HR Metrics & Analytics
MSB21T2001

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Topics to be discussed

- Introduction to HRM functions
- HRM from normative perspectives-
- HRM models
- HRM theories
- Different school of thoughts
- History of different HRM Perspectives

RECAP: SESSION 3

- INTRODUCTION TO HRM FUNCTIONS
- STAGES OF ANALYTICS
- TYPES OF ANALYTICAL MODELS
- HR ANALYTICS, PEOPLE ANALYTICS, AND WORKFORCE ANALYTICS: WHAT IS THE DIFFERENCE?
- CRITICAL AREAS FOR HR PREDICTIVE ANALYTICS
- TOOLS & SOFTWARE USED
- REAL WORLD CASE STUDIES
- HOW DOES HR ANALYTICS DRIVE BUSINESS VALUE?

Introduction to HRM functions

- Such changes redefined the process of managing human resources, making employees as partners of the organizations and their management as a business-aligned function.
- HRM from normative perspectives- management of organizational human resources.
- Boselie (2002) defined HRM as a 'process of shaping employment relationships to achieve individual, organizational and societal goals'.
- Requiring managers to relate their decisions with the prevalent policies and practices

Introduction to HRM functions

- Schemerhorn (2001) defined HRM as a 'process of attracting, developing and maintaining a talented and energetic workforce to support organizational mission, objectives, and strategies'
- Both the definitions are normative
- For Boselie, achieving stakeholders' goals, which even include society, is also important, while Schemerhorn focuses on achieving organizational goals.

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Introduction to HRM functions

- Broadly, the normative approach to HRM concepts covers all HRM functions such as Human Resource Planning (HRP), recruitment, employee relations, compensation management, training and development, performance management, motivation, organizational change and development, team development, work-life balancing, employee engagement talent management.
- Over the years, complexities of business have added two more perspectives of HRM, i.e., descriptive and conceptual.
- The descriptive perspective of HRM emphasizes fact-based HRM practices, and the conceptual perspective helps us to relate facts to each other.

Introduction to HRM functions

- Unlike normative perspectives, descriptive and conceptual perspectives of HRM do not have theoretical base, but these two perspectives are the trend-setters to set the premise for the development of HR analytics and predictive HR decision-making process.
- Descriptive and conceptual perspectives of human resource: Descriptive perspective of HRM emphasizes on fact-based HRM practices, and the conceptual perspective helps us to relate facts to each other.
- At the outset, it is important to clarify our ideas on HRM models, theories and perspectives.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- HRM models pertain to detailed descriptions of objectives, capabilities, processes and standards of human resources, following which we can achieve strategic intents of HRM in organizations.
- Therefore, HRM models help us to integrate an HRM strategy with HRM processes and structure.
- Also, HRM models provide clear principles for designing roles and responsibilities of human resources, help organizations to achieve results through competitive positioning in the market and also detail HR responsibilities for managing the administrative processes.
- HRM theories are certain principles on which HR practices are based. Theories generate ideas or propositions to explain facts and events in HRM, namely reasons for typical behaviour of employees.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- For example, various employee motivation theories explain reasons for employees' behaviour to satisfy their unmet needs.
- Perspectives in HRM denote our outlook to consider something. For example, we view organizational change always from a negative perspective.
- Although we value such finer distinctions between these three terms, operationally we hardly find any differences. Here also these terms have been used interchangeably, meaning they are one and the same.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- Theoretically, we need to examine different HRM perspectives, particularly in the context of different school of thoughts, i.e., Michigan and Harvard. Fombrun et al. (1984) pioneered the Michigan approach to HRM.
- This perspective of HRM emphasized the need for adopting organizational policies, which can have effect on the individual performance of the employees.
- In a sense, this perspective acknowledged the need for the strategic orientation of an HRM function.
- Harvard approach, pioneered by Beer et al. (1984), emphasized the need for the alignment of employees with the organization and management.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- This emphasized the need for developing the strategic vision of HRM functions, primarily to assess the extent of integration of HRM practices with the organizational policies.
- Both the approaches, in a sense, acknowledged the important role of HRM, elevating it to the level of a strategic function.
- Michigan School: This school of HRM emphasizes on the need for adopting organizational policies, which can have effect on the individual performance of the employees.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- Harvard School: This school emphasizes on the need for the alignment of employees with the organization and management, developing the strategic vision of HRM functions.
- The Harvard model is also termed by the authors as the map of HR territory.
- Acknowledging the existence of multiple stakeholders, the model recognizes a neo-pluralist approach and emphasizes the soft side of HRM.
- Neo-pluralist approach here indicates valuing of diversity, valuing equal power of the groups and so on.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- This model of HRM is influenced by the human relations school of thoughts.
- As a natural corollary, the model believes in developing organizational culture based on mutual trust and team work. The model primarily recommends the need for considering employees as assets rather than cost to the organizations.
- In contrast to the Harvard model, the Michigan model or the matching model recommends the need for 'tight-fit' between the HR strategy and the business strategy.
- The model focuses towards the harder side of HRM and, therefore, suggests the need for matching human resources with the jobs.
- As the model puts the business strategy as the prime concern for the organizations, consider human resources like any other resource to facilitate achieving organizational objectives.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- The guest model of HRM-integrates both hard and soft approaches of HRM. Integration can be achieved with congruent business and HR strategies for achieving organizational goals.
- Here also the model considers human resources like any other resource of the organizations.
- Model is flexible-it recommends the need for the organization and human resources to be more adaptable to the changing dynamics of business and the work environment.
- Other two focus areas of this model are: high commitment and quality.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- High commitment -employees are able to identify themselves with the organizations
- Quality-is achieved -process of effective management (HR)
- We could classify HRM models into: normative, descriptive-functional, descriptive-behavioural and critical-evaluative types.
- The normative model or perspective of HRM divides HRM into hard and soft types.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- Hard types of HRM are more focused on the Harvard model linking HR management to organizational strategy. Hard types emphasize linkage of all HRM functional areas such as HRP, job analysis, recruitment and selection, compensation and benefits, performance management and employee relations with the corporate strategy.
- Soft HRM, on the other hand, emphasizes considering people as assets rather than resources, thereby laying more stress on organizational culture, development, leadership, conflict management and so on to increase trust and collaborative performance.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- Primarily this approach makes the assumption that anything good for the organization is also good for the employees.
- The descriptive-functional model or perspective of HRM emphasizes the need for adopting the pluralistic approach in managing employment relations.
- The descriptive-behavioural approach considers that employees' behaviour mediates strategies and performance of organizations.
- Hence, it recommends the need for controlling attitudes and behaviours of human resources, matching with the strategic requirements of the organizations, to achieve organizational goals.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- The critical-evaluative model of HRM focuses on balancing the asymmetries of power between the organization and the employees, enforcing strategic control.
- Relatively from a different perspective, Storey (1989) developed the HRM model (named after him) encapsulating the total preventive maintenance (TPM) approach.
- The model suggests HRM has synonymity with TPM, as like TPM, HRM also believes in holistic approach with certain set of interrelated policies.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- This model rests on certain beliefs and assumptions, strategic focus on qualities, acknowledging the role of line managers, and also on certain key levers. The primary belief and assumption of this model is that human resources, although an important factor of production, is different.
- Hence, the model suggests the need for careful nurturing of human resources, considering it as valuable assets, and so also believing employment relationship based on commitment and not compliance.
- As human resources is of strategic quality, the model suggests the need for managing it with the full knowledge and support from the top management of the organizations.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- The model acknowledges the important role of line managers in managing human resources; it recommends the need for delegating the management of human resources to the line or operational people. Finally, the model also emphasizes the need for focusing on the culture of the organization, i.e., the values, beliefs and assumptions.
- Again we can analyse HRM also from resource-based and behavioural perspectives. The resource-based perspective differentiates one organization from another in terms of the available resource-mix, i.e., physical, organizational and human resources.
- Available resource-mix or heterogeneity of resources of organizations contributes to their productive potentiality. Out of various resource-mixes, resources which are sustainable and difficult to imitate can give distinct competitive advantages to the organizations (Prahalad & Hamel, 1990; Rangone, 1999).

HISTORY OF DIFFERENT HRM PERSPECTIVES

- Researchers on HRM across the world are equivocal that human resources of an organization can only ensure sustainable competitive advantages to any organization. With human resources, therefore, every organization tries to stay competitive and become sustainable.
- This requires organizations to focus on talent management practices, embracing suitable HRM strategies and aligning HRM functions with organizational goals and objectives
- Resource-based perspective: Resource-based perspective differentiates one organization from another in terms of available resource-mix, i.e., physical, organizational and human resources.
- Behavioural perspective of HRM: It focuses on embracing those HRM practices which can churn desired employees' behaviour for achieving organizational goals and objectives.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- The behavioural perspective on HRM focuses on embracing those HRM practices which can churn desired employees' behaviour for achieving organizational goals and objectives .
- Organizations vary their goals and objectives, based on their business mission and plans. Such variations in goals and objectives are accomplished through different strategies and behaviours; this obviously requires different HRM practices and focuses on external fit, i.e., contingency variables such as size, technology, ownership, location and so on.
- Using the behavioural perspective, Schuler and Jackson (1987) tested Porter's three generic strategies (Porter, 1985) aligning with different HRM practices.
- This study's results indicated that when organizations select an HR policy and practices appropriate to particular generic strategies, they can achieve higher work performance.

HISTORY OF DIFFERENT HRM PERSPECTIVES

- This obviously legitimizes our understanding that organizations need to achieve strategic-fit with their HRM practices to achieve the best results.
- Examining HRM we find the compelling need to take HR decisions in alignment with the goals, objectives and strategies of the organizations.
- HR decisions are no longer taken in silos; rather such decisions are taken with a holistic approach, duly understanding probable decisional effects and initiating the appropriate actions to balance the decisional adversities, if any.
- HR decisions with such a futuristic look require us to make use of HR analytics and predictive models.

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