation.

Italy

Restructuring is a central issue in company-level bargaining (which notably regulates the instruments used to handle redundancies).

Sectoral bargaining generally regulates framework for dealing with employment consequences of financial crises (eg “ social shock absorbers”).

Luxembourg

Not a major issue in bargaining. A few agreements (eg at Arbed and DuPont de Nemours) provide guarantees for employees in restructuring.

Not a major issue in sectoral bargaining. A few agreements (eg in care sector, cleaning and banking) cover restructuring-related matters such as redeployment or notice periods.

Netherlands

Restructuring is mainly handled by works councils, but bargaining with unions often deals with consequences - eg social plans to accompany restructuring.

Some sectoral bargaining, dialogue and consultation in industries facing serious restructuring (eg printing, shipbuilding and meat processing). No relevant intersectoral dialogue.

Norway

Major issue in cooperation between management and employee representatives, but few company agreements with trade unions.

Intersectoral basic agreements provide framework for company-level cooperation on restructuring issues, with state sector agreement especially notable in this regard.

Portugal

Restructuring mainly handled by workers commissions, but bargaining with unions may deal with consequences.

Various intersectoral agreements deal with restructuring-related issues (eg seeking to prevent employment crises during change).

Spain

Bargaining (in growing minority of firms) deals with changes in the organisation of work and production, covering matters such as contractual and working time flexibility.

Growing minority of sectoral agreements cover restructuring-related issues, both procedural (eg regulating company-level consultation) and substantive. Intersectoral agreement promotes bargaining on work organisation.

Sweden

Major issue in negotiations between management and unions under terms of co-determination legislation (while not collective agreements strictly speaking, signed minutes from such negotiations have legal status).

No sectoral bargaining (except where company-level negotiations lead to dispute). Intersectoral agreements touch on some restructuring-related issues.

UK

Traditionally limited. However, since mid-1990s there has been a growth in “partnership” deals, involving the negotiation of agreements between unions and employers over issues relating to flexibility and employment security, often in context of industries experiencing substantial change and restructuring.

No bargaining (little sectoral bargaining occurs on any issues).

Source: EIRO.

LEGEND: As table 2 indicates, restructuring as a subject in collective bargaining is mainly a company-level matter. Furthermore, restructuring is in some nations not usually an issue covered by “ collective bargaining” as such – appreciated as bargaining between employers and trade unions taking position at pre-fixed accepted times and as showed by pre-fixed statutes , but rather local negotiations, based on support and participation provided for in legislation including works council-type bodies and local trade union representatives. Formal company collective bargaining on restructuring does, even so, take position in some nations, where it tends to deal with the consequences of restructuring.

CONCLUSION

Compensation has become an issue than just deciding how much to pay your employees which means that in addition to salary, employers must consider many other components. Moreover when compensation package is negotiated through bargaining agreement , employees also have greater expectations of what should be included in their compensation packages, and they may demand specific benefits .

Finally , compensation package for countries where it’s in practice like UNITED KINGDOME has some advantages because employees would get good salaries through that . however for those countries, the bad aspect is that it compensation package can be costly for small businesses .

But for area where there’s no compensation package like ACP countries, the inconvenient is that employees are sometimes underpaid and the advantage

is more in a business way because companies over there can fix their own range of salaries and are not compelled by any government rule.

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