

# Human resource management models

[Literature](#), [Russian Literature](#)



Human Resource Management (HRM) models contribute to the achievement of organizational objectives. In most Human Resource models, senior or corporate management are given prime responsibility for cultural leadership. Kandula, (2001 p. 2) argues that understanding models in Human Resource Management is essential as it provides a macro perspective for any HRM practice in overall organizational setup. Models are vital inputs in drafting tailor made models for an organization and they offer answers to dilemmas. Within Macquarie Bank, various models can contribute to the achievement of the banks' objectives.

We will examine three models which include the Harvard model, Michigan model and model for world class HRM systems. 1. a) Harvard Model of HRM It is also called the soft model of HRM or Harvard Map of HRM. According to this model, the type of HRM policies and practices an organization prefers should be dependant upon its organizational vision, mission strategy, goals and objectives as well as the external environment of organizations. This means that Human Resource practices and policies are subject to be influenced by internal and external environment of organizations.

Macquarie Bank's vision is to provide investment specialist advisory and financial services in select markets around the world. Macquarie's strategy is to expand selectively and enter markets only where its particular skills and expertise deliver real value to clients. This approach provides the strategic flexibility to enter new sectors and regions as opportunities arise and to respond to the specialist requirement of individual markets. As a result, Macquarie has established leading positions in a diverse range of markets across regions as a result of its Human Resource Department (HRD).

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The Harvard model argues that human resource policies are influenced by two significant considerations. (Kandula, 2001 p. 2). These are situational factors which are the internal and external environmental factors, and include labor market conditions, societal values, business strategies, technologies, management philosophies and market conditions. These factors will constrain the formation of HR policies. Secondly, there are the stakeholders' interests which influence the short term HRM policies and include management employees, unions and government agencies.

Macquarie has a corporate culture that deals with managing organizational change in a way that its employees will not resist to new developments, is adaptable by stakeholders and even government agencies. This model as described above, within Macquarie Bank, helps in charting HR strategies for the organization and offer three significant insights for practice. These are, that HRM policies should be designed keeping in view the environmental factors and stakeholders' concerns thus there should be a good fit between organizational environment and HR policies.

Secondly, such HRM policies and practices must have a goal to achieve employee commitment, competence development, coherence among themselves and embrace cost effective methods. Finally, the HRM that stems from the environment and is drawn based on 4 C's will result in employee and organizational effectiveness. These 4 C's or HR policies are Commitment; Congruence; Competence; and Cost effectiveness. For Macquarie, these management policies should be sustained so as to continue

maintaining its success using an incremental adjustment process while operating in a rapidly changing environment.

This will in the long term contribute to the attainment of organizational objectives. The Harvard model is a soft model as it is based on stakeholders concerns and their commitments to organizational goals. Its interpretation sees employees as resources, which however, is viewed as being fundamentally different from other resources as employees cannot be managed in the same way as other resources. The stress is on people as human resources. It outlines four HR policy areas:

- Human resource flows - recruitment, selection, placement, promotion, appraisal and assessment, promotion, and termination. Macquarie Bank continues its recruitment of fresh graduates and training and developing them to the requirements of the organization, but should also hire employees with experience from other organizations, to diversify on skills.
- Reward systems - pay systems, and motivation. The fact that Macquarie Bank pays its staff top salaries is motivating enough and other motivational systems such as employee empowerment should be increased.
- Employee influence - delegated levels of authority, responsibility, and power. The engagement by Macquarie staff to contribute to the society in a philanthropic way should be encouraged further to make them have a sense of influence and belonging to the society.
- Work systems - definition or design of work and alignment of people. Macquarie Bank has been able to maintain its success using an incremental adjustment process while

operating in a rapidly changing environment. Change is managed by a gradual process of constant adjustment. (Beer and Nohria, 2002. p. 224).

This is because Macquarie Bank believes that policy decisions are not dramatic, but they evolve, and that the growth of an organization is also matched with the supply of enough human resources. 1. b) The Michigan Model This one has a harder, less humanistic touch holding that employees are resources in the same way as any other business resource. Thus they must be obtained as cheaply as possible, used sparingly, developed and exploited, as much as possible. This model stresses upon the crucial importance of the close integration of HR policies, systems and activities with business strategy.

Tarnam and Srivastava, (2005. p. 147). According to this model, the most important HR issues are selection of the most suitable people to meet business needs, performance in the pursuit of business objectives, appraisal, monitoring performance, and providing feedback to the organization and its employees, rewards for appropriate performance, development of skills and knowledge required to meet business objectives. The Michigan model has a practical approach unlike other models which stress on the commitment and relationship factors rather than on business results.

This model can offer a solution in attainment of organizational objectives to the satisfaction of all stakeholders (Stredwick, 2005. p. 4). Humans or people, as opposed to just employees, need to be managed in a way that is consistent with broad organizational requirements such as quality or efficiency. Personnel policies and organization structures have to be

managed in a way that is congruent with organizational strategy, and organizational effectiveness depends on there being a tight fit between human resource and business strategies.

HRM strategies are all about making business strategies work and so emphasis is placed on how to best match and develop appropriate HRM systems. This model helps link properly business planning and human resource planning and can be adopted by Macquarie in achieving the long-term organizational objectives such as expansion and product diversification. This needs good employees to achieve as is the case in Macquarie in its bid to expand to more regions outside of Australia. The focus however should be on how to sustain this strategy.

The Michigan theorists further highlighted selection of the most suitable people to meet business needs, performance in the pursuit of business objectives, appraisal, monitoring performance and providing feedback to the organization and its employees, rewards for appropriate performance, and development of the skills and knowledge required to meet business objectives, as being the most important HR issues to achieve such a match. Macquarie bank has a staff recruitment policy suitable for its desired growth and should work on sustaining it in the long run.