

Topic 8: Human Resource Management

Chapter 8: Human Resources

Why is human resource management important?

Explain how an organisation's human resources can be a significant source of competitive advantage

Human resource management can be a significant source of competitive advantage, as various studies have concluded. The Human Capital Index, concluded that people-oriented HR gives an organisation an edge by creating superior shareholder value.

High performance work practices: Work practices that lead both to high individual and high organizational performance

Examples of high performance work practices:

- Self-managed teams
- Decentralised decision making
- Training programs to develop knowledge, skills and abilities
- Flexible job assignments
- Open communities
- Performance-based compensation
- Staffing based on person-job and person-organisation fit
- Extensive employee involvement
- Giving employees more control over decision making
- Increasing employee access to information

The human resource management process

Identify the eight activities in the HRM process necessary for staffing the organisation and sustaining high employee performance

Human resource management process: Activities necessary for staffing the organisation and sustaining high employee performance.

- Recruitment / Decruitment
- Selection
 - Environment
 - Identify and select competent employees
- Orientation
- Training
 - Provide employees with up-to-date skills and knowledge
- Performance management
- Compensation and benefits
- Career development
 - Retain competent and high performing employees

External factors that affect the HRM process

Discuss the environmental factors that most directly affect the HRM process

- The economy's effect on HRM
 - GFC caused a major loss of jobs around the world

- Labour unions
 - **Unions:** Organisations that represent workers and seek to protect their interests through collective bargaining
 - Influence wage and effort outcome
 - Unions establish a security system with employers
 - Unions influence the administration of rules
 - Unions have political power in the state and over the economy
- Industrial relations laws and regulations
 - **Industrial Relations:** Formal interactions between unions and an organisations management
 - Examples
 - Racial Discrimination Act 1975
 - Sex Discrimination Act 1984
- Other legislation with particular relevance for HRM
 - **Affirmative action:** Programs that enhance the organizational status of members of protected groups
 - Equal employment opportunities
 - Workplace Gender Equality Act 2012
- Demographic trends
 - Organisations worldwide are preparing for a shift as the baby boomers retire.
 - Gen Y will consist of 42% of the workforce by 2020
 - Different retirement rates
 - Woman now working more

Identifying and selecting competent employees

Human resource planning

- **Human resource planning:** Process by which managers ensure that they have the right number and kinds of people in the right places, and at the right times, who are capable of performing assigned tasks effectively and efficiently
- Two steps
 - 1) Assessing current human resources
 - 2) Meeting future HR needs
- *Current assessment of HR*
 - **Contrast job analysis, job description and job specification**
 - **Job description:** written statement of what a job holder does, how it is done and why it is done
 - **Job specification:** statement of the minimum qualifications that a person must possess to perform a given job successfully
 - **Job analysis:** An assessment that defines jobs and the behaviours necessary to perform them.
- *Meeting future HR needs*
 - Future human resource needs are determined by the organisation's mission, goals and strategies.
 - After assessing both current capabilities and future needs, managers can estimate areas in which the organisation will be

understaffed or overstaffed. Then they are ready to proceed to the next step in the HRM process.

Recruitment and decruitment

○ *Recruitment*

Recruitment: process of locating, identifying and attracting capable applicants

Discuss the main sources of potential job candidates

- Sources of candidates
 - Internal search
 - Advertisements
 - Employee referrals
 - Employment agencies
 - University and college recruitment
 - Temporary help
 - Internet

○ **Decruitment:** techniques for reducing the labour supply within an organization

- Options
 - Resignation: voluntary termination
 - Dismissal: involuntary termination
 - Redundancy/retranchment: job no longer required
 - Transfer
 - Lay-off: temporary involuntary termination
 - Attrition: not filling openings created by voluntary resignation
 - Reduce work-week
 - Early retirement
 - Job sharing

Selection

Selection process: The process of screening job applicants to ensure that the most appropriate candidates are hired.

○ *What is selection?*

Four outcomes

- Reject/ successful
- Accept / successful
- Reject / unsuccessful
- Accept / unsuccessful

○ *Validity and reliability*

- **Validity:** proven relationship that exists between a selection device and some relevant job criterion
- **Reliability:** ability of a selection device to measure the same thing consistently

○ *Types of selection devices*

Describe the different selection devices, and explain their strengths and weaknesses

- Application forms
- Written tests – managers need to be careful with these, ensuring they do not include any discriminatory elements.

- Performance- simulation tests – best types are work sampling and assessment centres.
 - Work sampling:** a selection device in which job applicants are presented with a miniature replica of a job and asked to perform tasks that are central to it
 - Assessment centres:** a selection device in which job candidates undergo performance-simulation tests to evaluate managerial potential
- Interviews – can be valid and reliable selection tools, but too often they are not. The typical interviews usually provides little in the way of valuable information.
- Background investigations – these are of two types: verifications of application data and reference checks. The first type has proved to be a valuable source of selection information, whereas the latter is essentially worthless as a selection tool (provides little valid information for the selection decision).
- Physical examinations – For jobs with certain physical requirements the physical examination has some validity. However, this group includes a very small number of jobs today.
- *Realistic job previews*

Identify what a realistic job preview is, and discuss why it is important

Realistic job preview (RJP): A preview of a job that provides both positive and negative information about the job and the company

Providing employees with needed skills and knowledge

Orientation

Explain why orientation is so important

Orientation: Introducing a new employee to his or her job and the organization

- There are two types of orientation:
 - Work unit – familiarizes new employees with goals, and how their job contributes, into of new co-workers
 - Organisation orientation – organisations mission and rules, HR policies, hours, benefits, pay procedure

Employee training

Describe the different types of training, and discuss how that training can be provided

Employee training is an important HRM activity as job demands change, employee skills have to change.

Types of training

- General – communication, computer skills
- Specific – managing, leadership, creativity
- Types of training (traditional)
 - On-the-job: learn by performing them
 - Job rotation: jobs in different areas
 - Mentoring and coaching: experienced provides advice

- Experiential exercises: role playing, simulations
- Workbooks/manuals
- Classroom lectures
- Types of training (technology based)
 - Podcasts
 - Video conferencing
 - E-learning: simulations

Retaining competent, high-performing employees

Employee performance management

- **Performance management system:** A process of establishing performance standards that are used to evaluate employee performance

Describe the different performance appraisal methods

Performance appraisal methods

- **Written essay:** Evaluator writes out description of employees strengths and weaknesses, past performance and potential
- **Critical incident:** Evaluator focuses on the critical behaviours that separate effective from ineffective job performance
- **Graphic rating scale:** Employee is rated using a rating scale on a set of performance factors
- **BARS (behaviourally anchored rating scale):** Appraises an employee using a rating scale on examples of actual job behaviour
- **Multi-person comparison:** Compare one individuals performance with that of others
- **MBO (management by objectives):** Evaluated on how they accomplish specific goals
- **360-degree appraisal:** utilises feedback from supervisors, employees and co-workers

Providing feedback in the appraisal review

- 1) Focus on specific behaviours
- 2) Keep the feedback impersonal
- 3) Make the feedback goal oriented
- 4) Consider the timing of the feedback
- 5) Ensure understanding
- 6) Direct negative feedback towards behaviour that the recipient can control

Compensation and benefits

- Managers must develop compensation systems that reflect the changing nature of work and the workplace in order to keep people motivated.
- Many organizations are choosing to use alternative approaches to determining compensation: skill based pay and variable pay.

Skill-based pay: A pay system that rewards employees for the job skills they can demonstrate

Variable pay: A pay system in which an individuals compensation is contingent on performance

There are many factors that influence the differences in compensation and benefit packages for different employees.

Discuss the factors that influence employee compensation and benefits

- Factors that influence compensation and benefits
 - Employees tenure and performance
 - Kind of job performed
 - Kind of business
 - Unionisation
 - Labour or capital intensive
 - Management philosophy
 - Geographic location
 - Company profitability
 - Size of company

Career development

Describe career development for today's employees

The way it was

- Used to advance work lives in a specific organization
- Individuals now responsible for own development
- Boundaryless career
 - Increased individual responsibility
- A trend in some organisation has been to introduce a formal mentoring program for specially selected employees.
- **Mentor:** A person who provides advice, support and encouragement to an employee who is lower in the organization

Contemporary issues in managing human resources

Managing downsizing

Explain how managers can manage downsizing

- **Downsizing:** Planned elimination of jobs in an organization
- Tips for managing downsizing
 - Respect
 - Communicate openly
 - Follow laws of severance
 - Provide support
 - Reassign roles
 - Focus on boosting morale
 - Have a plan for empty office spaces

Discuss how managers can better manage workforce diversity and inclusion

Managing workforce diversity and inclusion

- *Recruitment* – to improve workforce diversity, managers need to wide their recruiting net. To increasing diversity, managers should consider non-traditional recruitment sources, including women's networks, training centres for people with disabilities and ethnic newspapers.
- *Selection* – once a diverse set of applicants exists, managers must ensure that the selection process does not discriminate. Moreover,

applicants need to be made comfortable with the organisation's culture and be made aware of management's desire to create an inclusive working environment.

- *Orientation and training* – The outsider-insider transition is often more challenging for women and minority groups. Many organisations provide special workshops to raise diversity awareness among current employees and programs for new employees that focus on diversity and inclusion issues.

Identify what sexual harassment is, and explain what managers need to know about it

Managing sexual harassment

Even though discussion of sexual harassment cases tend to focus on the large awards granted by the courts, there are other concerns for employers. Sexual harassment creates an unpleasant working environment and undermines workers' ability to perform their jobs.

Sexual harassment: Any unwanted activity of a sexual nature that affects an individual's employment, performance or work environment.

Describe how organisations are dealing with work-life balance issues

Managing work-life balance

Smart managers recognize that employees do not leave their families and personal lives behind when they go to work.

Family friendly benefits: Benefits that accommodate employees' needs for work-life balance.

Dual career couples: Couples in which both partners have a professional, managerial or administrative occupation.

Explain why occupational health and safety is an important issue, and discuss what organisations can do in this area

Managing occupational health and safety

Although accidents occur in many jobs, an organisation should – from an ethical point of view, at least – have as its objective the elimination of all conditions that could result in personal injury or health problems for its employees.