Chapter 11 Human resource management

1.1. Human resources management and organization effectiveness ........................................... 2

2. Human resources planning ........................................................................................................ 2

2.1. Job analysis ............................................................................................................................ 2
2.2. Job description ........................................................................................................................ 2
2.3. Job specification ..................................................................................................................... 2
2.4. Human resources forecasting ............................................................................................... 3
2.5. Human resources plan ............................................................................................................ 3

3. Finding qualified workers ...................................................................................................... 3

3.1. Recruiting ................................................................................................................................ 3
3.1.1. Recruiting from inside ......................................................................................................... 3
3.1.2. Recruitment from outside .................................................................................................. 3
3.1.3. Recruitment procedure .................................................................................................... 4
3.1.4. Recruitment techniques .................................................................................................... 4
3.2. Selection .................................................................................................................................. 4

4. Developing qualified workers ................................................................................................. 4

4.1. Human resources development ............................................................................................. 4
4.2. Development methods ............................................................................................................ 5
4.3. Performance appraisal ............................................................................................................ 5

5. Keeping qualified workers ...................................................................................................... 5

5.1. Compensation of employees ............................................................................................... 5
5.1.1. Types of compensation ..................................................................................................... 6
5.2. Amount of compensation ...................................................................................................... 6

6. Motivating employees ............................................................................................................. 6

6.1. Motivation in workplace ......................................................................................................... 6
6.1.2. Content approach to motivation ....................................................................................... 7
6.1.3. Process approach to motivation ....................................................................................... 7
6.2. Employee motivational strategies .......................................................................................... 8
1.1. Human resources management and organization effectiveness

- Successful organization share human resources management attributes:
  - Participative style of management
  - Communication with all levels of employees
  - Promotion from within
  - Training of employees
  - Rewarding of good work

- Contribution of human resources or organization effectiveness:
  - Assisting everybody in organization to reach stated goals
  - Making efficient use of skills and abilities of workforce
  - Providing organization with well trained motivated employees
  - Assisting in attainment of employee job satisfaction + self actualization
  - Developing a quality of work life that makes employment in organization desirable
  - Assisting with maintenance of ethical policies and socially responsible behaviour
  - Managing change to mutual advantage of indiv, groups, organization and public
  - Executing human resources functional activities in proficient manner

2. Human resources planning

- Process of using organization goals and strategy to forecast organization human resources needs in terms of finding, developing and keeping qualified workforce
  - Identify work being done in business at present (job analysis + job description)
  - Identify type of employee needed to do work (job specification)
  - Identify number of employees needed in future (human resources planning and forecasting)

2.1. Job analysis

- Process describing and recording info about job behaviours and activities
- One method is observation by qualified job analyst
- Can be done for manual labor
- For administrative work – do interviewing

2.2. Job description

- Data collected put in writing = job description
- Must be easy readable

2.3. Job specification

- Is personal qualifications an employee must possess to perform duties and responsibilities depicted in job description
- Details the knowledge, skill, abilities, education and experience
• Can also include physical demand of job eg walking and standing

2.4. Human resources forecasting
• Purpose is to balance human resources supply and human resources demand
• Take into consideration:
  o Economic growth
  o New dev in business
  o Labor market

2.5. Human resources plan
• To provide concrete guidelines and steps that indicate how business short, medium and long term human resources requirements can be provided for.

3. Finding qualified workers

3.1. Recruiting
• To ensure that sufficient number of applicants apply for various jobs

3.1.1. Recruiting from inside
• Internal recruiting
• To fill vacant position with existing staff
• Advantages:
  o Career planning becomes possible
  o Assessment of applicants is easier
  o Cos of recruitment is low
• Disadvantages:
  o Business tends to stagnate
  o Staff at lower levels do not necessarily have abilities to fill senior positions
  o Can be a lot of personal competition

3.1.2. Recruitment from outside
• External recruitment
• Advantages:
  o Active effort is made to get right person
  o App created to bring new ideas
• Disadvantages:
  o Recruiting costs are higher
  o It is risky – assessment of applicant can be wrong
  o Morale of existing personnel can be influenced
3.1.3. Recruitment procedure
- If internal recruitment ensure that relevant documentation is available
- External recruitment – right people must apply
- If too many apply – time consuming
- External recruitment – analysis of labor market NB!
- Labor market = social of demographical area where an organization draws its employees

3.1.4. Recruitment techniques
- Advertising
- Consultants and labor agencies
- Existing employees
- Personal approach
- Radio, TV, internet
- Recruiting agencies

3.2. Selection
- Can vary from short interview to intensive assessment
- Preliminary screening
- Intensive assessment
  - Psychological testing
  - Diagnostic interviewing
- Final selection
- Placement and induction
- Induction process will achieve:
  - Introduce to colleagues
  - Explain business policy, procedures and rules
  - Inform about business history, products and services
  - Inform about practical arrangements eg payment
  - Inform about organization structure

4. Developing qualified workers

4.1. Human resources development
- Human resources manager:
  - Ensure company employs sufficient staff
  - Creating opportunities for employees to make themselves more valuable
- Distinguish between:
  - Training
    - Technical
    - Management
  - Development
- Training = provide employee with knowledge and skill needed to do particular job
• Development = long term focus on preparing for future work responsibilities
• Human resources development = systematic and planned activities designed by organization to
  provide its members with opportunities to learn necessary skills to meet current and future jobs

4.2. Development methods

• Within work situation
  o Formally
  o Informally
• Outside work situation
  o Formally
  o Informally

4.3. Performance appraisal

• to determine in which aspect the employee has:
  o performed exceptionally well
  o complied with requirements for the job
  o not complied with requirements of job
• also called:
  o employee rating
  o employee evaluation
  o performance review
  o performance evaluation
  o results appraisal
• performance appraisal must be objective
• some provide methods to assess characteristics of employee
• least effective way – to compare employees
• new method 360° multisource rating
• feedback from various colleagues and constituencies received
• results of performance appraisal be used for:
  o provide basis for financial rewards
  o to determine promotion to higher level
  o to provide employee feedback on how well they are doing

5. Keeping qualified workers

5.1. Compensation of employees

• Refers to all forms of financial returns, tangible services and benefits they receive as part of
  employment relationship
• Important when drawing up policy:
  o How compensation should compare in general with labor market
  o Must be determined on cost-of-living adjustment
  o What form reward will take
5.1.1. Types of compensation

- Compensation is output an employee receives for input (work) he provides
  - Direct compensation:
    - Monthly paid = salary
    - Daily / weekly = wage
    - Piece wage = compensated for amount of work her performs regardless of time it took
  - Indirect compensation:
    - Benefits employees receive from membership to organization = fringe benefits
    - Leave
    - Insurance
    - Housing
    - Car
    - Linked to hierarchical level of employee
  - Reward
    - Salary increase
    - Financial bonuses
    - Paid holiday

5.2. Amount of compensation

- Make external comparisons eg salary survey
- Make internal comparisons = job evaluation
- Value of jobs must be compared in terms of demand it makes on employee
- Job evaluation – 2 methods:
  - Ranking all jobs in company
  - Factor comparison method – jobs are compared in terms of demands it makes on employee in terms of factors eg knowledge
  - Points are awarded for each factor = compensate factors
  - Total points determine job grade
- Job description – purpose 2 fold:
  - Form basis of job specification
  - Provide basis for job comparison

6. Motivating employees

6.1.1. Motivation in workplace

- Determined by 3 things:
  - Desire to do job (motivation)
  - Capability to do job (ability)
  - Resources to do job (work environment)
- Motivation = forces within a person that affect his direction, intensity and persistence of behaviour that is within control of a person
- Motivated employee is prepared to:
  - Exert a particular level of effort – intensity
  - For a certain amount of time – persistence
  - Toward a particular goal – direction
• Different approaches to motivation:
  o Content approach
  o Process approach
• Content = what actually motivates people (need theories)
• Process = actual process of “how” of motivation

6.1.2. Content approach to motivation

• Abraham Maslow – hierarchy of needs
  o Physiological needs
  o Security needs
  o Social – belonging needs
  o Esteem needs
  o Self actualization needs
• Clayton Alderfers – ERG theory
  o Existence needs
  o Relatedness needs
  o Growth needs
• Frederick Herzberg – 2 factor theory
  o Maintenance (hygiene) factor
  o Motivational factor – growth factor
  o Internal motivation – based on motivators
  o External motivation – based on maintenance factors
• David McClelland – learnt theory
  o Needs are learnt and reinforced
  o Need for achievement
  o Need for power
  o Need for affiliation

• Implications of content theories:
  o Theories suggest that needs change
  o Management need to balance power need with affiliation need
  o Needs my be unconscious

6.1.3. Process approach to motivation

• Expectancy theory - Victor Vroom
  o How much we want something
  o How likely we think we are to get it
  o 4 assumptions:
    • Behaviour is combination of forces controlled by indiv and environment
    • People make decisions about own behaviour in organization
    • Diff people diff goals
    • People will act in a certain way
  o 3 key concepts:
    • Expectancy
    • Instrumentality
    • Valence (desireability)
• Equity theory and organization justice – Stacey Adams
  o Employee compare efforts with those of other employees
o People are motivated by desire to be treated equitably
o Organizational justice
  • Distributive justice
  • Procedural justice
  • Interactional justice
o Practical implications of equity theory:
  • Employee is motivated to correct situation when perception of fairness is offended
  • Emphasize to pay attention to what employee think is fair
  • Management must explain rationale behind decisions
  • Employee are treated fair if they appeal to certain decisions
  • Employee more likely to accept change if they think it is fair
  • Teamwork promoted when employee are treated fair
  • Management need to entrench values such as honesty etc

• Goal setting theory and feedback
  o Built on assumption, all things being equal, performance of employee will improve if they strive toward a definite goal
  o Thrust is that more difficult the goal is the higher the level of performance is if employee are committed to goals
  o Goals – inform employee about performance and expectations
  o Feedback – provides info to adjust effort
  o Effective feedback:
    • Give feedback immediately
    • Evaluations should be descriptive
    • Focus on behaviour not personality
    • Should be specific not general
    • Should be directed at behaviour that can be changed
    • Dev activities should be agreed upon
  o Self efficacy – Albert Bandura
  o Refers to belief in one’s capacity to perform a task or to adhere to goal
  o Cycle:
    • Setting challenging goals
    • Monitoring success
    • Taking action to lower discrepancies
    • Setting new goals
  o Can be increased by following approaches:
    • Provide guidance and support to employee
    • Provide successful role models
    • Be a targeted cheer leader
    • Reduce stress en environment

• Implication of process approaches
  o Intention plays a key role in motivated behaviour
  o Feedback vital importance
  o All have a rational element
  o Can induce self assessment
  o Non-rational component also important

6.2. Employee motivational strategies
• Job design:
- Job rotation
- Job enrichment
- Employee involvement in prog as participative management and quality circles
- Management by objectives
- Intrepreneurial incentives
- Training and education
- Employee recognition programs
- Empowerment programs
- Reward systems
- Career management