

Sample essay 1

Human Resource Management

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UNIVERSITY OF WESTERN SYDNEY
SCHOOL OF MANAGEMENT

RESEARCH ESSAY

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Discuss how the practices of human resource management can give an organisation the competitive advantage, particularly in the areas of recruitment, training and diversity management.

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There are a number of factors that contribute to the success of an organisation. It is not only the quality of the physical resources or the technology that counts, but the people and their skills also make the difference. Human resource management refers to "the policies, practices and systems that influence employees' behaviour, attitudes and performance" (De Cieri *et al.* 2003:4). This essay will discuss how the practices of human resource management can give an organisation the competitive advantage, particularly in the areas of recruitment, training and development, and diversity management.

Human Resource policies and practices help organisations achieve their business goals and objectives" by developing the knowledge and skills of the employees, or the 'human capital pool'. The quality of its human resource affects an organisation's ability to adapt to changes, which determines its competitiveness. De Cieri *et al.* defines competitiveness as an organisation's ability to maintain and gain market share in its industry. There are a number of important factors that an organisation must address. First, it needs to ensure profitability to satisfy their shareholder, while at the same time produce quality products or services to its customers. Then, it needs to consider its responsibilities to the community by being environmentally-friendly and by getting involved in community activities. Moreover, the organisation needs to ensure that it provides a desirable working environment for its employees. Storey suggests that competitiveness can be achieved by integrating "cultural, structural and personnel techniques" (Gardner and Palmer 1997:244).

Human resource management is strategic when the human resource practices are planned, and implemented towards achieving the organisation's goals (Noe *et al.* 2000).

One can suggest that recruitment plays an important role in strategic human resource management as it is during this process that the calibre and qualities of potential employees are assessed. Recruitment refers to any practice or activity carried out by the organisation with the primary purpose of identifying and attracting potential employees. They can be sourced from internal or external sources, direct applicants and referrals, advertisements, public or private employment agencies~ electronic recruiting, or universities (De Cieri *et al.* 2003).

It is important to implement an effective recruitment strategy to attract highly- skilled candidates. According to Boxall and Purcell (2003), recruiting candidates with inappropriate skills may prevent or stall organisational growth. Recruitment strategy differs from selection practices in the way that selection practices involve looking at a candidate's strengths and weaknesses, whilst recruitment strategy attempts to attract highly-skilled candidates by promoting the organisation as a great place to work. It seems that Henry Davis York takes this strategy into consideration and makes an effort to be known in university campuses. The rationale of their 'growing its own' strategy is to recruit young professionals who will grow with the company and understand its directions, rather than to recruit experienced executives from other law firm. Given that this strategy has won Henry Davis York an award in the category of Best Attraction and Retention Strategy at the 2003 Australian Human Resource Awards, it can be suggested that the recruitment strategy may have contributed to their 90 percent retention rate (Donaldson 2003).

Training and development should be viewed as an investment that adds value to an organisation by increasing employees' motivation and skills. New technology changes

the roles of managers and employees, as well as the way work is performed. In the new work system, there is an increasing need for interpersonal skills and problem-solving skills, rather than physical strength or 'fine motor skills' (Noe *et al.* 2003 :36).

Dyer and Shafer point out that employee development program should "build the firm's agility over the long run" (cited in Boxall *et al.* 2003:144). It seems that the 'Dynamic Resourcing Strategy' of Main Roads W.A. attempts to make sure that changes to the organisation is performed efficiently. The focus appears to be in "rejuvenating the organisation" after its 70-year existence. Its approach includes a training and development program to ensure that employees, including management~ have the required skills in the new directions for the organisation. The organisation indicates that they place special importance on training new employees to ensure that they are ready to take over when the older staff members leave the organisation. Their training program includes both formal and informal approach such as regional e-learning program, mentoring and further studies. It appears that the program has been successful, resulting in better skilled and more productive workforce. However, one can suggest that the most important outcome is "the mindset change" that has given the older staff members more confidence in the younger peers, therefore giving them the opportunity to contribute and perform (Donaldson 2004).

How diversity is managed in the workplace is also of importance in gaining competitiveness. De Cieri (2003) states that by managing diversity and acknowledging the variety of individual characteristics, organisation provides employees with a working environment where they can contribute to organisational growth and therefore can experience personal growth. It is suggested that by understanding cultural, social,

demographic and other diversities in the workplace, organisation can improve employees' sense of belonging. At times of organisational changes, this may help reduce stress in the workplace.

Cendant Mobility was formed in 1997 through a merger of three separate companies, each with its own corporate cultures, employing 2,300 people. After this merger, the company experienced a turnover rate as high as 30 per cent (Zimmerman 2004). Using data obtained from employee-attitude survey and exit interviews, they introduced the Flexible Work Options program which included flexible working hours, yoga classes, and an employee garden. It appears that the new program made a difference in reducing the organisation's turnover rate to under 1.0 per cent within a few years, saving the company nearly US\$30 million (Leonard 2003).

One can imply that the changes at Cendant Mobility may not have been possible without the support from management. Bill Maxwell, senior vice president of global human resources of Cendant Mobility, stated that prior to him joining the company, the work/life balance program at the time had not received the support from the organisation's management and therefore it had not been effective. The management viewed the program as "costly and unnecessary" (Leonard 2003). Diversity management can be initiated at three levels: strategic level where it plays a critical part: to achieve organisation's success, managerial level where management practices are designed to support diversity, and operational level where diversity management is applied in the workplace (O'Neill and Kramar 1998). However, for diversity management to be effective, it is important that it takes place on all levels of the organisation.

In terms of the practice of work/life balance in Australia, it is worthwhile to mention SC Johnson, who has received many recognitions for their work/life balance practices. The concept they introduced, 'Compressed Work Week', allows employees to compress their working week and enable them to leave work from 01.00 p.m. each Friday afternoon. This approach is taken to "maintain focus on working to the business needs rather than the clock" (Commonwealth of Australia 2002:62). The program includes flexible work options such as work from home, paid maternity leave, employee recognition program, and an on-site gym. The efficiency of the organisation's initiatives is shown in the increase of their retention rate from 75 per cent in 1999 to 92 per cent in 2002, as well as the saving of over \$500,000 in recruitment costs from 1999 to 2002. Management support is apparent from senior management's involvement by practising 'Compressed Work Week' and leaving work from 01.00 p.m. on Fridays. This contributes to the development of a culture where leaving early on Fridays is acceptable (Commonwealth of Australia, 2002).

In conclusion, it is evident from the examples presented in this essay that human resource management helps organisations achieve competitive advantage by developing the knowledge and skills of the employees. Human resource practices are strategic when human resource activities such as recruitment, training and development, and diversity management are targeted to achieve organisation's goals. Recruitment strategy promotes growth in the organisation by attracting highly-skilled candidates. Training and development should be seen as an investment that is crucial to work performance. By understanding diversity in the workplace, an organisation provides an environment where employees can experience personal growth by contributing to the organisation.

New technologies and changes in the way work is performed may further transform human resource policies and procedures. For this reason, human resource management should be approached in a dynamic manner to adapt to organisational changes.

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