



Human Resource Management

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Human Resource Management

Part 1

The Mission of Human Resource Management

Human resource management's mission is to coordinate people within an organization to achieve the organization's goals.

LEARNING OBJECTIVE

- Demonstrate the mission of human resource management, in both the broader organizational perspective and the narrower individual one

KEY POINTS

- Human resource management (HRM) views people as organizational assets and internal customers and works to create job satisfaction and employee efficiency and effectiveness.

- HRM concentrates on internal sources of competitive advantage. It regards people as an organization's most important asset.
- The department of human resources (HR) communicates with employees and adapts the organization's culture and structure to their needs—for example, in negotiating with unions or re-engineering processes.
- HR leads the employment life cycle, from attracting and hiring the right employees to facilitating performance reviews and eventually processing terminations.

TERMS

- **Asset**

Any component, model, process, or framework of value that can be leveraged or reused.

- **Human capital**

The stock of competencies, knowledge, and social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value.

Human resource management (HRM, or simply HR) is a function in organizations designed to maximize employee performance in service of their employer's strategic objectives. **HR** is primarily concerned with how people are managed within organizations, focusing on policies and systems.

Human resource management (HRM) is the coordination of an organization's people to achieve specific business objectives, fulfill staffing needs, and maintain employee satisfaction. HRM accomplishes this through the use of people, processes, and technology that focus on the internal parts of the organization rather than on the external environment. HRM draws from many diverse fields—such as psychology, business management, process management, information technology, statistical analysis, sociology, and anthropology—to achieve these objectives.

People as a Resource

HRM concentrates on internal sources of competitive advantage. It regards people as the most important single asset of the organization. HRM is proactive in its relationship with people and seeks to enhance organizational performance in its relationship with

them. HR professionals emphasize the quantitative, calculative, and strategic aspects of managing the human resource in a systematic way. It also manages communication, motivation, and leadership between people in the organization.

General HRM Functions

- Aligning human resources and business goals
- Re-engineering organization processes
- Listening and responding to employees to maintain high job-satisfaction levels
- Managing transformation and change
- Staffing (i.e., hiring and firing) and training
- Understanding and integrating labor laws and ethics

Organizational Level

At the macro level, HR oversees organizational leadership and culture. It also ensures compliance with employment and labor laws, which differ by geography, and often oversees health, safety, and security.

In circumstances where employees desire, and/or are legally authorized to hold, a collective bargaining agreement, the human resources department will typically also serve as the company's primary liaison with the employees' representatives (usually a labor union).

HR professionals engage in lobbying efforts, usually through industry representatives, with governmental agencies such as the United States Department of Labor and the National Labor Relations Board to further their priorities.

Employee Level

On an individual level, HR's mission is to manage the employee experience during the employment life cycle. It is first charged with attracting the right employees. It then must select the best employees through the recruitment process. HR then on boards new hires and oversees their training and development during their tenure with the organization.

HR assesses talent through the use of performance appraisals and then rewards them accordingly. HR may sometimes administer

payroll and employee benefits, although such activities are now often outsourced, with HR playing a more strategic role.

Finally, HR is involved in employee terminations—including resignations, performance-related dismissals, and layoffs.

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Human Resource Management

Part 2

Defining Job Design

Job design is the systematic and purposeful allocation of tasks to individuals and groups within an organization.

LEARNING OBJECTIVES

- Identify the key elements of job design from a general perspective, within the context of organizational behavior.
- Compare and contrast the multitude of job-design approaches and perspectives available in the organizational field.
- Analyze the core characteristics, psychological states, and work outcomes in the Job Characteristics Theory, as identified by Hackman and Oldham.
- Describe ways in which management and supervisors can improve job design to fit employee and organizational needs

KEY POINTS

- The key inputs for a strong job design are a task, motivation, resource allocation and a compensation system.
- Taylorism, or scientific management, is the original job-design theory. It stresses standardization of tasks and proper training of workers to administer the tasks for which they are responsible.
- The Socio-Technical Systems Approach is a theory that maps the evolution from individual work to work groups. The organization itself is structured to encourage group autonomy and productivity.
- The Core Characteristics Model connects job characteristics to the psychological states that the worker brings to the job. It emphasizes designing jobs so that they lead to desired outcomes.
- Taking into account these various theoretical models, job design is best described as specifying a task with enough context to communicate clearly and concisely what is expected of a given employee.
- The Job Characteristics Theory (JCT), developed by Hackman and Oldham, is widely used as a framework to

study how particular job characteristics affect job outcomes, including job satisfaction.

- The five job characteristics are skill variety, task variety, task significance, autonomy, and feedback.
- Three different psychological states determine how an employee reacts to job characteristics: experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results.
- Job outcomes, such as satisfaction and motivation, are the synthesis of core characteristics and psychological states.
- The flexibility to tailor job design more precisely for both organizational effectiveness and employee job satisfaction is a significant, ongoing part of the job design process.
- If a job is well designed, then its required competencies and responsibilities are explicit and clear.
- Training is meant to develop in the employee the skills required to improve job fit as the individual enters the workforce.

- Analyzing the outcomes of a given job within the organization, both from the task perspective and the employee perspective, can assist in improving fit.
- Supervisors can use interviews, surveys, observations, questionnaires, and checklists to observe efficacy of job design and improve fit for each employee.

TERM

- **Empower**

To give people more confidence or strength to do something, often by enabling them to increase their control over their own life or situation.

- **Job analysis**

The formal process of identifying the content of a position within an organization in terms of activities involved and attributes needed to perform the work, as well as major job requirements.

- **Characteristic**

A distinguishable feature of a person or thing.

- **Job fit**

Correlation between a given position's roles, responsibilities, and objectives and the skills and competencies of the individual holding that position.

Job Design Overview

Job design is the allocation of specific work tasks to individuals and groups. Allocating jobs and tasks means specifying the contents, method, and relationships of jobs to satisfy technological and organizational requirements, as well as the personal needs of jobholders.

Key Elements of Job Design

To understand job design, it is helpful to identify some key elements and their relationship with job design processes.

- A *task* can be best defined as a piece of assigned work expected to be performed within a certain time. Job designers must strictly and thoroughly identify tasks that need completion.

- *Motivation* describes forces within the individual that account for the level, direction, and persistence of effort expended at work. Individuals need to be compelled, excited, and passionate to do their work. Managers should design jobs that motivate employees.
- *Resource allocation* occurs when an organization decides to appropriate or allocate certain resources to specific jobs, tasks, or dilemmas facing the organization. In job design, it is necessary to identify and structure jobs in a way that uses the company's resources efficiently. Appropriate resource allocation allows large organizations to foster and develop innovation in their workforce and underscores strategy through distribution.
- *Reward systems* also play a role in job design. Reward systems include compensation, bonuses, raises, job security, benefits, and various other reward methods for employees. An outline or description of reward packages should be established when constructing jobs.

Theoretical Models of Job Design

Organizations may employ various theoretical approaches for job design. These include Taylorism, Socio-Technical Systems Approach, Core Characteristics Model, and Psychological Empowerment Theory. Each approach emphasizes different aspects to be considered in effective job design.

Taylorism

Taylorism, also known as scientific management, is a foundation for systematic job design. Frederick Taylor developed this theory in an effort to develop a "science" for every job within an organization according to the following principles:

- Create a standard method for each job.
- Successfully select and hire proper workers.
- Effectively train these workers.
- Support these workers.

The Socio-Technical Systems Approach

The Socio-Technical Systems Approach is based on the evolution from individual work to work groups. This approach has the following guiding principles:

- The design of the organization must fit its goals.
- Employees must be actively involved in designing the structure of the organization.
- Control of variances in production or service must be undertaken as close to their source as possible.
- Subsystems must be designed around relatively self-contained and recognizable units of work.
- Support systems must fit in with the design of the organization.
- The design should allow for a high-quality working life.
- Changes should continue to be made as necessary to meet changing environmental pressures.

Core Characteristics Model

Another modern job design theory is the Core Characteristics Model, which maintains five important job elements that motivate workers and performance:

- Skill variety
- Task identity
- Task significance
- Autonomy
- Job feedback

The individual elements are then proposed to lead to positive outcomes through three psychological states:

- Experienced meaningfulness
- Experienced responsibility
- Knowledge of results

The job characteristics directly derive the three states. Indeed, the first three characteristics (skill variety, task variety and task significance) pertain to the meaningfulness of the work. Autonomy directly correlates to responsibility for outcomes, and knowledge of the actual results relates to feedback. Pictured as a process flow, the characteristics and psychological states operate in continuous feedback loop that allows employees to continue to be motivated by thoroughly owning and understanding the work in which they are involved.

Psychological Empowerment Theory

Psychological Empowerment Theory posits that there is a distinction between empowering practices and cognitive motivational states. When individuals are aware of

the impact they have, they benefit more than if they cannot attribute positive impact to any of their actions.

Work Outcomes

The combination of core characteristics with psychological states influences work outcomes such as:

- Job satisfaction
- Absenteeism
- Work motivation

Therefore, the goal should be to design the job in such a way that the core characteristics complement the psychological states of the worker and lead to positive outcomes. The five core job characteristics can be combined to form a motivating potential score for a job that can be used as an index of how likely a job is to affect an employee's attitudes and behaviors. Analyses of studies of the model provide some support for the validity of the Job Characteristics Theory.

Overall Trend

Many more iterations of job design theory have evolved, but general trends can be identified among them: job design is moving towards autonomous work teams and placing added emphasis on the importance of meaning derived from the individual.

The Job Fit Template

The basis for improving fit between the employee and the job is striking a balance between job design and individual—crafting the job in such a way that it complements the employee's individual skills, aspirations, personality, and attributes. Job design is usually completed prior to hiring the individual who then performs the identified duties. As a result, flexibility to tailor the job design for both organizational effectiveness and employee job satisfaction is a significant, ongoing part of the job design process.

If a job is well designed, then the competencies it requires and responsibilities it involves are explicit and clear. This design becomes the foundation for the job description, which is a more exact picture of the job's nature and which comprises the following:

- The title and duties the job fulfills
- Who supervises the employee holding the job
- Experience and qualifications expected from an applicant

The job description outlines the general attributes of the person for whom the job is designed and serves as the basis for improvement and modification during the improvement process.

Training

The first step in improving fit for a given job design is training. Once an individual is hired to perform a specific set of duties, both management and human resources should assist in preparing the individual to accomplish these tasks. In this process, the organization is responsible for improving fit by supplying all the necessary tools, contacts, and information employees will need to accomplish their objectives.

Job Analysis

Analyzing the outcomes of a given job within the organization, both from the task perspective and the employee perspective, can assist in improving fit by ensuring that the employee is both satisfied and

accomplishing the desired objective. Job analysis employs some methods which enable a supervisor to assess a given employee/job fit and to improve the fit, if necessary. These methods include:

- *Observation:* The simplest method of assessing how a job and employee fit is observing the employee at work. The manager may find it useful to ask a few questions during this process, but it is important not to make the employee uncomfortable (which would skew the results).
- *Survey/Questionnaire:* Providing the employee with a survey is another effective data-collection strategy. A survey should provide dimensions of the job and allow the experts in that specific role to weigh the importance of each component. Supervisors can also gather data on what is working and what is not, allowing them to edit and improve task assignments.
- *Interviews:* One-on-one, formal or informal interviews are also a useful tool in gathering data about the employee, allowing the supervisor to obtain more details than a survey provides. In this situation, the supervisor can also customize each discussion to become more familiar with the

personality, levels of satisfaction, and perceived efficiency of each employee.

- *Checklist:* Another method of improving job fit is to create a checklist. Employees or the supervisor can fill these out, identifying what tasks are being done early, on-time, or later (they can also note quality and resource efficiency).

Human Resource Management

Part 3

Human Resource Planning

Human resource planning identifies the competencies an organization needs to fulfill its goals and acquires the appropriate people.

LEARNING OBJECTIVE

Express the way in which planning, evaluation and improvement can create competency relative to developing human resources.

KEY POINTS

- The human resource planning process identifies organizational goals and matches them with the competencies employees need to achieve those goals.
- Human resource planning serves as a link between human resource management and the overall strategic plan of an organization.

- A plan is made to either develop necessary competencies from within the organization or hire new people who already have them.
- The plans and strategies for fulfilling human resource needs are continually evaluated and improved, and the acquired resources are continuously developed.

TERM

- competency

The ability to perform some tasks.

Human resource planning is the process of systematically forecasting both the future demand for and supply of employees and the deployment of their skills with respect to the strategic objectives of the organization. Human resource planning is a process that identifies current and future human resource needs for an organization, based on the goals and objectives set by upper management. It responds to the importance of business strategy and planning in order to ensure the availability and supply of people—in both number and quality. Human resource planning serves as a

link between human resource management and the overall strategic plan of an organization.

Planning Process

The planning processes is loosely about determining what will be accomplished within a given time frame, along with the numbers and types of human resources that will be needed to achieve the defined business goals. This is typically accomplished by defining competencies that are required by workers to achieve business goals, matching people with these competencies to the right tasks, and assessing the overall process for progress and improvement.

In this way, human resources professionals need to understand each and every task within the organization, as well as the skills and competencies required of the individuals who carry out those tasks. When appropriate, human resource managers may note experience and/or competency gaps or the need to create new roles or hire new individuals to ensure proper functioning.

Planning to Develop Competencies

Competency-based management supports the integration of human resource planning with business planning by allowing organizations to assess the current human resource capacity based on employees' current skills and abilities. These skills and abilities are measured against those needed to achieve the vision, mission, and business goals of the organization. If the available people lack necessary competencies, the organization plans how it will develop them.

Targeted human resource strategies, plans, and programs work to address these gaps in the organization's workforce through:

- Targeted hiring/staffing
- Employee learning and education
- Career development
- Succession management

Evaluation and Improvement

These strategies and programs are monitored and evaluated on a regular basis to ensure that they are moving the organization in the desired direction, including closing employee-competency gaps. Corrections are then made as needed to the broader human resource

planning process. It is a constantly evolving planning process for human resource professionals.

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Human Resource Management

Part 4

Employee Recruitment

Recruitment is the process of identifying an organizational gap and attracting, evaluating, and hiring employees to fill that role.

LEARNING OBJECTIVE

- Recognize the four phases in the recruitment process and the various strategies for executing them

KEY POINTS

- Recruitment is the process of attracting, evaluating, and hiring employees for an organization.
- The recruitment process includes four steps: job analysis, sourcing, screening and selection, and onboarding.
- There are various recruitment approaches, such as relying on in-house personnel, outsourcing, employment agencies,

executive search firms, social media, and recruitment services on the Internet.

- With a global marketplace for prospective employees, and the enormity of data and applications supplied via the Internet, HR professionals are challenged with filtering vast streams of data to find the best fit.

TERM

- **Recruitment**

The process of recruiting employees.

Recruitment is the process of attracting, screening, and selecting employees for an organization. The different stages of recruitment are: job analysis, sourcing, screening and selection, and onboarding.

The Four Stages

1. Job analysis involves determining the different aspects of a job through, for example, job description and job specification. The former describes the tasks that are required

for the job, while the latter describes the requirements that a person needs to do that job.

2. Sourcing involves using several strategies to attract or identify candidates. Sourcing can be done by internal or external advertisement. Advertisement can be done via local or national newspapers, specialist recruitment media, professional publications, window advertisements, job centers, or the Internet.
3. Screening and selection is the process of assessing the employees who apply for the job. The assessment is conducted to understand the relevant skills, knowledge, aptitude, qualifications, and educational or job-related experience of potential employees. Methods of screening include evaluating resumes and job applications, interviewing, and job-related or behavioral testing.
4. Onboarded: After screening and selection, the best candidate is onboarded. Onboarding is the process of helping new employees become productive members of an organization. A well-planned introduction helps new employees quickly become fully operational.

Recruitment Approaches

There are many recruitment approaches as well. *Approaches*, in this context, refer to strategies or methods of executing the recruitment process. As recruitment is a complex and data-heavy process, particularly considering the global economy and Internet job boards, the supply of applications and interest can be quite overwhelming. These strategies assist in simplifying the process for HR professionals:

- In-house personnel may manage the recruitment process. At larger companies, human resources professionals may be in charge of the task. In the smallest organizations, recruitment may be left to line managers.
- Outsourcing of recruitment to an external provider may be the solution for some businesses. Employment agencies are also used to recruit talent. They maintain a pool of potential employees and place them based on the requirements of the employer.

Human Resource Management

Part 5

Employee Selection

Selection is the process—based on filtering techniques that ensure added value—of choosing a qualified candidate for a position.

LEARNING OBJECTIVE

- Breakdown the human resource selection process as organizations pursue new employee talent.

KEY POINTS

- Selection is the process of selecting a qualified person who can successfully do a job and deliver valuable contributions to the organization.
- A selection system should depend on job analysis. This ensures that the selection criteria are job related and will provide meaningful organizational value.

- The requirements for a selection system are knowledge, skills, abilities, and other characteristics (KSAOs).
- Personnel-selection systems employ evidence-based practices to determine the most qualified candidates, which can include both new candidates and individuals within the organization.
- Two major factors determine the quality of job candidates: predictor validity and selection ratio.

TERMS

- **Selection Ratio**

A value that indicates the selectivity of an organization on a scale of 0 to 1.

- **Predictor Cutoff**

A limit distinguishing between passing and failing scores on a selection test—people with scores above it are hired or further considered while those with scores below it are not.

- **validity**

A quality that indicates the degree to which a measurement reflects the underlying construct—that is, how well it measures what it purports to measure.

Selection is the process of choosing a qualified person for specific role who can successfully deliver valuable contributions to the organization. The term *selection* can be applied to many aspects of the process, such as recruitment, hiring, and acculturation. However, it most commonly refers to the selection of workers. A selection system should depend on job analysis. This ensures that the selection criteria are job related and propose value additions for the organization.

Selection Requirements

The requirements for a selection system are knowledge, skills, abilities, and other characteristics, collectively known as KSAOs. Personnel-selection systems employ evidence-based practices to determine the most qualified candidates, which can include both new candidates and individuals within the organization.

Common selection tools include ability tests (cognitive, physical, or psychomotor), knowledge tests, personality

tests, structured interviews, the systematic collection of biographical data, and work samples.

Development and implementation of such screening methods is sometimes done by human resources departments. Some organizations may hire consultants or firms that specialize in developing personnel-selection systems rather than developing them internally.

Metrics

Two major factors determining the quality of a newly hired employee are predictor validity and selection ratio. The predictor cutoff is a limit distinguishing between passing and failing scores on a selection test—people with scores above it are hired or further considered while those with scores below it are not. This cutoff can be a very useful hiring tool, but it is only valuable if it is actually predictive of the type of performance the hiring managers are seeking.

The selection ratio (SR) is the number of job openings (n) divided by the number of job applicants (N). When the SR is equal to 1, the use of any selection device has little meaning, but this is not often

the case as there are usually more applicants than job openings. As N increases, the quality of hires is likely to also increase: if you have 500 applicants for 3 job openings, you will likely find people with higher-quality work among those 500 than if you had only 5 applicants for the same 3 job openings.

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Human Resource Management

Part 6

Occupational safety and health

Occupational safety and health (OSH) is used to protect people in the workplace and create human resource policies that adhere to the law.

LEARNING OBJECTIVE

- Apply the concepts of occupational health and safety (OSH) to the legal structure within human resource management.

KEY POINTS

- Occupational safety and health is an interdisciplinary practice that is justified on moral, legal, and financial grounds.
- Its main objectives include keeping workers safe, making workplaces safe, and cultivating corporate cultures that value health, safety, and employee well-being.

TERM

- **interdisciplinary**

Relating to one or more fields of study; of a field that crosses traditional boundaries between academic disciplines or schools of thought as new needs and professions emerge.

Occupational safety and health (OSH) is an interdisciplinary area concerned with protecting the safety, health, and welfare of people engaged in work. The goal of occupational safety and health programs is to foster a safe and healthy work environment. OSH may also protect coworkers, family members, employers, customers, and any other individuals who might be affected by the workplace environment. While OSH is generally inward looking, there are also significant concerns regarding the safety of, and/or environmental impact on, surrounding communities as well.

Importance and Objectives

Occupational safety and health can be important for moral, legal, and financial reasons. Moral obligations involve the protection of an employee's life and health. There is also a legal

aspect in that there are laws that protect workers' safety and health and that can help them be compensated for violations. In financial terms, OSH can reduce employee injury- and illness-related costs, including medical care, sick leave, and disability-benefit costs. High levels of corporate responsibility also lead to employees, customers, and other stakeholders trusting the company more, improving job satisfaction, brand image, and community relationships.

The focus of OSH is on three different objectives:

- Maintenance and promotion of workers' health and working capacity.
- Improvement of the working environment to make it safer and healthier.
- Development of work organizations and cultures that support health and safety at the workplace.
- Interdisciplinary Connections.

OSH may involve interactions among many subject areas, including:

- Occupational medicine.

- Occupational hygiene.
- Public health.
- Safety engineering.
- Industrial engineering.
- Chemistry.
- Health physics.
- Ergonomics.

Occupational health psychology

- The basic premise behind these interactions is ensuring the health and safety of all employees. While physical health is usually the focus here, it is important to note that mental, emotional, and environmental health is relevant to this field as well.

Human Resource Management

Part 7

Employee Orientation

LEARNING OBJECTIVE

- Define orientation and onboarding from a human resources perspective, with a focus on the socialization model.

KEY POINTS

- Employee orientation, also commonly referred to as onboarding or organizational socialization, is the process by which an employee acquires the necessary skills, knowledge, behaviors, and contacts to effectively transition into a new organization (or role within the organization).
- A good way to envision this process is through understanding the organizational socialization model.
- Employee characteristics, new employee tactics, and organizational tactics are the three inputs that begin the orientation process.

- With a combination of the above three inputs, employees should move through the adjustment phase as they acclimate to the new professional environment, making important contacts and further understanding their role.
- The goal of effectively orienting the employee for success is twofold: minimize turnover while maximizing satisfaction.
- Some critics of orientation processes stipulate that sometimes the extensive onboarding process can confuse the employees relative to their role, though in most environments onboarding is considered a strong investment.

TERMS

- **Onboarding**

The process of bringing a new employee into the organization, incorporating training and orientation.

- **Extroversion**

Concern with, or an orientation toward, others, or what is outside oneself; behavior expressing such an orientation; the definitive characteristic of an extrovert.

Employee orientation, also commonly referred to as onboarding or organizational socialization, is the process by which an employee acquires the necessary skills, knowledge, behaviors, and contacts to effectively transition into a new organization (or role within the organization).

Orientation is a reasonably broad process, generally carried out by the human resources department, that may incorporate lectures, videos, meetings, computer-based programs, team-building exercises, and mentoring. The underlying goal of incorporating these varying onboarding tactics is to provide the employee enough information to adjust, ultimately resulting in satisfaction and effectiveness as a new employee (or an existing employee in a new role).

Organizational Socialization Model

A good way to envision this process is through understanding the organizational socialization model. This chart highlights the process of moving the employee through the adjustment stage to the desired outcome:

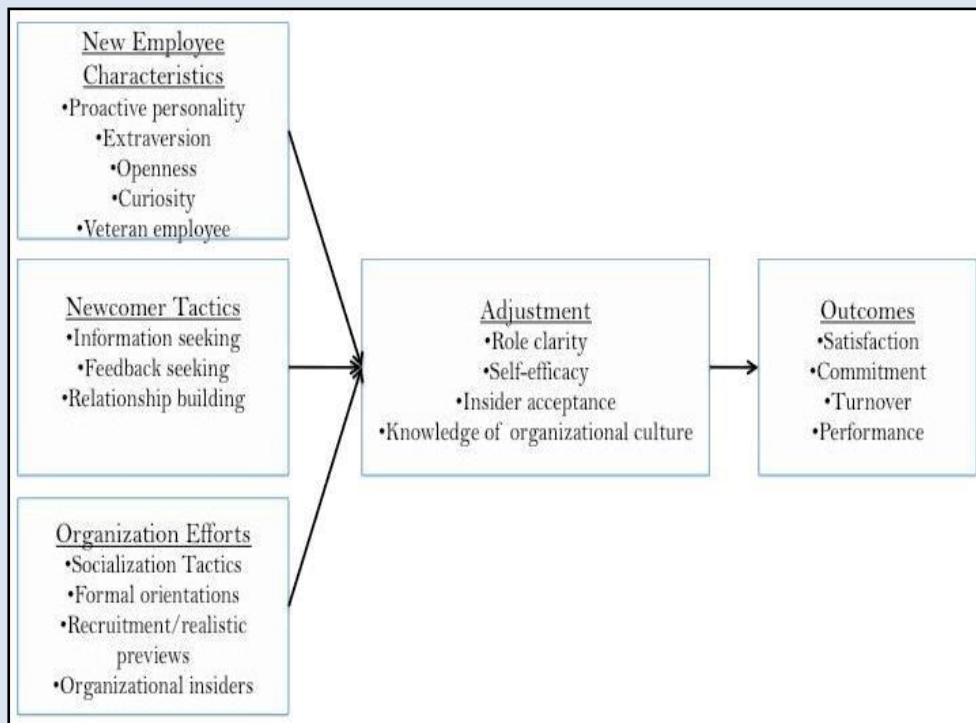


Figure 1 A model of onboarding (adapted from Bauer & Erdogan, 2011)

- *New Employee Characteristics*—Though this segment of the model overlaps with other human resource initiatives (such as recruitment and talent management), the characteristics of a new employee are central to the strategies used as the employee moves through the orientation process. Characteristics that are particularly useful in this process are extroversion, curiosity, experience, pro-activeness, and openness.

- *New Employee Tactics*—The goal for the employee is to acquire knowledge and build relationships. Relationships are central to understanding company culture.
- *Organizational Tactics*— The organization should similarly seek to emphasize relationship building and the communication of knowledge, particularly organizational knowledge that will be useful for the employee when navigating the company. The company should also use many of the resources mentioned above (videos, lectures, team-building exercises) to complement the process.
- *Adjustment*— With a combination of the above three inputs, employees should move through the adjustment phase as they acclimate to the new professional environment. This should focus primarily on knowledge of the company culture and co-workers, along with increased clarity as to how they fit within the organizational framework (i.e., their role).
- *Outcomes*— The goal of effectively orienting the employee for success is twofold: minimize turnover while maximizing satisfaction. The cost of bringing new employees into the

mix is substantial, and as a result, high turnover rates are a significant threat to most companies.

Ensuring that the onboarding process is effective significantly reduces this risk. Additionally, achieving high levels of employee satisfaction is a substantial competitive advantage, as satisfied employees are motivated and efficient.

Human Resource Management

Part 8

Employee Development

A core function of human resource management is development—training efforts to improve personal, group, or organizational effectiveness.

LEARNING OBJECTIVE

- Describe the basic premises behind the development process, as conducted by human resource management professionals.

KEY POINTS

- For overall organizational success, it is crucial to develop employees through training, education, and development.
- Employee development focuses on providing and honing skills relevant to employees' current and future jobs as well as future activities of the organization.
- Talent development refers to an organization's ability to align strategic training and career opportunities for employees.

TERMS

- **Training**

Organizational activity aimed at bettering the performance of individuals and groups in organizational settings.

- **Human resource development**

Training, organization, and career-development efforts to improve individual, group, and organizational effectiveness.

- **Stakeholder**

A person or organization with a legitimate interest in a given situation, action, or enterprise.

Employee development helps organizations succeed through helping employees grow. Human resource development consists of training, organization, and career-development efforts to improve individual, group, and organizational effectiveness.

Development Stakeholders

There are several categories of stakeholders that clarify employee development: sponsors, managers and supervisors, participants, and facilitators. The **sponsors** of employee development are senior managers. Senior management invests in employees in a top-down manner, hoping to develop talent internally to reduce turnover, increase efficiency, and acquire human resource value. **Line managers** or direct supervisors are responsible for coaching employees and for employee performance and are therefore much more directly involved in the actual process. The **participants** are the people who actually go through the employee development, and also benefit significantly from effective development. The **facilitators** are human resource management staff, who usually hire **specialists** in a given field to provide hands-on instruction.

Each of these stakeholder groups has its own agendas and motivations, which can cause conflict with the agendas and motivations of other stakeholder groups. Human resource professionals should focus on aligning the interests of every stakeholder in the development process to capture mutual value.

Talent Development

Talent development refers to an organization's ability to align strategic training and career opportunities for employees. Talent development, part of human resource development, is the process of changing an organization, its employees, and its stakeholders, using planned and unplanned learning, in order to achieve and maintain a competitive advantage for the organization.

What this essentially means is that human resources departments, in addition to their other responsibilities of job design, hiring, training, and employee interaction, are also tasked with helping others improve their career opportunities. This process requires investment in growing talent. It is often more economical in the long run to improve on existing employee skill sets, as opposed to

investing in new employees. Therefore, talent development is a trade-off by which human resources departments can effectively save money through avoiding the opportunity costs of new employees.

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Human Resource Management

Part 9

Employee Performance Evaluation

Performance evaluation is the process of assessing an employee's job performance and productivity over a specified period of time.

LEARNING OBJECTIVE

- Explain the human resource responsibility of evaluating employee performance, focusing specifically on the various available methods.
- Explain the balanced score card approach.

KEY POINTS

- Evaluating performance is the process of assessing an employee's job performance and productivity.
- Performance assessments can create benefits for management and employees through improving performance, but can also be a stressful, so they must be carefully implemented.
- The assessment is conducted utilizing previously established criteria that align with the goals of the organization and the specific responsibilities of the employee being evaluated.
- There are many methods of performance evaluation, such as objective production, personnel, and judgmental evaluation.
- Effective use of performance-evaluation systems includes the selection of the best evaluation method(s) and effective delivery. The outcomes of performance evaluation can include employee raises or promotions, as well as employee improvement through identifying weaknesses.
- As the name denotes, balanced scorecard creates a right balance between the components of organization's objectives and vision.

- The balanced scorecard is used as a tool, which improves the communication and feedback process between the employees and management and to monitor performance of the organizational objectives.
- The balanced scorecard is mechanism that helps the management to track down the performance of the organization and can be used as a management strategy.
- The balanced scorecard provides an extensive overview of a company's objectives rather than limiting itself only to financial values.

TERM

- **Performance evaluation**

The process of assessing an employee's job performance and productivity.

Performance evaluation, or performance appraisal (PA), is the process of assessing an employee's job performance and productivity. The assessment is conducted based on previously established criteria that align with the goals of the organization.

Various employee attributes can be assessed during this process, including organizational-citizenship behavior, accomplishments, strengths and weaknesses, and potential for future improvement. The management of performance plays a vital role in the success or failure of the organization, as human resources are a significant investment that must provide meaningful returns. An ineffective performance-evaluation system can create high turnover and reduce employee productivity.

Pros and Cons of Performance Appraisals

Benefits of the PA system include increased employee effectiveness, higher likelihood of improved employee performance, the prompting of feedback, enhanced communication between employers and employees, fostering of trust, promotion of goal setting, and assessment of educational and other training needs. **Detriments** of the PA system include the possible hindrance of quality control, stress for both employees and management, errors in judgment, legal issues arising from improper evaluations, and the implementation of inappropriate performance goals.

Performance appraisal is situated at both the individual employee level and the organizational level because human resources (HR) conduct evaluations of individuals in light of organizational goals with the object of improving achievement of these goals. HR relies on a strong performance-management policy; a proper PA should be able to educate employees on the organization, its goals, and its expectations in legal ways. This means that antidiscrimination laws and other employment laws need to shape the PA policy.

Methods of Performance Evaluation

There are various ways human resource professionals can approach assessing performance, though integrating various perspectives (i.e., collecting the most differentiated data) will paint the clearest picture. Some examples include:

Objective production: Under this method, direct data is used to evaluate the performance of an employee. This often relates to simple and quantifiable data points, such as sales figures, production numbers, etc. However, one drawback of this process is that the variability in performance can be due to factors outside

employees' control. Also, the quantity of production does not necessarily indicate the quality of the products. Still, this data reflects performance to some extent.

Personnel: This is the method of recording the withdrawal behavior of employees, such as absences. This personnel data usually is not a comprehensive reflection of an employee's performance and is best complemented with other metrics.

Judgmental evaluation: One of the primary drawbacks of employee performance evaluation is the tendency for positive feedback despite negative behavior. That is, often people are nice enough to provide good evaluations for work that isn't up to par. Judgmental evaluations focus on benchmarks to more accurately promote constructive criticism (through relative scales). A few examples include:

- *Graphic rating scale:* Graphic rating scales are the most commonly used performance-evaluation system. Typically, the raters use a 5 to 7 point scale to rate employees' productivity.
- *Employee-comparison methods:* Rather than subordinates being judged against pre-established criteria, they are compared with

one another. This method eliminates central-tendency and leniency errors but still allows for halo-effect errors to occur.

- *Behavioral checklists and scales:* Behaviors are more definite than traits. Supervisors record behaviors that they judge to be job-performance relevant, and they keep a running tally of good and bad behaviors and evaluate the performance of employees based on their judgment.

Peer and Self Assessments

Often, peer assessments and self-assessments are used to paint a clearer image of performance. Managers are often less aware of employee efficacy than team members or other peers. In self-assessments employees have the right to underline what they think their performance is, and why certain metrics may be misleading. Peer assessments and self-assessments are useful in capturing this data:

- Peer assessments: *members of a group evaluate and appraise the performance of their fellow group members.*

- *Self-assessments: in self-assessments, individuals assess and evaluate their own behavior and job performance.*
- *360-degree feedback: 360-degree feedback includes multiple evaluations of employees; it often integrates assessments from superiors and peers, as well as self-assessments. This is the ideal situation.*

The Balanced Scorecard

The balance scorecard is used as a strategic planning and a management technique. This is widely used in many organizations, regardless of their scale, to align the organization's performance to its vision and objectives.

The scorecard is also used as a tool, which improves the communication and feedback process between the employees and management and to monitor performance of the organizational objectives.

As the name depicts, the balanced scorecard concept was developed not only to evaluate the financial performance of a business organization, but also to address customer concerns,

business process optimization, and enhancement of learning tools and mechanisms.

The Basics of Balanced Scorecard

Following is the simplest illustration of the concept of balanced scorecard. The four boxes represent the main areas of consideration under balanced scorecard. All four main areas of consideration are bound by the business organization's vision and strategy.



Figure 2 The balanced scorecard dimensions

The balanced scorecard is divided into four main areas and a successful organization is one that finds the right balance between these areas.

Each area (perspective) represents a different aspect of the business organization in order to operate at optimal capacity.

- **Financial Perspective** - This consists of costs or measurement involved, in terms of rate of return on capital (ROI) employed and operating income of the organization.
- **Customer Perspective** - Measures the level of customer satisfaction, customer retention and market share held by the organization.
- **Business Process Perspective** - This consists of measures such as cost and quality related to the business processes.
- **Learning and Growth Perspective** - Consists of measures such as employee satisfaction, employee retention and knowledge management.

The four perspectives are interrelated. Therefore, they do not function c. In real-world situations, organizations need one or more perspectives combined together to achieve its business objectives.

For example, Customer Perspective is needed to determine the Financial Perspective, which in turn can be used to improve the Learning and Growth Perspective.

Features of Balanced Scorecard

From the above diagram, you will see that there are four perspectives on a balanced scorecard. Each of these four perspectives should be considered with respect to the following factors.

When it comes to defining and assessing the four perspectives, following factors are used:

- **Objectives** - This reflects the organization's objectives such as profitability or market share.
- **Measures** - Based on the objectives, measures will be put in place to gauge the progress of achieving objectives.
- **Targets** - This could be department based or overall as a company. There will be specific targets that have been set to achieve the measures.
- **Initiatives** - These could be classified as actions that are taken to meet the objectives.

A Tool of Strategic Management

The objective of the balanced scorecard was to create a system, which could measure the performance of an organization and to improve any back lags that occur.

The popularity of the balanced scorecard increased over time due to its logical process and methods. Hence, it became a management strategy, which could be used across various functions within an organization.

The balanced scorecard helped the management to understand its objectives and roles in the bigger picture. It also helps management team to measure the performance in terms of quantity.

The balanced scorecard also plays a vital role when it comes to communication of strategic objectives.

One of the main reasons for many organizations to be unsuccessful is that they fail to understand and adhere to the objectives that have been set for the organization.

The balanced scorecard provides a solution for this by breaking down objectives and making it easier for management and employees to understand.

Planning, setting targets and aligning strategy are two of the key areas where the balanced scorecard can contribute. Targets are set out for each of the four perspectives in terms of long-term objectives.

However, these targets are mostly achievable even in the short run. Measures are taken in align with achieving the targets.

Strategic feedback and learning is the next area, where the balanced scorecard plays a role. In strategic feedback and learning, the management gets up-to-date reviews regarding the success of the plan and the performance of the strategy.

The Need for a Balanced Scorecard

Following are some of the points that describe the need for implementing a balanced scorecard:

- Increases the focus on the business strategy and its outcomes.

- Leads to improvised organizational performance through measurements.
- Align the workforce to meet the organization's strategy on a day-to-day basis.
- Targeting the key determinants or drivers of future performance.
- Improves the level of communication in relation to the organization's strategy and vision.
- Helps to prioritize projects according to the timeframe and other priority factors.

This creates a strong brand name amongst its existing and potential customers and a reputation amongst the organization's workforce.

Human Resource Management

Part 10

Employee Career-Path Management

Career-path management requires human resource management to actively manage employee skills in pursuit of successful professional careers.

LEARNING OBJECTIVES

- Examine the dimensions and considerations involved in outlining an employee's professional development
- Identify the human resource development responsibilities of an organization relating to structured planning for employee career paths.

KEY POINTS

- Career-path development includes structured planning and active management of an employee's professional career.

- There is a classification system, with minor variations, in the managerial process of career-path management.
- Human resource development underlines the importance of human resources in empowering employees to advance their careers through training and development initiatives.
- Human resource development requires human resource managers to identify employee potential and expand upon it, and to ensure that the company utilizes these talented employees to capture value.
- The first step of career management is setting goals, which requires employees to be aware of career opportunities along with their own talents and abilities.

TERMS

- **Career Management:** The structured planning and development of an employee's professional career.
- **Empower:** To give someone more confidence and/or strength to do something, often by enabling them to increase control over their own life or situation.

Career-path management refers to the structured planning and active management of an employee's professional career. The results of successful career planning are personal fulfillment, a work and life balance, goal achievement, and financial security.

A career encompasses the changes or modifications in employment through advancement during the foreseeable future. There are many definitions by management scholars of the stages in the managerial process. The following classification system (with minor variations) is widely used:

- Development of overall goals and objectives
- Development of a strategy
- Development of the specific means (policies, rules, procedures, and activities) to implement the strategy
- Systematic evaluation of the progress toward achievement of the selected goals and objectives to modify the strategy, if necessary

Human Resource Development

Human resource development (HRD) is the central framework for the way in which a company leverages an effective human

resources department to empower employees with the skills for current and future success. The responsibility of the human resources department regarding employee development primarily relates to varying forms of training, educational initiatives, performance evaluation, and management development. Through employing these practices, human resource managers can significantly improve the potential of each employee, opening new career-path venues by expanding upon an employee's skill set.

This is achieved through two specific human resource objectives: training and development (TD) and organizational development (OD). Training and development, as stated above, is primarily individualistic in nature and focused on ensuring that employees develop throughout their careers to capture more opportunity.

Organizational; development must be balanced during this process, ensuring that the company itself is leveraging these evolving human resources to maximum efficiency. Depending too heavily upon TD may result in an organization incapable of capitalizing on employee skills, while focusing too much on OD will generate a company culture adverse to professional development. Therefore,

human resources departments are central to empowering employees to take successful career paths while maintaining an organizational balance.

Some Dimensions of Career Management

The first step of career management is setting goals. Before doing so the person must be aware of career opportunities and should also know his or her own talents and abilities. The time horizon for the achievement of the selected goals or objectives— short-term, intermediate, or long-term—will have a major influence on their formulation.

- Short-term goals (one or two years) are usually specific and limited in scope. Short-term goals are easier to formulate. They must be achievable and relate to long-term career goals.
- Intermediate goals (three to 20 years) tend to be less specific and more open-ended than short-term goals. Both intermediate and long-term goals are more difficult to formulate than short-term goals because there are so many unknowns about the future.

- Long-term goals (over 20 years) are the most fluid of all. Lack of both life experience and knowledge about potential opportunities and pitfalls makes the formulation of long-term goals and objectives very difficult. Long-term goals and objectives may, however, be easily modified as additional information is received without a great loss of career efforts, because experience and knowledge transfer from one career to another.

Other Focuses of Career Management

The modern nature of work means that individuals may now (more than in the past) have to revisit the process of making career choices and decisions more frequently. Managing "boundless" careers refers to skills needed by workers whose employment is beyond the boundaries of a single organization, a work style common among, for example, artists and designers. As employers take less responsibility, employees need to take control of their own development to maintain and enhance their employability.

Human Resource Management

Part 11

Structuring Employee Feedback

Structuring feedback refers to the specific steps a manager must take as they assess how to provide employee feedback.

LEARNING OBJECTIVE

- Outline the processes involved in structuring feedback to optimize employee performance and minimize subjectivities.

KEY POINTS

- Inappropriate feedback squanders human capital and can provoke legal issues, so it is critical to give appropriate employee feedback at all times.
- Feedback must refer to the organization's policies on evaluations and be accompanied by an evaluation form or some other rubric that lets employees know what their review is based on.

- Evaluation criteria should be aligned with the employee's job description and the core values of the organization.
- The feedback structure should focus on performance rather than personality and must be structured so that each point of feedback is bolstered with specific examples of employee performance and behavior (rather than general statements).
- Feedback must be structured to be as honest and objective as possible and should provide employees an opportunity to respond and give feedback of their own.

TERM

- **Rubric**

A printed set of scoring criteria for evaluating work and for giving feedback.

Structuring feedback in an employee evaluation refers to the specific steps that managers must take as they consider what information they need to share with each of their employees and the best way to express it. Inappropriate feedback squanders human capital and can even provoke legal issues, so it is critical to always give appropriate employee feedback.

Structuring Feedback

The evaluator must first review the organization's policies on evaluations to ensure that they do not run afoul of their own procedures. Each employee should have at least 30 days' notice of their evaluation. This notice should be accompanied by an evaluation form or some other rubric that shows employees the key performance criteria they will be evaluated on. Most organizations have these evaluation forms, but if not, they are readily available online for reference.

The evaluation form should spell out job-specific goals and requirements and put these in the larger context of the short-term and long-term goals of the organization and the department. Evaluation criteria should be closely connected to both the job description of the employee and the core values of the organization.

Be Quantitative

The next step in structuring feedback is to list any quantitative performance indicators, like absences and tardiness. This quantitative portion of the feedback will put the employee's individual data in the context of their department (for example,

comparing their percentage of absences with the rest of the team) or in the context of specific position indicators (for example, sales figures or time spent on projects). If possible, the evaluator should use notes from previous reviews to provide additional context and specific examples.

Avoid Intangibles

The feedback structure should focus on performance—not personality. Concrete examples of behavior can be given as feedback, but more amorphous concepts like "attitude" cannot. Evaluators should make use of organizational memory as they structure their feedback, conferring with other evaluators on points that may need clarification and on following the proper response structure. Feedback must be structured so that each point is bolstered with specific examples of employee performance and behavior rather than general statements such as "be more productive."

Be a Coach, Not a Critic

Feedback should be structured around coaching time. This coaching time is designed so that evaluators can provide

suggestions and solutions in a cooperative way along with critical feedback. This ensures better reception of the feedback and turns the feedback session into a team-building and educational opportunity.

Be Objective

Feedback must be structured to be as honest and objective as possible. If the organization uses a ranking system, the middle score should indicate adequate job performance, and low or high scores must be reserved for very poor or excellent performance respectively. Feedback should be detailed even in the context of numerical rankings, providing examples of the performance that triggers each rank. The aim here is to avoid biases in either direction. Praise is important when it is honest; employees rely on some positive feedback to contextualize negative feedback and help them to accept it. Negative feedback itself can be less upsetting when it emphasizes the need for change as an opportunity for professional development and personal growth.

Provide Feedback and discuss it privately

Finally, feedback should be given in a private session, with adequate time to discuss the feedback and the flexibility to allow additional time for employees to respond and ask questions. Just as employees should see criticism as an opportunity for professional growth, so should the evaluator who listens to employee ideas and concerns. This back-and-forth structure of feedback provision achieves increased "buy-in" from all stakeholders.

Human Resource Management

Part 12

Employee Pay Decisions and Incentive System

Making pay decisions can be a function of HR; payroll surveys and internal measures can help determine what is appropriate.

LEARNING OBJECTIVE

- Analyze the various methodologies used by HRM to measure, benchmark, and ultimately devise appropriate pay strategies
- Describe the purpose of an incentive system and learn how human resources professionals can assess organizational needs to select the best one

KEY POINTS

- Techniques that assist payroll professionals in making their pay decisions include external measures such as benchmarking (salary surveys) and ongoing reporting that constitute a market survey approach.

- Internal measures such as projections, simulations, predictive modeling, or the use of pay grades look to the needs of the organization, and the relative value of tasks within it, to make pay decisions.
- Variable systems like pay for performance create a policy line that connects job pay and job evaluation points.
- Human resources (HR) professionals are tasked with using employee and organizational objectives to identify and implement the best employee incentive programs.
- To be effective, incentive systems must address employee skills and motivation, acknowledgement of employee successes, a clearly-defined set of goals, and a means for assessing progress. Employee effort increases as workers perceive that they are achieving set goals.
- Recognizing which incentive systems are most appropriate for an organization is a primary challenge for HR professionals.
- Incentive systems are grounded in the idea that employee effort increases as workers perceive that they are making progress towards reaching set goals. A successful system promotes full employee participation by offering a wide

array of rewards and keeping employees motivated to participate.

TERMS

- **Benchmarking**

A technique that allows a manager to compare metrics, such as quality, time, and cost, across an industry and against competitors.

- **Predictive modeling**

Predictive modeling is the process by which a model is created or chosen to try to best predict the probability of an outcome.

Pay decisions refer to the methods used by human resources and payroll professionals to choose the pay scales of employees. Techniques that assist payroll professionals in making their pay decisions include:

- External measures such as benchmarking (salary surveys) and ongoing reporting that constitute a market survey approach.

- Internal measures such as projections, simulations, and predictive modeling or the use of pay grades use an organization's needs to assess the relative value of tasks within it.
- Variable systems like pay-for-performance create a policy line that connects job pay and job evaluation points.

Benchmarking

Benchmarking is when an organization compares its own pay practices and job functions against those of its competitors. Obvious cautionary points in the use of these kinds of salary surveys include the inclusion of only appropriately similar peers in the comparison, the inclusion of only appropriately similar jobs in the comparison, and accurately weigh and combining rates of pay when multiple surveys are used.

There are two types of salary surveys that can be used in benchmarking: labor market comparisons and product market comparisons. **Labor market comparisons** are best when employee recruitment and retention is a major concern for the employer and when recruiting costs are a significant expense.

Product market comparisons are more salient when labor expenses make up a major share of the employer's total expenses, when product demand is very fluid, when the labor supply is relatively steady, and/or when employee skills are specific to the product market in question.

Within the benchmarking process, the job category and range of pay rates within it are important to the payroll professional. Certain key jobs are very common to organizations in a given field and have a relatively stable set of duties. As a result, key jobs are useful in benchmarking since they allow for more accurate comparison across many organizations. Non-key jobs are unique to their organizations and are therefore not useful in benchmarking. Job content is far more important than job title in this context, although it is easy to confuse content for title. Range of pay rates refers to the variety in pay rates that workers in one job area might receive.

Salary Surveys

The use of salary surveys demands credible survey sources with multiple participating organizations. Organizations responding to a given survey must be similar to the organization using that survey.

Close attention to job function is also crucial; it is inappropriate to match and compare salaries based on job title alone.

Internal Measures

Benchmarking uses external measures to make internal pay decisions. Internal measures are also available in most cases, and include the use of analytic techniques such as projections, simulations, and predictive modeling in the pay decision-making process. External and internal measures have very different focuses. External measures ask the market what any given individual should be paid. Internal measures correlate pay decisions to potential organizational benefits.

Pay Grade System

A pay grade system is simply tiered levels of pay based on position, experience, and seniority. Using a pay grade system has its own risks that should be backed by strongly predictive internal measures because once pay grades are in place, the cost of changing and updating them is significant. This can lead to stagnation جمود in an organization's pay scale system.

Connected to this problem is the fact that an existing pay scale can reward skill sets that were highly useful to the organization in the past more than skill sets that are currently needed. Projections, simulations, and predictive modeling assist in counteracting (respond to) these issues, as they make use of an organization's own internal data to ensure that assessments of value and need are accurate.

Pay for Performance Systems

Variable pay decision systems like pay-for-performance are designed to motivate employees and ensure intra-organizational cooperation. When designing this kind of system, the first thing to assess is the personnel goals of the organization (as this kind of system can be tailored significantly). Interacting with managers across departments can help payroll professionals understand what is most important to the various areas of the organization at any given time.

Merit and incentive pay programs are common forms of pay-for-performance systems. Promotions based on performance rather

than set time periods are also critical to pay-for-performance schemes.

Incentive systems

Human resources professionals assess organizational, and employee needs to identify the ideal incentive systems for collaborative success.

Incentive systems only work when they are closely tailored to the goals of the organization. The system's goals must be challenging but attainable, or employees will not be motivated to participate. It's counter-intuitive, but research has shown that monetary rewards are ineffective incentives.

One incumbent risk of incentive systems is the moral hazard of encouraging individuals to achieve their own goals and specific targets rather than improving upon organizational performance as a whole.

Human resources departments must identify the core culture of the organization and create incentives that match it. For example, a company built on innovation must inspire risk-taking without any guarantees of success. This means performance incentives and

metrics may be relatively useless (and most likely damaging) to executing the core organizational goals. Instead, HR could provide incentives like telecommuting or the freedom to devote a percentage of each workday to independent projects (Google does this).

At the other end of the spectrum, Wal-Mart promotes rigidly controlled operational efficiency. To reduce employee errors, an incentives system could reward efficiency. The most consistent truck drivers, for example, could receive a reward for their clockwork performance.

Human Resource Management

Part 13

Compensation and benefits

Compensation and benefits is the sub-discipline of human resources that deals with employees' remuneration.

LEARNING OBJECTIVE

Outline the strategies employed by human resources to compensate employees with pay and benefits.

KEY POINTS

- Compensation and benefits (C&B) encompass the rewards an organization gives to employees in exchange for the work they do.
- There are four types of C&B: guaranteed pay, variable pay, benefits, and equity-based compensation.
- Many factors external to the organization affect employees' remuneration. These include union influence, the state of the economy, and business competition.

TERM

Remuneration

Something given in exchange for goods or services rendered.

Compensation and benefits (C&B) is a sub-discipline of human resources that is focused on policy making for employee compensation and benefits. As part of any employment agreement, employees are compensated for services rendered in a predetermined and equitable fashion.

Compensation and Benefit Types

Employee compensation and benefits can be divided into four general categories:

1. *Guaranteed pay*— Monetary compensation paid by an employer to an employee based on employee/employer agreements. The most common form of guaranteed pay is the basic salary.
2. *Variable pay*— Monetary compensation paid by an employer to an employee on a discretionary basis. It is often contingent on performance or results achieved. The most common forms are bonuses and sales incentives.

3. *Benefits*—Programs an employer uses to supplement employees' compensation, such as paid time off, medical insurance, and a company car.
4. *Equity-based compensation* — A plan that uses the company's shares as compensation. The most common example is stock options.

Guaranteed Pay

The basic element of guaranteed pay is the base salary, paid based on an hourly, daily, weekly, biweekly, or monthly rate. The base salary is typically used by employees for ongoing consumption.

Many countries dictate the minimum base salary by stipulating a minimum wage. Individual skills and the level of experience of employees give rise to differentiation in income levels within the job-based pay structure. In addition to base salary, there are other pay elements that are paid based solely on employee/employer relations.

Variable Pay

Variable pay is contingent on discretion, employee performance, or results achieved. There are different types of variable-pay plans, such as bonus schemes, sales incentives (commission), and overtime pay.

For example, a variable-pay plan might be that a salesperson receives 50% of every dollar they bring in up to a certain amount of revenue. Beyond this amount, they then bump up to a higher percentage for every dollar they bring. Typically, this type of plan is based on an annual period of time requiring a "resetting" each year back to the starting point of 50%. Sometimes this type of plan is administered so that the salesperson never resets and never falls down to a lower level.

Benefits

There is a wide variety of employee benefits, such as paid time off, different types of insurance (life insurance, medical/dental insurance, and work disability insurance), pension plans, and a company car. A benefit plan is designed to address a specific need and is often not offered in the form of cash. Many countries dictate

different minimum benefits, such as minimum paid time off, employer's pension contribution, and sick pay.

Equity-Based Compensation

Equity-based compensation is a compensation plan that uses the employer's shares as employee compensation. The most common form is stock options. Employers use additional vehicles such as restricted stock, restricted-stock units, employee stock-purchase plan, and stock-appreciation rights. The classic objectives of equity-based compensation plans are retention, attraction of new hires, and aligning employees' and shareholders' interests. Simply put, ownership of the company drives better performance through personal value creation.

Affecting Factors

Many internal and external factors affect C&B, including:

- Business objectives
- Labor unions
- Internal equity (the idea of compensating employees in similar jobs, and for similar performance, in a similar way)

- Organizational culture and organizational structure
- State of the economy
- The relevant labor market and/or industry
- Labor and tax laws.

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Human Resource Management

Part 14

Employee Benefits Management

Employee benefits are non-wage compensations designed to provide employees with extra economic security.

LEARNING OBJECTIVE

- Break down employee reimbursement to describe a variety of direct and indirect benefits captured by the employee from human resource management.

KEY POINTS

- These critical benefits ensure that employees have access to health insurance, retirement capital, disability compensation, sick leave and vacation time, profit sharing, educational funding, day care, and other forms of specialized benefits.
- The human resources department is the area of an organization responsible for organizing, implementing, and managing employee benefits across the company.

- Benefits and compensation are at the center of HR operations and play a central role in both the financial capacity and talent management of any institution.
- In most developed nations there are laws that govern benefits and agencies that enforce them. HR is also tasked with understanding the benefits that employees have a legal right to and implementing them properly.

TERMS

- **Compensation:** What is expected in return for providing a product or service.
- **Profit sharing:** A system in which some of the profit of an enterprise are divided among the workers, giving them an incentive for profits without an equity interest.

Employee benefits are non-wage compensations designed to provide employees with extra economic security. These benefits ensure that employees have access to health insurance, retirement capital, disability compensation, sick leave and vacation time, profit sharing, educational funding, day care, and other forms of

specialized benefits. Receiving these benefits along with one's salary is fairly standard in full-time professional employment.

Human Resource Responsibilities

The human resources department is the area of an organization responsible for organizing, implementing, and managing employee benefits across the company. Human resources (HR) has a wide range of responsibilities, including hiring, training, assessment, and compensation across the company. Benefits and compensation, however, lay at the center of HR operations and play a central role in both the financial capacity and talent management of any institution.

HR responsibilities

Human resources contribute to the overall employee experience across the span of an employee's time with the company. Benefits play an important role in maintaining high levels of satisfaction. Employee satisfaction is often overlooked in favor of customer satisfaction but is just as critical to a healthy business. As a result, HR has a critical task in maintaining high levels of employee satisfaction to ensure maximum operational efficiency.

Benefits provided by the company, particularly retirement investing and health insurance, ensure that employees feel taken care of and secure in return for their investment of time and effort. The safety net provided and maintained by the company is a strong motivator of employee loyalty and satisfaction.

Legal Concerns

In most developed nations there are laws that govern benefits and agencies to enforce them. HR is also tasked with understanding the benefits that employees have a legal right to and implementing them properly. The Employee Benefits Security Administration (EBSA) is the agency in the United States responsible for administering, regulating, and enforcing many of these benefits. HR also works closely with the legal department to understand and provide the benefits required by each country they operate in.

HR is a central element of any successful business because it maintains the most valuable investment of any business: its people. Employee satisfaction and compensation help companies achieve high efficiency and strong performance from their employees by administering the appropriate level of compensation and benefits.

Human Resource Management

Part 15

Employee Promotions and Transfers

A promotion is the advancement of an employee's rank, salary, duties, and/or designation within an organization.

LEARNING OBJECTIVE

- Understand human resources' role in creating promotion opportunities to motivate employees and develop upwards mobility within an organization.
- Identify when it is appropriate to consider strategic or unexpected interdepartmental transfers within a human resources frame.

KEY POINTS

- A promotion is the advancement of an employee's rank, salary, duties, and/or designation within an organization.

- Promotions can also carry increases in benefits, privileges, and prestige, although in some cases the promotion changes designation only.
- The number of safeguards in place against unfair practices in promotion depends on the public or private nature of the organization.
- Transfers can occur for several different reasons and can be initiated by employees or managers. Types of employee transfers include strategic transfers, necessity transfers, and talent/management transfers.
- A strategic transfer takes place when an organization is trying to grow a specific segment of its operations, and needs experienced and trusted individuals to pioneer this process.
- A necessity transfer takes place when there is a demand for employees in a different department of the organization, where a specific skill set is scarce.
- A talent transfer usually moves an employee from their original department after it becomes clear that their skill set is more suited to another department.

TERM

- **Designation**

A distinguishing name or title.

- **Scarcity**

An inadequate amount of something; a shortage.

- **Necessity**

The quality or state of being required or unavoidable.

A **promotion** is the advancement of an employee's rank, salary, duties and/or designation within an organization. Promotions are often a result of good employee performance and/or loyalty (usually via seniority). The opposite of a promotion is a demotion.

The Role of Human Resources

Prior to promoting someone, the human resources department of an organization must ascertain whether the employee in question can manage the increase in responsibilities that accompanies the new role. If not, additional training may be required to prepare the individual for their new organizational role.

Incentives of Being Promoted

Internal promotions carry incentives that motivate employee efficacy and ambition. Human resources can manage internal

promotional opportunities and benefits to increase employee engagement. A promotion might involve a higher designation. This means that the more senior position has a different title. An example would be a promotion from office manager to regional manager. A promotion can (and often does) mean an increase in salary. The amount of the raise varies widely from industry to industry and from organization to organization within a given industry.

Promotions can also carry increases in benefits, privileges, and prestige, although in some cases only the title changes. In very hierarchical organizations, like the military, the change in rank alone is significant and brings with it new responsibilities. In the nonprofit sector pay increases are modest, so the prestige of a promotion is one of its main benefits. In the private sector, promotion can include substantial salary increases, benefit increases, stock options, and various "perks," such as a bigger office or executive parking.

Employee Transfers

Transfers take place in response to goals, needs, talent, or employee requests; HR evaluates and executes transfers.

Evaluating and executing employee transfers is an essential function of human resources management. Transfers can be horizontal, between departments within an organization, or vertical, from one level in the organization to another, either up or down. It is useful to view promotions and demotions as vertical and transfers as horizontal (though they can be vertical as well, to a certain extent).

Transfers can occur for many different reasons; they can be driven by employees or managers. Types of employee transfers include strategic transfers, necessity transfers, and talent/management transfers.

Strategic Transfers

A strategic transfer may take place when an organization is trying to grow a specific segment of its business. For example, if a car maker wants to strategically grow its quality department to meet the goal of building safer cars, it may want to train additional staff for a transfer to the quality department. It is also highly useful to have a few experienced employees who understand the company better than new employees guide the trajectory of the new project.

Necessity Transfers

A necessity transfer may take place when there is a demand for employees in a department of the organization where a specific skill set is scarce. This may happen because of layoffs, a change in company strategy, or a scarcity of a certain type of employee. A necessity transfer usually includes an incentive, like a raise, to give employees an incentive to put in the training the transfer will require.

Talent Transfers

A talent transfer usually moves employees from their original department after it becomes clear that their skill set is more suited to another department. It is predicated on the original department's ability to absorb the loss of that employee as well as the level of need in the new department. Talent transfers are more likely to be initiated by employees who perceive that they can contribute more to a new department.

Finally, employees may also request transfers in an organization for a number of different reasons (i.e., family or personal requirement,

location requirements, change in interest, and working with different people).

The important component from a human resources perspective is making sure that the employee's concerns are legitimate and insuring that the transfer will be beneficial for the organization by assessing the employee's fit in the proposed transfer location. Making sure that employees are working where they have the best fit promotes higher efficiency and synergy.

Human Resource Management

Part 16

Employee Discipline

Organizations must create strong, clear disciplinary policies; all disciplinary actions should be well documented and fairly applied.

LEARNING OBJECTIVES

- Differentiate between the two most common disciplinary systems available to HR professionals in the workplace
- Assess the advantages and disadvantages of the methods outlined to discipline employees in the workplace.

KEY POINTS

- Corrective discipline and progressive discipline are the two most common disciplinary systems.
- Progressive discipline provides a general series of steps to complete. Corrective discipline allows managers to tailor disciplinary action to fit different situations.

- Documentation is crucial in employee discipline to protect employee rights and prevent legal action.
- There are four main kinds of discipline in the workplace for employee failures and poor conduct: verbal counseling, written warning, suspension, and termination. Other less common forms of discipline include demotion, transfer, and withholding of bonuses.

TERMS

- **Progressive discipline**

Provides general steps that must be completed for all infractions.

- **Corrective discipline**

A corrective discipline system allows managers to tailor disciplinary action to fit different situations.

Employee discipline problems can be minimized by ensuring that organizational policies are clearly communicated to employees. Consequences for violating organizational policies must be clearly communicated so that employees know and understand them. Organizations must create strong, clear disciplinary policies

and enforce them when needed. In addition, organizations must prohibit discrimination and harassment by creating clear and detailed written policies.

Types of Discipline

Corrective discipline and progressive discipline are the two most common disciplinary systems in the workplace:

- First, *progressive discipline* sets forth clear but general steps that must be completed for all infractions. This limits the disciplinary actions that can be taken against an employee by referencing the employee's prior disciplinary history. This system has the advantage of eliminating most disparate treatment claims, since everyone receives the same disciplinary steps regardless of other factors.
- Second, *corrective discipline* allows managers more flexibility and permits the manager to tailor disciplinary action to fit different situations. This flexibility does not remove the onus (responsibility) on the manager and the organization at large to ensure that similar cases are treated equally. Review of disciplinary actions falls to the HR

department to ensure that employees experience no disparate (unequal) treatment. This is key to avoiding legal charges of inequitable treatment: HR has a very important organizational role in preventing long-term issues and potentially high costs.

Documentation of Discipline

Documentation is crucial in cases of employee discipline. If an employee is penalized or fired for an infraction that the organization cannot document, s/h might file—and win—a wrongful termination suit. This is particularly true when performance appraisals are not detailed enough.

A lack of consistency in disciplinary procedures is equally dangerous for organizations. If employees receive different disciplinary responses to the same infraction, the organization can be found liable for discrimination even when none was intended. Aggravating and mitigating factors should be considered and documented in each situation. This means that all disciplinary procedures must be well-documented and fairly applied.

Methods of Discipline

There are four main methods of discipline for employee failures and poor conduct: verbal counseling, written warning, suspension, and termination. Other less common forms of discipline include demotion, transfer, and withholding of bonuses.

1. *Verbal counseling* is typically the first response to an infraction. A verbal warning must be administered to the employee in private and as objectively as possible. The presence of one management-level witness, preferably an HR professional, is recommended. Any verbal counseling must be documented in writing in the employee's personnel file.
2. *A written warning* is usually the next level of discipline and typically follows a verbal warning. After the employee has received a written warning and has had time to review it, there should be a private meeting between the manager and the employee and a witness (and the employee's representative if s/he has one). Disciplined employees should sign the written warning to show that they received it, and should be informed that signing the warning does not indicate that they agree with it. Should the employee refuse

to sign, the witness can sign to acknowledge that they observed the meeting and the employee's refusal to sign.

3. The next form of discipline is typically *suspension*. This is usually unpaid and varies in length. Paid suspensions can function in practice as inadvertent (unintended) rewards for disciplinary infractions and should be avoided. Whether the suspension leads automatically to termination upon the next infraction is up to the employer. Generally if there are multiple suspensions they should increase in length and ultimately result in termination. Whatever procedure an organization adopts, it should be clear about the next step, whether suspension or termination. All of this must be documented in writing.
4. *Termination* is the last disciplinary step. Before taking this step a manager should review employee files to ensure that this is an appropriate step and that similar action has been taken in similar circumstances before. Some behavior should automatically give rise to termination regardless of context. Violence and threatened violence, drug or alcohol use in the workplace, bringing weapons onto organization property, ignoring safety regulations, stealing, falsifying documents,

and abandoning a job (no call, no show for 14 days consecutive days) are all grounds for immediate termination. Any other course of action puts the organization and other employees at risk.

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Human Resource Management

Part 17

Employee Dismissal

Dismissal is the involuntary termination of an employee due to incompetence, poor job performance, or violation of policy.

LEARNING OBJECTIVE

- Discuss the common reasons and justifications for employee dismissal from the human resources management perspective.

KEY POINTS

- Common reasons for dismissal include absenteeism, "time theft" offenses (i.e., improper use of breaks), incompetence, and poor job performance.
- Gross misconduct offenses, such as violence, serious negligence, repeated insubordination, fraud in the job application process (whenever it is discovered), harassment

of co-workers, or drug use at work are grounds for immediate dismissal.

- At times, even off-the-clock behavior can impact employment and result in a dismissal.
- Under typical circumstances, dismissal is the last step in a chain of disciplinary actions.
- Human resources are mediators, who must maintain objective perspectives in assessing the validity of reasoning behind any and all employee terminations.

TERM

- **Gross misconduct**

Violence, serious negligence, repeated insubordination, fraud in the job application process, harassment of co-workers or drug use in the workplace.

Dismissal is the involuntary termination of an employee. It is colloquially referred to as being "fired." Dismissal implies employee fault, although this is not always the case. In most states, an employee can be fired for any reason or no reason at all, as long

as they are not fired for a prohibited reason. Indeed, most dismissals are a by-product of economic conditions or organizational failure beyond the individual employee's control (i.e., layoffs).

Reasons for Dismissal

Common reasons for dismissal include absenteeism, "time theft" offenses (i.e., improper use of breaks), incompetence, or poor job performance. Gross misconduct offenses, such as violence, serious negligence, repeated insubordination, fraud in the job application process (whenever it is discovered), harassment of co-workers, or drug use at work are grounds for immediate dismissal.

At times, even off-the-clock behavior can impact employment and result in a dismissal. For example, if an employee is convicted of driving while under the influence, s/he will not be able to keep a job that requires driving. Other offenses, even if unrelated to job performance, can be seen as a sign of unreliability on the part of the employee and can result in dismissal. Similarly, employees often represent organizations outside of work. It is bad PR for an organization's employees to be in trouble outside of work.

The Role of Human Resources

Dismissal is almost always the last step in a chain of disciplinary actions. Most workplaces recognize some sequence of disciplinary consequences, starting with verbal counseling, moving to written warnings and suspension, usually without pay.

In extreme circumstances, however, employees can be summarily dismissed. Regardless of the circumstances of the dismissal, organizations must document all infractions carefully and be consistent in their application of disciplinary measures including dismissal. Organizations that dismiss some employees for a particular infraction but not others leave themselves open to legal liability, even in right-to-work states.

Human resources departments are tasked with managing this process, and must ensure complete coordination of company policy with state or federal law. If the dismissal is seen as harassment-based or founded in discrimination, the organization's unethical acts will have significant legal ramifications and costs. Human resources professionals are mediators who must remain objective when assessing possible employee termination.

Human Resource Management

Part 18

Work-Life Balance and Stress

Managers are increasingly aware of the importance of promoting a healthy work-life balance for employees, which increases job satisfaction.

LEARNING OBJECTIVES

- Identify ways in which human resource professionals can offset the 24-7 demands of the workplace
- Illustrate the way in which technological advances and competitive economies are eroding the work-life balance.
- Define stress within the field of organizational behavior and workplace dynamics
- Understand the role of work conditions, economic factors, and organizational social dynamics in the experience of stress in the workplace
- Examine the various ways in which job stress can be prevented or reduced in an organization.

KEY POINTS

- The advancements in the way people access information, communicate with one another, and complete tasks have allowed for flexibility in the workplace, but they have also diminished the distinction between work and family.
- If people don't have time to relax and recharge, their ability to do their job decreases and their performance level suffers.
- In addition to hiring, training, employment contracts, and regulatory considerations, ensuring that employees are both healthy and satisfied at work is well within the purview of human resources departments.
- Human resources can alter organizational culture, enforce vacation time, offer flextime, and advise overworked employees to avoid the pitfalls of imbalanced work-life dynamics.
- Differences in individual characteristics such as personality and coping skills can be very important predictors of whether certain job conditions will result in stress.
- Stress-related disorders include a broad array of conditions, including psychological disorders and other types of

emotional strain, maladaptive behaviors, cognitive impairment, and various biological reactions, each of which can eventually compromise a person's physical health.

- Categories of work demands that may cause stress include: task demands, role demands, interpersonal demands, and physical demands.
- Job stress can result from interactions between the worker and the conditions of the work. This can include factors such as long work hours and an employee's status in the organization.
- Economic factors that employees are facing in the 21st century, such as company layoffs in response to economic conditions, have been linked to increased stress levels.
- Uncertainty around the future of one's job, lack of clarity about responsibilities, inconsistent or difficult expectations, interpersonal issues between workers, and physical demands of the work can also impact stress levels.
- Non-work demands, such as personal or home demands, can also contribute to stress both inside and outside of work.

- Recognize the potentially severe consequences of work-related stress on an individual, particularly over time
- Problems at work are more strongly associated with health complaints than any other life stressor.
- Participation problems such as absenteeism, tardiness, strikes, and turnover take a severe toll on a company.
- Individual distress manifests in three basic forms: psychological disorders, medical illnesses, and behavioral problems.
- When individual workers within an organization suffer from a high degree of stress, overall efficiency can substantially decrease. Stressed workers will ultimately foster a negative culture and show reduced operational capabilities.
- Stress management refers to a wide spectrum of techniques and therapies that aim to control a person's levels of stress, especially chronic stress, to improve everyday functioning.
- To reduce workplace stress, managers can monitor each employee's workload to ensure it is in line with their capabilities and resources.

- Managers can also be clear and explicit about general expectations and long-term objectives to ensure there is no discrepancy between what the manager is looking for and what the employee is working toward.
- Managers must keep culture in mind when approaching issues of workplace stress. They must quickly dismantle any negative workplace culture that arises, such as bullying or harassment, and replace it with a constructive working environment.

TERMS

- **Balance**

Mental equilibrium; mental health; calmness; a state of remaining clear-headed and unperturbed.

- **Burnout**

The experience of long-term exhaustion and diminished interest, especially in one's career.

- **Stress**

Mental, physical, or emotional strain caused by a demand that exceeds the individual's coping ability.

- **Psychosomatic**

Pertaining to physical diseases or symptoms that have psychological causes.

The Price of a 24-7 World

Technology has improved people's lives in many different ways. People can live longer, healthier lives because of technological advancements. A student can access vast resources of information to complete assignments and a mother can see and talk to a daughter who is thousands of miles away. The advancements in the way people access information, communicate with one another, and complete tasks have allowed for flexibility in the workplace. Global markets have opened up and communication has allowed instant access to local expertise, enabling income streams and relationship building anywhere in the world.

With email, texting, instant messaging, and fax, people can communicate instantaneously. With the advancement in smart

phones, laptops, and tablets, employees are able to leave the office but still do their work. This has allowed more employees to bring their work home with them. While such access does allow them to spend more time at home, it has blurred the lines between work and life. If the boss sends a text at eleven at night, does the employee have to answer it? When should a person shut down the laptop and spend time with friends and family or pursue their own interests?

Technology also allows some employees to work from home offices full time, and they never have to visit their place of business. While telecommuting eliminates the need to drive to the office, the ability to work from home can make work consume a person's life. What was once a forty-hour-a-week job can easily become a sixty-hour-a-week job. The person in this scenario will be both stressed and less effective professionally.

The Importance of Work-Life Balance

As with most things in life, moderation is the key. People who are constantly tied to their jobs deal with the symptoms of stress and burnout. Overworked employees are more likely to suffer health problems, more likely to be absent and/or sick,

less efficient, less sociable, and overall more difficult to work with. It is in the best interest of both the employee and employer to avoid these pitfalls through smart human resource management.

The Role of Management in Promoting Work-Life Balance

Human resource (HR) management is a particularly versatile element of the organization, and its responsibilities are often much less clear than a textbook might imply. While hiring, training, employment contracts and regulatory considerations are well within the HR framework, so too is ensuring that employees are both healthy and satisfied at work. This requires taking stands on behalf of the employees, and putting organizational and managerial expectations and policies in place to ensure that employees are treated properly.

One example of what HR and/or upper management can do in this regard is overriding the culture to encourage employees to take time for themselves. Upper management must communicate to lower managers, through words and by example, that work communication past a certain time of night (or on the weekends) is only acceptable in highly time-sensitive situations (or never at all).

HR can suggest to employees that they turn off their work phones in the evenings and leave their work computers in the office unless absolutely necessary.

Another useful tool for management is flextime. This is particularly useful for individuals in global markets, since they are often on the phone early in the morning or late at night with clients or suppliers on the other side of the globe. Employees might also work only four days a week, but work 10 to 12 hours each of those days (from, say, 6:00 a.m. to 5:00 p.m.). Businesses focused on quarterly results could offer long weekends at a company-wide level at the beginning of each new quarter (when workload is the smallest). HR professionals should be observant and creative, identifying when employees are pushing themselves too hard and offering solutions.

Stress

Stress is defined in terms of how it impacts physical and psychological health; it includes mental, physical, and emotional strain. Stress occurs when a demand exceeds an individual's coping ability and disrupts his or her psychological equilibrium. Stress occurs in the workplace when an employee perceives a situation to

be too strenuous to handle, and therefore threatening to his or her well-being.

Stress at Work

While it is generally agreed that stress occurs at work, views differ on the importance of worker characteristics versus working conditions as its primary cause. The differing viewpoints suggest different ways to prevent stress at work. Different individual characteristics, like personality and coping skills, can be very important predictors of whether certain job conditions will result in stress. In other words, what is stressful for one person may not be a problem for someone else.

Stress-related disorders encompass a broad array of conditions, including psychological disorders (e.g., depression, anxiety, post-traumatic stress disorder) and other types of emotional strain (e.g., dissatisfaction, fatigue, tension), maladaptive behaviors (e.g., aggression, substance abuse), and cognitive impairment (e.g., concentration and memory problems). Job stress is also associated with various biological reactions that may ultimately lead to compromised physical health, such as cardiovascular disease.

Categories of Work Stress

Four categories of stressors underline the different causal circumstances for stress at work:

1. *Task Demands* - This is the sense of not knowing where a job will lead you and whether the activities and tasks will change. This uncertainty causes stress that manifests itself in feelings of lack of control, concern about career progress, and time pressures.
2. *Role Demands* - Role conflict happens when an employee is exposed to inconsistent or difficult expectations. Examples include: inter-role conflict (when there are two or more expectations or separate roles for one person), intra-role conflict (varying expectations of one role), person-role conflict (ethics are challenged), and role ambiguity (confusion about their experiences in relation to the expectations of others).
3. *Interpersonal Demands* - Examples include: emotional issues (abrasive personalities, offensive co-workers), sexual harassment (directed mostly toward women), and

poor leadership (lack of management experience, poor style, cannot handle having power).

4. *Physical Demands* - Many types of work are physically demanding, including strenuous activity, extreme working conditions, travel, exposure to hazardous materials, and working in a tight, loud office.

Causes of Workplace Stress

Work stress is caused by demands and pressure from both within and outside of the workplace.

Work-Related Stress

Problems caused by stress have become a major concern to both employers and employees. Symptoms of stress can manifest both physiologically and psychologically. Work-related stress is typically caused by demands and pressure from either within or outside of the workplace; it can be derived from uncertainty over where the job will take the employee, inconsistent or difficult expectations, interpersonal issues, or physical demands.

Although the importance of individual differences cannot be ignored, scientific evidence suggests that certain working

conditions are stressful to most people. Such evidence argues that working conditions are a key source of job stress and job redesign should be used as a primary prevention strategy.

Studies of Work-Related Stress

Large-scale surveys of working conditions—including conditions recognized as risk factors for job stress—were conducted in member states of the European Union in 1990, 1995, and 2000. Results showed a time-related trend that suggested an increase in work intensity. In 1990, the percentage of workers reporting that they worked at high speeds for at least one-quarter of their working time was 48%; this increased to 54% in 1995 and 56% in 2000. Similarly, 50% of workers reported that they worked against tight deadlines at least one-fourth of their working time in 1990; this increased to 56% in 1995 and 60% in 2000. However, no change was noted in the period from 1995 to 2000 in the percentage of workers reporting sufficient time to complete tasks (data was not collected in 1990 for this category).

A substantial percentage of Americans work very long hours. By one estimate, more than 26% of men and more than 11% of women

worked 50 hours or more per week (outside of the home) in 2000. These figures represent a considerable increase over the previous three decades—especially for women. According to the Department of Labor, there has been an upward trend in hours worked among employed women, an increase in work weeks of greater than forty hours by men, and a considerable increase in combined working hours among working couples, particularly couples with young children.

Power and Stress

A person's status in the workplace can also affect levels of stress. Stress in the workplace has the potential to affect employees of all categories, and managers as well as other kinds of workers are vulnerable to work overload. However, less powerful employees (those who have less control over their jobs) are more likely to experience stress than employees with more power. This indicates that authority is an important factor complicating the work stress environment.

Economics and Stress

Economic factors that employees are facing in the 21st century have been linked to increased stress levels as well. Researchers and social commentators have pointed out that advances in technology and communications have made companies more efficient and more productive than ever before. This increase in productivity has resulted in higher expectations and greater competition, which in turn place more stress on employees.

The following economic factors can contribute to workplace stress:

- Pressure from investors who can quickly withdraw their money from company stocks
- Lack of trade and professional unions in the workplace
- Inter-company rivalries caused by global competition
- The willingness of companies to swiftly lay off workers to cope with changing business environments

Social Interactions and Stress

Bullying in the workplace can also contribute to stress. Workplace bullying can involve threats to an employee's professional or personal image or status, deliberate isolation, or giving an employee excess work.

Another type of workplace bullying is known as "destabilization." Destabilization can occur when an employee is not given credit for their work or is assigned meaningless tasks. In effect, destabilization can create a hostile work environment for employees, negatively affecting their work ethic and therefore their contributions to the organization.

Stress Outside of the Workplace

Non-work demands can create stress both inside and outside of work. Stress is inherently cumulative, and it can be difficult to separate our personal and professional stress inducers. Examples of non-work stress that can be carried into the workplace include:

- *Home demands:* Relationships, children, and family responsibilities can add stress that is hard to leave behind when entering the workplace. The *Academy of Management Journal* states that this constitutes "an individual's lack of personal resources needed to fulfill commitments, obligations, or requirements."

- *Personal demands:* Personal demands are brought on by the person when he or she takes on too many responsibilities, either inside or outside of work.

Consequences of Workplace Stress

Stress can impact an individual mentally and physically and so can decrease employee efficiency and job satisfaction.

Stress

Negative or overwhelming work experiences can cause a person substantial distress. Burnout, depression, and psychosomatic disorders are particularly common outcomes of work-related stress. In general, individual distress manifests in three basic forms: psychological disorders, medical illnesses, and behavioral problems.

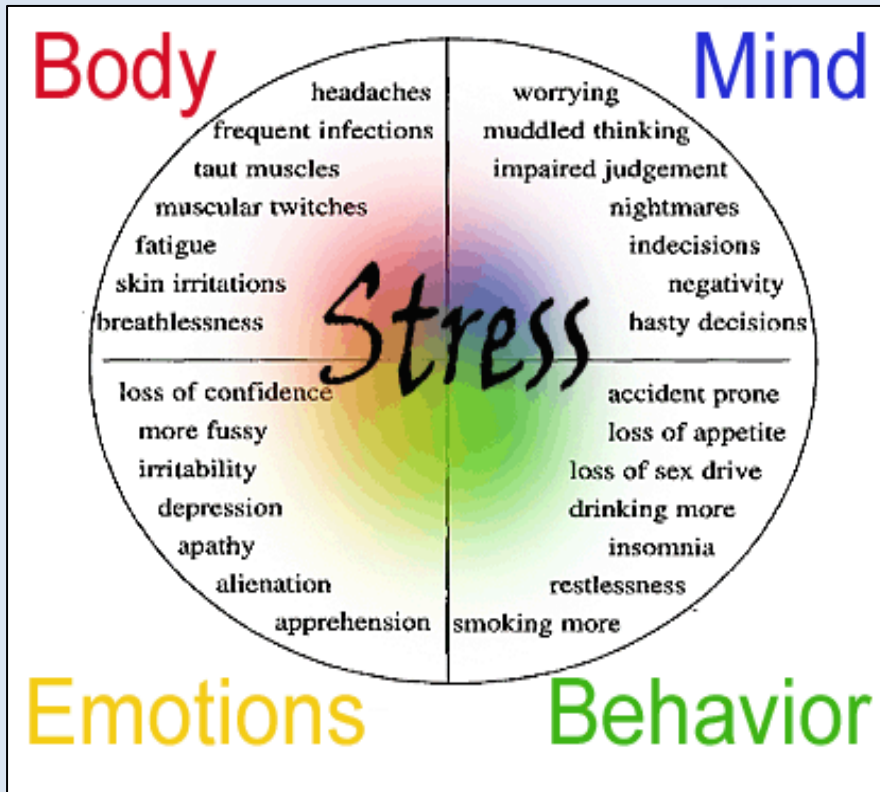


Figure 3 Symptoms of stress

Symptoms of stress

This image captures some of the psychological and physical manifestations of stress.

Negative or overwhelming work experiences can cause a person substantial distress. Burnout, depression, and psychosomatic disorders are particularly common

outcomes of work-related stress. In general, individual distress manifests in three basic forms: psychological disorders, medical illnesses, and behavioral problems.

Psychological Disorders

Psychosomatic disorders are a type of psychological disorder. They are physical problems with a psychological cause. For example, a person who is extremely anxious about public speaking might feel extremely nauseated or may find themselves unable to speak at all when faced with the prospect of presenting in front of a group. Since stress of this type is often difficult to notice, managers would benefit from carefully monitoring employee behavior for indications of discomfort or stress.

Medical Illnesses

Physiological reactions to stress can have a long-term impact on physical health. In fact, stress is one of the leading precursors to long-term health issues. Backaches, stroke, heart disease, and peptic ulcers are just a few physical ailments that can arise when a person is under too much stress.

Behavioral Problems

A person can also exhibit behavioral problems when under stress, such as aggression, substance abuse, absenteeism, poor decision making, lack of creativity, or even sabotage. A stressed worker may neglect their duties, impeding workflows and processes so that the broader organization slows down and loses time and money. Managers should keep an eye out for such behaviors as possible indicators of workplace stress.

Organizational Effects of Stress

Stress in the workplace can be, so to speak, "contagious"—low job satisfaction is often something employees will discuss with one another. If stress is not noted and addressed by management early on, team dynamics can erode, hurting the social and cultural synergies present in the organization. Ultimately, the aggressive mentality will be difficult to remedy.

Managers are in a unique position when it comes to workplace stress. As they are responsible for setting the pace, assigning tasks, and fostering the social customs that govern the work group, management must be aware of the repercussions of

mismanaging and inducing stress. Managers should consistently discuss job satisfaction and professional and personal health with each of their subordinates one on one.

Reducing Workplace Stress

A combination of organizational change and stress management is a productive approach to preventing stress at work.

Stress management refers to a wide spectrum of techniques and therapies that aim to control a person's levels of stress, especially chronic stress, to improve everyday functioning.

Preventing Job Stress

If employees are experiencing unhealthy levels of stress, a manager can bring in an objective outsider, such as a consultant, to suggest a fresh approach. But there are many ways managers can prevent job stress in the first place. A combination of organizational change and stress management is often the most effective approach. Among the many different techniques managers can use to effectively prevent employee stress, the main underlying themes

are awareness of possibly stressful elements of the workplace and intervention when necessary to mitigate any stress that does arise.

Specifically, organizations can prevent employee stress in the following ways:

Intentional Job Design

- Design jobs that provide meaning and stimulation for workers as well as opportunities for them to use their skills.
- Establish work schedules that are compatible with demands and responsibilities outside the job.
- Consider flexible schedules—many organizations allow telecommuting to reduce the pressure of being a certain place at a certain time (which enables people to better balance their personal lives).
- Monitor each employee's workload to ensure it is in line with their capabilities and resources.

Clear and Open Communication

- Teach employees about stress awareness and promote an open dialogue.

- Avoid ambiguity at all costs—clearly define workers' roles and responsibilities.
- Reduce uncertainty about career development and future employment prospects.

Positive Workplace Culture

- Provide opportunities for social interaction among workers.
- Watch for signs of dissatisfaction or bullying and work to combat workplace discrimination (based on race, gender, national origin, religion, or language).

Employee Accountability

- Give workers opportunities to participate in decisions and actions that affect their jobs.
- Introduce a participative leadership style and involve as many subordinates as possible in resolving stress-producing problems.

Stress Prevention Programs

St. Paul Fire and Marine Insurance Company conducted several studies on the effects of stress prevention programs in a hospital

setting. Program activities included educating employees and management about workplace stress, changing hospital policies and procedures to reduce organizational sources of stress, and establishing of employee assistance programs. In one study, the frequency of medication errors declined by 50% after prevention activities were implemented in a 700-bed hospital. In a second study, there was a 70% reduction in malpractice claims among 22 hospitals that implemented stress prevention activities. In contrast, there was no reduction in claims in a matched group of 22 hospitals that did not implement stress prevention activities.

Human Resource Management

Part 19

Contractors and Part-Time Employees

Management must both define and carefully consider the common tradeoffs in employing a part-time or contract-based workforce.

LEARNING OBJECTIVE

- Analyze the value captured through employing contractors and part-time employees as a human resource strategy.

KEY POINTS

- Part-time employees work 35 or fewer hours a week and generally don't receive benefits from their employers.
- Contractors are independent organizations/individuals that companies hire on a short-term basis, removing the burden of paying for their training, benefits, or employment taxes.

- While there are clear benefits to employing a part-time or contract-based workforce (limited benefits and training costs, lower commitment and risk exposure, etc.), there are opportunity costs as well (employee buy-in, long-term employment development, etc.).
- Both departmental managers and human resource managers must discuss and weigh the benefits and drawbacks of offering a job part-time, full-time, or on a contractual basis. It is a strategic decision with high-cost exposure.

TERM

- **contractor**

A natural person, business, or corporation that provides goods or services to another entity under terms specified in a contract or a verbal agreement.

As companies try to streamline operations and increase profits, human resource professionals are now looking at employees in a different light. In addition to finding the right candidate for the job, they are looking at how to cut costs per employee while still maintaining quality services for clients. The amount of money

spent searching for, hiring, compensating and training an employee is examined and used to help determine profits and loss for a company.

As businesses look at new avenues to reduce overall costs, human resources management has evolved to include different types of employment, including more part-time employees and contractors. Particularly in light of the recent banking disaster (2008/2009), trends towards lower cost employment have grown increasingly common. HR professionals and departmental managers must be aware of the tradeoffs and opportunity costs of the models they chose to employ.

Part-Time Employees

While there is no standard definition of an employee in the U.S., most companies define part-time employees as those who work 35 or fewer hours per week. In addition to working fewer hours, part-time employees don't usually qualify for benefits such as health insurance, 401K, or paid vacation time.

Pros

The benefit of using part-time employees is mainly that the cost per employee for hiring, orientation, and training is less than for full-

time workers. Another benefit of employees that work fewer hours is that employers can be more flexible with scheduling. If a position requires long hours to fill, hiring two part-time people can make scheduling easier than with one full-time employee. It also helps avoid overtime or time and a half, thereby reducing overhead for an employer.

Hiring a greater volume of individuals, but for fewer hours each, also provides more diversity in perspective and skills, which potentially drives higher value (though with more managerial time investment required). This can be particularly useful if a manager is looking to ultimately hire one full-timer and first wants to test a few people to assess skills and organizational fit.

Cons

There are downsides to hiring part-time employees as well. Full-time employees often consider their job a career, and will utilize long-term goals such as promotions and overall organizational success as motivators. Full-timers can also be invested in (e.g., through training and education) with more potential for a return on investment. Part-time employees are more transient, and since they're more likely to come and go, long-term motivational strategies are less effective with part-timers.

Contractors

Unlike full-time and part-time workers, contractors aren't official employees of the company. They are hired for a specific position or task and consider the organization a client. Contractors often have more than one client to which they offer similar services, and are therefore specialists. As contractors aren't employees, companies don't have to offer benefits or pay taxes such as payroll or social security. Contractors invoice the companies they work for, often on a weekly or monthly basis, and pay their own insurance and taxes.

The pros and cons for part-timers are generally the same as for contractors, where specialists are being hired for short-term contracts (and thus are motivated by the completion of a given task as opposed to by the long-term success of their clients).

Positions that are often filled by contractors include:

- Accounting
- Sales
- Construction
- IT (programming, web development, etc.)
- Design (creating ads, logos, etc.)
- Logistics (e.g., Fedex, UPS)

Human Resource Decisions

As always, trade-offs are inherent when making these hiring decisions. HR professionals must discuss with other management to determine what skills are needed over what period of time, and what resources are available annually to fulfill these needs. If it is a long-term project likely to evolve, with complex political and social interactions and relationship building, a full-timer is probably required. If it is a specialized, short-term task, a contractor or part-timer could be more appropriate. Of course, the limitations of resources impact this decision enormously, as the financial collapse underlines via increasing trends in part-time hiring.

Human Resource Management

Part 20

Compensation, Benefits and Competition

Good compensation helps organizations stay competitive in their industry by retaining high-quality employees.

LEARNING OBJECTIVE

- Assess the intrinsic value of strong compensation packages relative to deriving competitive advantage.
- Identify the critical importance of providing strong benefits packages, particularly in light of current external factors (e.g., health care costs).

KEY POINTS

- It has become standard in today's market to pay employees wages and benefits through a compensation package.
- Candidates will often pass on a high-wage position for one that combines wages and benefits.

- Companies need to balance compensation packages, which help acquire and keep quality employees without incurring unsustainable costs.
- Most employees expect some form of nonmonetary benefits in addition to wages.
- In order to be competitive in their industry, companies can offer various fringe benefits to attract and retain employees. Benefits, if well managed, can be a source of competitive hiring practices.
- With the increase in healthcare costs, employees are trending more towards jobs with benefits that will assist them with covering these costs. Companies also capture scale economies when negotiating with insurance companies, lowering cost per employee.

TERMS

- **Compensation**

The total wages and benefits paid to an employee or contractor for a given job or contract.

- **benefits**

Non-wage compensation that is offered to at least 80 percent of the staff.

- **fringe benefits**

Various forms of nonwage compensation provided to employees in addition to their normal wages or salaries.

Employees are invaluable resources for an organization. Ensuring the welfare and happiness of employees can make them more productive and less likely to leave the company. This is not only an internal consideration but also a competitive one. Securing and retaining top talent is not unlike securing and retaining customers, where effectively identifying the appropriate target and sustaining that relationship lowers long-term costs and increases brand value.

One of the key instruments in attracting and keeping employees is creating an effective compensation package. Compensation must therefore be both competitive and well-designed to meet the needs of the customer (in this case, the employee). Human resources (HR), in conjunction with the hiring manager, is tasked with this process.

Components of Compensation

Compensation is what employees receive for the work they perform at a company. Compensation can come in the form of cash and benefits.

The current trend for organizations is to compensate employees with a combination of wages and benefits. Candidates often require a compensation package that includes benefits as a perk for employment and may pass on a position with a higher salary if a competitor is offering a lower salary and a benefits package. These benefits generally revolve around healthcare and dental coverage, employee discounts, retirement planning, educational benefits, stock options, and other forms of additional compensation.

Compensation and Competitiveness

Compensation can be a two-edged sword if it is not managed properly. On one hand, a high base salary and a lucrative benefits package can help an organization keep and retain high-quality employees. On the other hand, high levels of compensation create high overhead for the company. In addition, attracting employees purely through offering high levels of compensation has disadvantages; these employees may have little attachment to the intrinsic of the job and may leave as soon as they find a better offer elsewhere.

Companies need to find a balance when creating a compensation package to attract quality employees and keep overhead low. To identify this balance, companies must look at the structure of the wages within the organization, the compensation common in their industry, as well as their strengths and those of their competitors. By looking at these factors an organization can attract the employees it needs to maintain a competitive advantage and keep employee turnover low.

Employees Benefits

Hiring and retaining employee talent is a critical factor in success, and providing fringe benefits can be an effective tool in this process.

A combination of wages and benefits such as health insurance, vacation time, and retirement plans have become an expected form of compensation for today's employees. As the search for high-quality workers becomes more difficult and health care costs increase, it has become important to offer fringe benefits to gain a competitive advantage. Common benefits include the following:

- Relocation assistance
- Sick leave
- Company cars
- Medical and dental insurance plans
- Vacation/paid leave

- Profit sharing
- Retirement plans
- Leisure activities on work time, such as in-office exercise facilities
- Long-term and life insurance
- Education funding
- Legal-assistance plans
- Child-care plans
- Miscellaneous employee discounts
- Free lunches at work

Rising Healthcare Costs

Healthcare costs have risen at a rate that makes it difficult for governments, businesses, and individuals to keep up. Without health insurance, individuals can easily be forced into poverty by trying to obtain medical care on their own.

While the cost negatively impacts businesses, it also offers an opportunity through competitive advantage. This is to say, organizations can capture lower health insurance costs per employee due to scale economies, allowing organizations an important bargaining chip in the hiring process.

Stock Options

Another key benefit for top talent is the offering of stock options. While stock as compensation has unique taxation rules, which can make it more or less attractive for specific people, it also has the added benefit of motivating the employee (particularly top

management) to work to achieve broader organizational success. Stock options essentially mean ownership of the company, and this company ownership (i.e., equity) drives positive employee behavior.

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Human Resource Management

Part 21

The Evolution of Labor Relations

Human resource management must carefully monitor the labor relations and regulations in all of the geographic regions where they hire.

LEARNING OBJECTIVE

Understand the way in which labor relations and labor unions evolve and change over time, alongside the implications of the negotiation process between employers and employees.

KEY POINTS

- A trade union or labor union is an organization dedicated to promoting employee rights and improving employee welfare in a given organization or industry; this is the fulcrum of labor relations.
- The prevalence of unions, both from a geographic and industry standpoint, often significantly impacts the welfare and wage propositions of a substantial number of employees.

- Human resource professionals need to closely monitor changes in labor relations, both to understand the most recent hiring practices and to ensure compliance (if applicable) with union rules and regulations.
- In 2010, union membership in the U.S. hovered around 11%. This is down substantially from historic numbers, and is the lowest in 70 years in the U.S.

TERM

- **Labor relations:** The study and practice of managing unionized employment situations.

The prevalence of unions, both from a geographic and industry standpoint, often significantly impacts the welfare and wage propositions of a substantial number of employees. Unionization is hotly debated, as unions employ collective bargaining on behalf of employees independently from company human resource (HR) policies. The legislative backing and legal framework is complex and ever evolving, both domestically and abroad. HR professionals need to closely monitor this evolution, both to understand the most recent hiring practices and to ensure compliance (if applicable) with union rules and regulations.

The Definition of Labor Relations

While the term is used broadly and in many contexts, labor relations, for our purposes, is the study and practice of managing unionized employment situations. This definition can be expanded to include history, law, sociology, management, and political science, as the existence, evolution, and implications of union development have substantial political, economic, and legal implications.

The Declining Unions

Laissez-faire attitudes and the promotion of free market dynamics are, in many ways, contrary to the legal creation of employee rights. Whether this loss of interest in collective bargaining is a good thing or a bad thing is up for debate, and the power of trade unions is integral to this discussion. Labor relations are a subarea of industrial relations, which is the field of employee/employer relationships. Industrial relations was a more prevalent field of study historically, however, and has seen substantial decline both as an academic field and as a business application. Laissez-faire attitudes and the promotion of free-market dynamics are, in many ways, contrary to the legal creation of employee rights. Whether this loss of interest in collective bargaining is a good thing or a bad

thing is up for debate, and the power of trade unions is integral to this discussion.

A trade union or labor union is an organization dedicated to promoting employee rights and improving employee welfare in a given organization or industry. This is the fulcrum of labor relations, and thus central to the discussion of how it is evolving today (compared to how it evolved in the past).

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Human Resource Management

Part 22

Work-Place Diversity

In the modern global market, diversity is essential to generating innovative ideas, understanding local markets, and acquiring talent.

LEARNING OBJECTIVES

- Identify the advantages inherent in employing diversity within organizations
- Recognize the potential costs and threats attributed to mismanaging diversity
- Identify how corporate culture can enable inclusion internally.

KEY POINTS

- The business case for diversity is driven by the view that diversity brings substantial potential benefits that outweigh the organizational drawbacks and costs incurred.

- Diversity leads to a deeper level of innovation and creativity, the ability to localize to new markets, and the ability to be adaptable through access to top-level talent pools and rapid decision-making.
- In a global marketplace, organizations must be careful to adhere to all diversity-related laws and regulations. They must also be wary of mismanaging localization, ensuring that they maintain an ethical and culturally-sensitive integration with new regions.
- Organizational culture is the collective behavior of an organization's members and the meaning attached to that behavior. Inclusive cultures demonstrate organizational practices and goals in which those having different backgrounds are welcomed and treated equally in the organization.
- Inclusive cultures are focused on values that empower open-mindedness, promote healthy conflict, value new perspectives, and avoid judgmental attitudes.
- Creating an inclusive culture means not only stating cultural components the organization wishes to emphasize, but also working towards an ideal level of open and inclusive behavior.
- There are a number of paradigms underlined by experts in diversity management that demonstrate the linear movement

from acceptance of diversity to active integration of inclusion with the corporate culture.

TERMS

- **Discrimination:** Distinct treatment of an individual or group to their disadvantage; treatment or consideration based on class or category rather than individual merit; partiality; prejudice; bigotry.
- **Groupthink:** A process of reasoning or decision-making by a group, especially one characterized by uncritical acceptance of or conformity to a perceived majority view.
- **Inclusion:** The act of including someone or something in a group, set, or total.
- **Culture:** The beliefs, values, behavior, and material objects that constitute a people's way of life.
- **Multiculturalism:** The characteristics of a society, city, or organization that has many different ethnic or national cultures mingling freely; political or social policies that support or encourage such coexistence.

Arguments for Diversity: Innovation

It is widely noted that diverse teams lead to more innovative and effective ideas and implementation. The logic behind this is relatively simple. Innovative thinking inherently requires individuals to go outside of the normal paradigms of operation, utilizing diverse perspectives to craft new and unique conclusions. A group of similar individuals with similar skills are much less likely to stumble across a series of new ideas that may lead to innovative progress. Indeed, similarity breeds groupthink, which diminishes creativity.

Localization

Some theorize that, in a global marketplace, a company that employs a diverse workforce is better able to understand the demographics of the global consumer-marketplace it serves, and is therefore better equipped to thrive in that marketplace than a company that has a more limited range of employee demographics. With the emerging markets across the globe demonstrating substantial GDP and market growth, organizations need local talent to enter the marketplace and communicate effectively. Individuals from a certain region will have a deep awareness of the needs in that region, as well as a similar culture, enabling them to add considerable value to the organizational development of strategy.

Adaptability

Finally, organizations must be technologically and culturally adaptable in the modern economy. This is crucial to reacting to competitive dynamics quickly and staying ahead of industry trends. Diversity enables unique thinking and improved decision making through a deeper and more comprehensive worldview. Diversity also enables hiring of various individuals with diverse skill sets, creating a larger talent pool. The value of this, particularly at the managerial level, is enormous. Staying quick on one's feet (as an organization, that is) by leveraging the strength of diversity is critical to capturing opportunities and dodging external threats.

Mismanaging Diversity

While diversity has clear benefits from an organizational perspective, the threat in diversity comes from mismanagement. Due to the legal framework surrounding diversity in the workplace, the underlying threat to mismanaging diversity arises through neglect of relevant rules and regulations. Equity of pay for all employees, as well as ethical hiring Source: Boundless.

The Inclusive Workplace

Corporate cultures that display characteristics of global awareness and inclusion capture critical benefits of workplace diversity.

Corporate culture is the collective behavior of people who are part of an organization and the meanings that these people attach to their actions. Organizational culture affects the way people and groups interact with each other internally, as well as with clients and other stakeholders. Enabling an inclusive culture is highly advantageous in capturing the value of diversity.

Characteristics of Inclusion

Inclusive cultures are focused on values that empower open-mindedness, promote healthy conflict, value new perspectives, and avoid judgmental attitudes. The primary threats to an inclusive culture are groupthink, discrimination, stereotyping, and defensiveness.

An inclusive culture may include a variety of tangible elements, such as acceptance and appreciation of diversity, regard for and fair treatment of each employee, respect for each employee's contribution to the company, and equal opportunity for each employee to realize his or her full potential within the company. An organization may also adhere to a policy of multiculturalism, integrating diversity into the mission and vision statements and various other internal policies.

Paradigms of Diversity Management

With this in mind, the question of how to integrate these concepts into the organization's culture is the primary concern for management. Creating an inclusive culture means not only stating support for it via various corporate-wide outlets, but also working towards an ideal level of open and inclusive behavior. Culture is a matter of organizational behavior because it is inherently about how people act (mostly subconsciously), and thus requires a great deal of energy and effort to alter.

The following paradigms are a result of extensive academic research by experts in diversity. The list below can be seen as a linear progression in achieving inclusion, the first being the simplest and least effective and the last being the most complex and most effective:

- *Resistance paradigm*: In this phase, there is a natural cultural resistance to change and equity across diverse groups. This paradigm requires extensive managerial efforts to overhaul, and corporate policies must be put into place to create a structure for corporate inclusion.
- *Discrimination-and-fairness paradigm*: In this phase, the organization focuses simply on adherence to social and legal

expectations. The diversity team and inclusion culture primarily come out of human resource and legal professionals fulfilling minimum requirements, so they are still fairly weak.

- *Access-and-legitimacy paradigm:* At this phase, management has successfully elevated the culture from acceptance to active inclusion. Now the organization is looking at the overall benefits derived through diversity and utilizing them to capture maximum competitiveness.
- *Learning-and-effectiveness paradigm:* In this final stage, management has successfully integrated inclusion in a way that is proactive and learning-based. Groups are designed to not only capture the innovative and creative aspects of diversity, but also to share diverse skill sets and grow in efficacy through the learning process.

Human Resource Management

Part 23

Conflict in the workplace

Conflict in the workplace arises when there is a non-acceptance of the differences which exist between people at work.

LEARNING OBJECTIVE

- Explain the causes of and solutions to conflict in the workplace.

KEY POINTS

- Human resource managers report spending 24% to 60% of their time dealing with employee disputes.
- Causes for conflict within the workplace may include poor organizational structures, a strong spirit of competitiveness and non-cooperation, poor communication, personality conflicts, frequent change, and lack of teamwork.
- Strategies to help resolve worker conflict may include listening carefully, staying impartial, and agreeing to work on an action plan going forward.

TERM

- conflict: A clash or disagreement, often violent, between two opposing groups or individuals.

EXAMPLE

- A disgruntled employee may violently act out against another employee if she feels slighted or the need to retaliate. However, due to different styles of interaction or differing values or beliefs, the cause of the conflict may just be a miscommunication.

Introduction

Human resource managers report spending 24% to 60% of their time dealing with employee disputes.

According to a study by the Society of Human Resource Management (SHRM), the number of violent incidents in the workplace has been increasing. Nearly 60% of respondents said violence had occurred in their organization during the past three years, and they identified "personality conflicts" as the leading cause.

Why Conflicts Arise

Conflict arises when one or more person tries to ensure their preferred outcome is achieved to the exclusion of the preferred outcome of others. Causes of conflict within an organization include:

1. Poor organization structures where people may feel alienated or isolated, thus the spirit of competitiveness and non-cooperation may be strong.
2. Poor communication where people don't have the opportunity to express how they feel or to clear up causes of conflict which may arise.
3. Personality conflicts which cause people to clash with each other due to different styles of interaction or differing values or beliefs.
4. Poorly managed change within an organization, which can lead to people feeling insecure and threatened.
5. Lack of teamwork /poor performance, where some members of the team believe other colleagues are not competent in the jobs they do.

Overall, conflict arises when there is a non-acceptance of the differences which exist between people at work. It is also more likely to happen in organizations where there is a high level of uncertainty, or where there are poor industrial relations. The

atmosphere this causes can result in a raising of tension levels and poor relationships at work.

Conflict Resolution Strategies

The following strategies can help effectively resolve worker conflict:

1. Be a good listener. The parties involved should all want to tell their story. Even though getting people to speak freely can increase the level of conflict, it's a good idea to get all the complaints and issues out so you can begin working on a solution.
2. Stay impartial without getting the the staff to hate you and the establishment. If your staff has been divided into camps, each espousing one idea over another, make sure you understand the motivations of each group.
3. Stay logical. Don't let your feelings for the people on staff influence your decision. If you don't get along with the people in one group, do not dismiss their ideas and claims.
4. Agree an action plan. Who will do what, when and how. Monitor progress and review within an agreed period. Move on from the conflict once it has been resolved.

Exam 2023

Answer all Questions.

Question One: Choose one answer from A and B (40 marks)

1. Human Resource Management (HRM) general functions involve re-engineering organization processes.
2. Considering these various theoretical models, job design is best described as specifying a task with enough context to communicate clearly and concisely what is expected of a given employee.
3. At the employees' level, HRM ensures compliance with employment and labor laws, which differ by geography, and often oversees health, safety, and security.
4. In 360-degree feedback members of a group evaluate and appraise the performance of their fellow group members.
5. In the Socio-Technical Systems Approach of job design, subsystems must be designed around relatively self-contained and recognizable units of work.
6. Job design is usually completed before hiring the individual to make sure he fits the job.
7. The goals of effectively orienting the employee for success are to maximize turnover and maximize satisfaction.
8. A task can be defined as a piece of assigned work expected to be performed within a certain time.
9. Job analysis is best described as specifying a task with enough context to communicate clearly and concisely what is expected of a given employee.
10. One of HRM general functions is managing transformation and change.
11. Job designers must strictly and thoroughly identify tasks that need completion.

12. In employee-comparison methods employees have the right to underline what they think their performance is, and why certain metrics may be misleading.
13. The Socio-Technical Systems Approach is widely used as a framework to study how particular job characteristics affect job outcomes, including job satisfaction.
14. Psychological Empowerment theory suggests that when individuals are aware of the impact they have, they benefit more than if they cannot attribute positive impact to any of their actions.
15. Job specification describes the tasks that are required for the job, while job description describes the requirements that a person needs to do that job.
16. Validity is a limit distinguishing between passing and failing scores on a selection test.
17. Talent development refers to an organization's ability to align strategic training and career opportunities for employees.
18. Performance appraisal is used to evaluate both the individual employee level and the organizational level.
19. Strategic transfers usually move employees from their original department after it becomes clear that their skill set is more suited to another department.
20. In core characteristic model the experienced meaningfulness of the work linked to skill variety, task variety and task significance.

Question two: Choose one answer from A, B , C and D (60 Marks)

1. Programs an employer uses to supplement employees' compensation, such as paid time off and medical insurance.
A) Guaranteed pay B) Variable pay C) Benefits
D) Equity-based compensation
2. A drawback of this process is that the variability in performance can be due to factors outside employees' control.

- A) Objective production B) Judgmental evaluations C) Personnel
D) Graphic rating scale

3. Technology has dramatically changed the way human resource professionals approach the job selection process. Which of the following is largely a recent development in recruitment approaches?

- A) Executive search firms B) Outsourcing C) Social media
D) In-house

4. Human resource strategies, plans, and programs work to address the gaps in the organization's workforce through:

- A) Targeted hiring/staffing B) Employee learning and education C) Career development D) all the answers

5. The Core Characteristics Model.....

A) is a theory that maps the evolution from individual work to work groups.

B) connects job characteristics to the psychological states that the worker brings to the job.

C) stresses standardization of tasks and proper training of workers to administer the tasks for which they are responsible.

D) Both (A and B)

6. Once the potential applicants are identified, the next step is to evaluate their qualifications, qualities, experiences, capabilities, etc. and make

- A) onboarding B) a selection C) training D)
orientation

7. Which of the following is *not* a Key Element of Job Design?

- A) A task B) Motivation C) A structure D) Reward systems

8. Human resources department will typically serve as the company's primary liaison with.....

A) tax agency B) the employees' representatives C) both A and B D) None of the above

9. Internal sources that help HR managers in making pay decisions include the following *except*:

A) projection B) benchmarking C) simulation D) pay grades

10. Which of the following is a HR function on the individual level?

A) Overseeing organizational leadership and culture

B) Comply with law.

C) Liaison with the employees' representatives

D) Manage the employee experience during the employment life cycle

11. Employee-comparison methods will allow for.....

A) Employees to be judged against pre-established performance criteria scale.

B) employees to be compared with one another C) supervisors record behaviors of employees that they judge to be job-performance relevant. D) all the above

12. The stock of competencies, knowledge, and social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value are called ..

A) Human Capital B) Assets C) HRM D) Skills

13. Which of the following is *not* a common reason for employees' dismissal?

A) absenteeism B) improper use of breaks C) incompetence D) none of the above.

14. Which of the following is HRM function on the employee level?

A) overseeing organizational leadership and culture.

B) ensuring compliance with employment and labor laws.

C) overseeing health, safety, and security.

- D) select the best employees through the recruitment process.
15. The formal process of identifying the content of a position within an organization in terms of activities involved and attributes needed to perform the work, as well as major job requirements.
- A) Job design B) Job fit C) Job analysis D) Job evaluation
16. Which of the following is not one of recruitment approaches?
- A) demotion B) outsourcing C) employment agencies D) relying on in-house personnel
17. may take place when an organization is trying to grow a specific segment of its business.
- A) Talent transfers B) Strategic transfer C) Necessity transfers D) none of the answers.
18. What is the method of performance that allows for halo-effect errors to occur?
- A) Graphic rating scale B) Employee-comparison methods C) Behavioral checklists and scales D) Objective production
19. Correlation between a given position's roles, responsibilities, and objectives and the skills and competencies of the individual holding that position.
- A) Job design B) Job fit C) Job analysis D) Job evaluation
20. refers to an organization's ability to align strategic training and career opportunities for employees.
- A) Training B) Employee development C) Organizational development D) Talent development
21. The selection ratio is a useful metric that measures which of the following?
- A) The calculated applicant value metric(v) divided by the minimum hiring requirements (R)

B) The number of job openings (n) divided by the number of applicants (N)

C) The minimum hiring requirements (R) divided by the calculated applicant value metric(v)

D) The number of applicants (N) divided by the number of job openings (n)

22. One drawback of this performance evaluation method is that personnel data usually is not a comprehensive reflection of an employee's performance and is best complemented with other metrics.

A) Objective production B) Personnel C) Judgmental evaluation

D) Balanced scorecard

23. Which of the following is an option for reducing the surplus of human resources?

A) Demotions B) Transfers C) Work sharing D) all of the answers

24. Personnel selection systems often employ evidence-based practices to determine ideal candidates. Which of the following is NOT an evidence-based practice?

A) Work samples B) Knowledge test

C) Utilizing a social network for recruitment

D) Systematic collection of biographical data

25. Which of the following characteristics are NOT discussed as useful elements of new employee characteristics?

A) extroversion B) Reactiveness C) Openness D) Curiosity

26. is the structured planning and active management of an employee's professional career.

A) Placement B) Transfer

C) career path management D) career promotion

27. Which of the following is not an option for avoiding a shortage of human resources?

A) Temporary employees B) Retrained transfers C) Turnover reductions D) Demotion

28. can be defined as a written record of the duties, responsibilities, and conditions of job.

A) Job description B) Job specification C) Job profile D) none of the above

29. Which of the following is considered Organizational Tactics in the Organizational Socialization Model?

A) to emphasize relationship building B) use many of the resources such as videos, lectures, team-building exercises. C) to communicate of knowledge D) all of the above

30. Which of the following is *not* considered gross misconduct offenses that cause dismissal?

A) family violence B) repeated insubordination
C) fraud in the job application process D) harassment of co-workers

Exam 2018

Answer all Questions: Choose the one answer then fill the correct letter in your Bubble Answer Sheet.

Question One: Choose one answer from A and B (10 marks)

1. Human Resource Management (HRM) general functions involve re-engineering organization processes.
2. The number of safeguards in place against unfair practices in promotion depends on the public or private nature of the organization.
3. In 360-degree feedback members of a group evaluate and appraise the performance of their fellow group members.
4. One of HRM general functions is managing transformation and change.
5. Organizational development refers to an organization's ability to align strategic training and career opportunities for employees.
6. Strategic transfers usually move employees from their original department after it becomes clear that their skill set is more suited to another department.
7. A HR plan is usually made to either develop necessary competencies from within the organization or hire new people who already have them.
8. Performance assessments can create benefits for management and employees through improving performance however it can also be a stressful for both employees and managers.
9. Performance appraisal is used to evaluate both the individual employee level and the organizational level.
10. Job design is usually completed after hiring the individual to make sure he fits to the job.

Question two: Choose one answer from A, B , C and D (90 Marks)

1. HRM refers to:
 - A) all managerial activities
 - B) concepts and techniques used in leading people at work
 - C) the management of people in organization
 - D) management techniques for controlling people at work

2. Human resource strategies, plans, and programs work to address the gaps in the organization's workforce through:
 - A) Targeted hiring/staffing
 - B) Employee learning and education
 - C) Career development
 - D) all of the options
3. Once the potential applicants are identified, the next step is to evaluate their qualifications, qualities, experiences, capabilities, etc. and make
 - A) onboarding
 - B) a selection
 - C) a report
 - D) nothing
4. is a piece of assigned work expected to be performed within a certain time.
 - A) a work
 - B) a task
 - C) a vision
 - D) a job
5. Which of the following is a common reason for employees' dismissal?
 - A) absenteeism
 - B) improper use of breaks
 - C) incompetence
 - D) all the reasons.
6. Internal sources that help HR managers in making pay decisions include the following except:
 - A) benchmarking
 - B) projection
 - C) simulation
 - D) pay grades
7. Which of the following is HRM function on the employee level?
 - A) overseeing organizational leadership and culture.
 - B) ensuring compliance with employment and labor laws, which differ by geography.
 - C) overseeing health, safety, and security.
 - D) select the best employees through the recruitment process
8. The formal process of identifying the content of a position within an organization in terms of activities involved and attributes needed to perform the work, as well as major job requirements.
 - A) Job design
 - B) Job fit
 - C) Job analysis
 - D) Job evaluation
9. Which of the following is not one of recruitment approaches?
 - A) relying on in-house personnel
 - B) outsourcing
 - C) employment agencies
 - D) resignation

executive search firms, social media, and recruitment services on the Internet.

10. may take place when there is a demand for employees in a department of the organization where a specific skill set is scarce.

- A) Talent transfers B) Strategic transfers
C) Necessity transfers D) all of the answers

11. sets forth clear but general steps that must be completed for all infractions.

- A) corrective discipline B) Progressive discipline C) A and B D) neither A nor B.

12. What is the method of performance that allows for halo-effect errors to occur?

- A) Graphic rating scale B) Employee-comparison methods C) Behavioral checklists and scales D) Objective production

13. Employee-comparison methods will allow for.....

- A) Employees to be judged against pre-established performance criteria scale.
B) employees to be compared with one another
C) supervisors record behaviors of employees that they judge to be job-performance relevant.
D) all the above

14. Correlation between a given position's roles, responsibilities, and objectives and the skills and competencies of the individual holding that position.

- A) Job design B) Job fit C) Job analysis D) Job evaluation

15. refers to an organization's ability to align strategic training and career opportunities for employees.

- A) Training B) Employee development
C) Organizational development D) Talent development

16. One drawback of this performance evaluation method is that personnel data usually is not a comprehensive reflection of an employee's performance and is best complemented with other metrics.

- A) Objective production B) Personnel

- C) Judgmental evaluation D) Balanced scorecard
17. It stresses standardization of tasks and proper training of workers to administer the tasks for which they are responsible.
- A) Taylorism
B) the Socio-Technical Systems Approach
C) the Core Characteristics Model
D) psychological Empowerment Theory
18. Which of the following is an option for reducing a surplus of human resource?
- A) Demotions B) Transfers C) Work sharing D) all of the answers
19. This The Socio-Technical Systems Approach has the following guiding principles *except*:
- A) When individuals are aware of the impact they have, they benefit more than if they cannot attribute positive impact to any of their actions.
B) The design of the organization must fit its goals.
C) Employees must be actively involved in designing the structure of the organization
D) Control of variances in production or service must be undertaken as close to their source as possible.
20. In the Core Characteristics Model autonomy as a job element is directly correlates to responsibility for outcomes
- A) Experienced meaningfulness
B) Experienced responsibility
C) Knowledge of results
D) None of the answers
21. Support function that designs and implements company policies for managing employees
- A) Work Design B) HR manager
C) HR department D) Organizational culture
22. Which of the following is not a detriment of the performance appraisal system?
- A) the possible hindrance of quality control
B) stress for both employees and management.

- C) the prompting of feedback
D) legal issues arising from improper evaluations
23. Which of the following is an option for avoiding a shortage of human resource?
- A) Temporary employees
B) Retrained transfers
C) Turnover reductions
D) all of the options
24. Which of the following is *not* an example of human resource management (HRM) on the broader, more macro-level?
- A) liaison with the employees' representatives B) lobbying efforts with governmental agencies.
C) ensures compliance with employment and labor laws D) Providing an employee assessment
25. describes the tasks that are required for the job, whiledescribes the requirements that a person needs to do that job.
- A) job description, job specification
B) job specification, job description
C) job analysis, job description
D) Job specification, job analysis
26. Which stage of the recruitment process is best defined by using several strategies to attract or identify candidates?
- A) Onboarding B) Sourcing
C) Screening and selection D) Job analysis
27. identifies organizational goals and matches them with the competencies employees need to achieve those goals.
- A) The human resource planning process
B) Managing Employee Competencies
C) Managing Employee attitudes and Behaviors
D) Compensation and incentives

28.is best described as specifying a task with enough context to communicate clearly and concisely what is expected of a given employee.
A) Job design B) Job analysis C) Job description D) Job development
29. In core characteristic model the experienced meaningfulness of the work linked to
A) skill variety, task variety and task significance
B) skill variety, task variety and autonomy
C) skill variety, task variety and job feedback
D) skill variety, task significance and autonomy
30. The requirement(s) for a selection system is/are.....
A) knowledge B) skills C) abilities D) all answers.
31. Personnel selection systems often employ evidence-based practices to determine ideal candidates. Which of the following is an evidence-based practice?
A) Work samples B) Knowledge test
C) Systematic collection of biographical data D) all of the answers
32. is a limit distinguishing between passing and failing scores on a selection test.
A) The selection ratio B) predictor cutoff
C) key performance indicator D) none of the answers
33. can be defined as a written record of the duties, responsibilities and conditions of job.
A) Job description B) Job specification
C) Job profile D) none of the above
34. Which of the following is considered Organizational Tactics in the Organizational Socialization Model?
A) to emphasize relationship building B) use many of the resources such as videos, lectures, team-building exercises.
C) to communicate of knowledge
D) all of the above
35. Onboarding could best be described as which of the following?
A) Extensive on the job training strategies specifically tailored to improve performance

- B) Formal performance appraisal to develop employees' competencies.
C) The action or process of integrating a new employee into an organization.
D) Taking employees to a trip to motivate them
36. Set guidelines regarding safety practices at work.
A) Labor law B) Risk Law
C) Occupation safety & health laws
D) Fairness in safety regulations
37. Which of the following characteristics is discussed as useful elements of new employee characteristics in the Organizational Socialization Model?
A) Curiosity B) Pro-activeness C) extroversion D) all of the answers
38. A method of performance evaluation of employees such as sales figures, production numbers:
A) Objective production B) Personnel
C) Judgmental evaluation D) evaluation
39. Which of the following is not of the benefits of the Performance Appraisal system?
A) increase employee turnover B) Higher likelihood of improved employee performance
C) The prompting of feedback D) none of the options
40. When a manager is to encourage the participation of his subordinates while making departmental decisions and increase control over their own work. He is therefore said to be practicing.....
A) career path management B) employee development
C) empowerment D) legitimate power
41. Which of the following is a result of successful career path planning?
A) personal fulfillment B) a work and life balance
C) financial security D) all of the options
42. When a salesperson receives 2000 LE every month and receive 50% of every pound they bring in up to a certain amount of revenue. The 2000 LE is called:
A) Guaranteed pay B) variable pay C) Basic salary D) Equity-based compensation
43. In (42) the 50% of every pound the employees receive is called:

A) Guaranteed pay B) variable pay C) Basic salary D) Equity-based compensation

44. Which of the following statements is not correct?

A) Depending too heavily upon TD may result in an organization incapable of capitalizing on employee skills.

B) Focusing too much on OD will generate a company culture adverse to professional development.

C) The objectives of equity-based compensation plans are retention, and attraction of new hires

D) none of the above

45. The actual achievements compared with the objectives of the job is.....

A) Job performance B) Job evaluation C) Job description D) None of the above

46. Non- financial incentives include all of the following except:

A) consultation B) team working C) bonus D) job rotation

47. the structured planning and active management of an employee's professional career

A) Placement B) Transfer C) career promotion D) career path management

48. One of the three inputs, related to organization, that begin the orientation process is

A) outcomes B) employee characteristics

C) organizational tactics D) None of the above

49. Upon the arrival of the new employee, what the company would do of the following?

A) assigning a staff person to greet and welcome the new employee.

B) explain what will be involved in the orientation process

C) introduce the employee to his or her coworkers.

D) all of the above

50. One drawback of this performance appraisal method is that the variability in performance can be due to factors outside employees' control. This method is:

A) Objective production B) Personnel C) Judgmental evaluation D) Balanced scorecard