

7.16: Purpose of Human Resource Management

Learning Outcomes

- List the functions of human resource management.
- Explain how HR decisions reflect the corporate strategy.

Susan Fowler is an engineer who writes a blog about her experiences. She used to work at Uber, the popular ride-share company. But although Uber did interesting work and she liked her job, her boss was harassing her.

After many attempts to change the situation by going to the Human Resources department at Uber, Susan realized that HR was not interested in supporting her. It was willing to break the law and allow her boss to get away with sexual harassment. But Susan wasn't willing to accept this behavior from her employer. She spoke up and got others to speak up with her.

The result: Uber not only lost a great employee but also lost the respect of the public. Since Fowler started writing about her experiences, Uber has lost money, employees, and opportunities to grow.

Here is some of what Susan Fowler says about her experience at Uber:

On my first official day rotating on the team, my new manager sent me a string of messages over company chat. He was in an open relationship, he said, and his girlfriend was having an easy time finding new partners but he wasn't. He was trying to stay out of trouble at work, he said, but he couldn't help getting in trouble, because he was looking for women to have sex with. It was clear that he was trying to get me to have sex with him, and it was so clearly out of line that I immediately took screenshots of these chat messages and reported him to HR.

After reporting the situation, Fowler assumed HR would do the right thing. At the very least, it would reprimand the manager for breaking the company's code of ethics. Instead, says Fowler, HR did the opposite:

I was told by both HR and upper management that even though this was clearly sexual harassment and he was propositioning me, it was this man's first offense, and that they wouldn't feel comfortable giving him anything other than a warning and a stern talking-to. Upper management told me that he "was a high performer" (i.e. had stellar performance reviews from his superiors) and they wouldn't feel comfortable punishing him for what was probably just an innocent mistake on his part.

Instead of confronting the manager, HR told Fowler she could leave the team. Her other option was to stay on the team—but if she stuck with it, she should expect a poor performance review, even if she did a good job. Fowler left the team but started asking other women about their experience at Uber. Over and over, she heard stories similar to her own. She even learned that HR had lied to her: her manager had been reported for sexual harassment many times but had never been disciplined for his behavior.

Finally, after trying and failing to get an appropriate response from upper management, Fowler quit her job. She then went on to write about her experience, sharing the details of Uber's poor management with the world.^[1]

A good HR department could have handled all of Susan's concerns legally and appropriately, and Uber could have avoided a great deal of trouble. Investors voted with their feet, and Uber's stock lost \$10 billion, according to CNBC.^[2] At best, this is a lost opportunity that will cost the company far more than managing within the law.

The Functions of Human Resource Management

Managing employee conflicts and legal issues is only part of HR's function. In fact, HR is a key department in any company, and it is responsible for many areas. Each of these areas can be categorized into the main functions of human resource management:

Functions of Human Resources Management

Function	What It Is
Recruitment and Selection	<ul style="list-style-type: none">• Finding and hiring qualified employees and/or contractors• Using recruitment tools and technology• Preparing employee contracts and negotiating salaries and benefits• Meeting legal requirements related to hiring and adhering to ethical practices

Training and Development	<ul style="list-style-type: none"> • Onboarding training for new employees and ongoing training and development for current employees • Trainings and development activities may include internal meetings, conferences, or external educational courses • Opportunities for employee evaluation
Compensation	<ul style="list-style-type: none"> • Setting appropriate and competitive wages or salaries for employees • Researching and negotiating insurance and retirement plans, as well as other types of benefits, with third-party providers
Safety and Health	<ul style="list-style-type: none"> • Ensuring that employees have a safe work environment and that the organization is complying with legal requirements set forth by the Occupational Safety and Health Administration (OSHA) • Implementing new safety measures when laws change in a given industry • Discussing safety and compliance with relevant government departments • Discussing safety and compliance with unions
Employee and Labor Relations	<ul style="list-style-type: none"> • Mediating disputes between employees and employers, as well as between employees and other employees • Ensuring employees understand their rights with regard to unions and unionizing
Terminate employee contracts when necessary	<ul style="list-style-type: none"> • Helping to document employee problems in order to justify firing • Terminating employees for various reasons and following up with appropriate paperwork and legal actions

Human resources management can also play an important role in strategic planning and company growth. For example, HR professionals take part in:

- Planning to hire or transfer employees when a company grows.
- Training new employees as the company makes changes or expands.
- Developing incentive programs to help the company compete with other employers.
- Researching laws and policies related to employees in other states or countries.
- Setting up employee transportation, moves, and other logistics as needed.

Why is all this important? HR is a specialty that involves a great many legal details. Mistakes in employee benefits, mismanaging sensitive employee records, or glossing over company ethics policies could land a company in legal trouble. Lawsuits that go to court have incurred a median cost of \$200,000.^[3] HR professionals are the people who have the knowledge, time, and responsibility to ensure that employees receive the services, resources, and support they need to be successful at work.

A recent trend is more part-time and contract workers. HR professionals source and hire both and handle the contracts and legal risks.

? Practice Question

<https://assessments.lumenlearning.co...essments/12212>

The following video highlights some of the important work HR managers do in a company, as in this example of the human resources director at Quiksilver.

A link to an interactive elements can be found at the bottom of this page.

You can [view the transcript for “DAY IN THE LIFE – HUMAN RESOURCES” here \(opens in new window\)](#).

HR and Corporate Strategy

You might think of HR management as a somewhat standard part of every business—the HR department deals with hiring, training, compensation, safety issues, and so on. But successful businesses don't take a one-size-fits-all approach to HR management. Instead, they use their HR policies to support the business's strategic goals and increase their competitive advantage.

In practice, that means making sure the key elements of HR are aligned with the organization's strategy. For example, if one of your organizational goals is to create innovative products, your HR policies might allow employees a certain amount of time to work on their own ideas. Google does this with its famous “20 percent time” policy that allows employees to spend one-fifth of their time working on a project of their own choosing that they think will most benefit Google. 3M had a similar policy before Google, and it resulted in one of the company's most successful products: the Post-It Note. Allowing employees time to be creative on the job not only helps attract the types of employees these companies want, but also benefits the company when employees come up with innovative ideas and strategies.

Today's HR managers need to think less about enforcing compliance rules and tracking simple metrics and more about how policies will help achieve strategic goals. They must align the organization's people with the desired outcomes. Depending on the business's strategy, this might mean using a very selective hiring process to find the candidate with the right skills for the job, or using contractors instead of full-time employees to keep costs low. The goal of HR is to ensure that an organization has the right skills, abilities, and knowledge to implement its strategy.

High-performing organizations use HR elements such as job design and diversity management to maximize employee performance. **Job design** (also referred to as work design or task design) is a core function of human resource management. It's related to the specification of contents, methods, and relationship of jobs in order to satisfy technological and organizational requirements as well as the social and personal requirements of the job holder. Its principles are geared towards how the nature of a person's job affects their attitudes and behavior at work, particularly relating to characteristics such as skill variety and autonomy. The aim of a job design is to improve job satisfaction, to improve throughput, to improve quality, and to reduce employee problems (e.g., grievances, absenteeism).

HR managers are also concerned with diversity in the workplace. In a global economy, employing a diverse workforce and celebrating multiculturalism can create or strengthen an organization's competitive advantage.

? Practice Question

<https://assessments.lumenlearning.co...essments/12213>

1. Susan J. Fowler, “Reflecting on One Very, Very Strange Year at Uber,” Susan J. Fowler (blog), Feb. 19, 2017, accessed July 26, 2017, <https://www.susanjowles.com/blog/2017/2/19/reflecting-on-one-very-strange-year-at-uber>. ↵
2. Anita Balakrishnan, “Scandals may have knocked \$10 billion off Uber's value, a report says,” CNBC, April 25, 2017, accessed July 26, 2017, <http://www.cnbc.com/2017/04/25/uber-stock-price-drops-amid-sexism-investigation-greyballing-and-apple-run-in-the-information.html>. ↵
3. Andrea G. Simpson, “What Are Chances a U.S. Business Will Face an Employee Lawsuit?” Oct. 28, 2015, accessed July 26, 2017, <http://www.insurancejournal.com/news/national/2015/10/28/386321.htm>. ↵

Contributors and Attributions

CC licensed content, Original

- Purpose of HR Management. **Authored by:** Lisa Jo Rudy and Lumen Learning. **License:** [CC BY: Attribution](#)

CC licensed content, Shared previously

- Job design. **Provided by:** Wikipedia. **Located at:** https://en.Wikipedia.org/wiki/Job_design. **License:** [CC BY-SA: Attribution-ShareAlike](#)

All rights reserved content

- Day in the Life--Human Resources. **Authored by:** Acquire Learning. **Located at:** <https://www.youtube.com/watch?v=bb4RGuQu2Pk>. **License:** *All Rights Reserved*. **License Terms:** Standard YouTube License

This page titled [7.16: Purpose of Human Resource Management](#) is shared under a [CC BY 4.0](#) license and was authored, remixed, and/or curated by [Lumen Learning](#) via [source content](#) that was edited to the style and standards of the LibreTexts platform.