

Attracting and Retaining the Best Employees

9 9

Learning Objectives

- ① Describe the major components of human resources management.
- ② Identify the steps in human resources planning.
- ③ Describe cultural diversity and understand some of the challenges and opportunities associated with it.
- ④ Explain the objectives and uses of job analysis.

Learning Objectives (cont'd)

- ⑤ Describe the processes of recruiting, employee selection, and orientation.
- ⑥ Discuss the primary elements of employee compensation and benefits.
- ⑦ Explain the purposes and techniques of employee training and development.
- ⑧ Discuss performance appraisal techniques and performance feedback.
- ⑨ Outline the major legislation affecting human resources management.

Human Resources Management (HRM): An Overview

- **All the activities involved in acquiring, maintaining, and developing an organization's human resources**
- **HRM Activities**
 - **Human resources planning**
 - Determining the firm's human resource needs
 - **Job analysis**
 - Determining the exact nature of the positions
 - **Recruiting**
 - Attracting people to apply for positions
 - **Selection**
 - Choosing and hiring the most qualified applicants
 - **Orientation**
 - Acquainting new employees with the firm

Human Resources Management (HRM): An Overview (cont'd)

■ **Maintaining**

• **Employee relations**

- Increasing employee job satisfaction through satisfaction surveys, communication programs, exit interviews, and fair treatment

• **Compensation**

- Rewarding employee effort through monetary payments

• **Benefits**

- Providing rewards to ensure employee well-being

■ **Development**

• **Training and development**

- Teaching employees new skills, new jobs, and more effective ways of doing their present jobs

• **Performance appraisal**

- Assessing employees' current and potential performance levels

Human Resources Management (HRM): An Overview (cont'd)

- **Responsibility for HRM**
 - Shared responsibility of line managers and staff HRM specialists
 - Staff specialists develop specific HR activities (e.g., training and development) and deliver them with the assistance and input of line managers

Human Resources Planning

- **The development of strategies to meet a firm's future human resources needs**
- **Forecasting human resources demand**
 - **Factors affecting HR demand**
 - The firm's overall strategic plan
 - The firm's past history of staffing levels
 - Evolving technologies
 - Industry staffing practices
 - Projected economic trends
 - **HR staff determine both the number of employees needed and their qualifications**

Human Resources Planning (cont'd)

- **Forecasting human resources supply**
 - **Factors affecting HR supply**
 - The firm's present workforce and any internal changes or movements
 - **Supply forecasting techniques**
 - Replacement chart
 - List of key personnel and their possible replacements within the firm
 - Skills inventory
 - Computerized data bank containing information on the skills and experience of all present employees

Human Resources Planning (cont'd)

■ **Matching supply with demand**

- If demand is greater than supply, then the firm must recruit and select new employees
- If supply is greater than demand, then the firm must prepare plans to reduce the workforce through
 - Layoffs: dismissing employees from the workforce until they are needed again
 - Attrition: normal reduction of the workforce that occurs when employees leave the firm
 - Early retirement: allowing or encouraging persons to retire early with full benefits
 - Firing may be necessary to remove excess employees from the workforce

Cultural Diversity in Human Resources

- **Differences among people in a workforce owing to race, ethnicity, and gender**
- **Advantages of diversity**
 - Cost savings from properly managing and integrating diversity into the company
 - Attracting the best personnel
 - Marketing advantages due to a better understanding of different cultural groups
 - Improved creativity
 - Increased organizational flexibility in the placement of personnel
 - Fresh viewpoints for problem solving and decision making
 - Bilingual skills bring numerous benefits to the organization

Cultural Diversity in Human Resources (cont'd)

- **Coping with diversity challenges**
 - Train and educate managers to respect and manage diversity
 - Recruit minority employees and train them to be managers
 - Train managers to view diversity positively
 - Teach English as a second language
 - Facilitate support groups for immigrants
 - Have a strong commitment from upper management to diversity goals for the organization

Job Analysis

- **A systematic procedure for studying jobs to determine their various elements and requirements**
- **Job description**
 - A list of the elements that make up a particular job
 - Duties to be performed, working conditions, the jobholder's responsibilities, the tools and equipment used on the job
- **Job specification**
 - A list of the qualifications required to perform a particular job
 - Skills, abilities, education, and experience
- **Used for recruiting, selecting, evaluation, and compensation decisions**

Recruiting, Selection, and Orientation

- **The process of attracting qualified job applicants**
- **Goal is to attract the “right” number of applicants**
- **External recruiting**
 - **Sources**
 - Websites, newspaper ads, employment agencies, college campuses, employee referrals, open houses, walk-in applicants
 - **Advantages**
 - Fresh perspectives and varied backgrounds of new hires
 - Attracting applicants with the required skills and knowledge
 - **Disadvantages**
 - Expense
 - May cause resentment among existing employees

Recruiting, Selection, and Orientation (cont'd)

■ Internal recruiting

- **Promotion or transfer**
- **Job posting may be required by policy or union contract**
- **Advantages**
 - Provides motivation for current employees
 - Helps retain quality personnel
- **Disadvantages**
 - Cost of filling the newly vacant position
 - Cost of training another employee

Recruiting, Selection, and Orientation (cont'd)

■ Selection

- The process of gathering information about applicants and then using that information to choose the most appropriate applicant

■ Employment applications

- Provide useful factual information about the applicant
- Information gathered is used for
 - Identifying applicants worthy of further scrutiny
 - Familiarizing interviewers with applicant backgrounds
- Often include résumés

Recruiting, Selection, and Orientation (cont'd)

Selection (cont'd)

■ Employment tests

- Focus on aptitude, skills, abilities, and knowledge relevant to the job
- For a test to be nondiscriminatory, it must be job-related and validated as an accurate predictor of job performance

■ Interviews

- The most widely used selection technique
- Opportunity for applicants and the firm to learn more about each other
- For interviews to be nondiscriminatory, a structured interview format is recommended

Interview Questions That May Be Difficult to Answer

Table 9-2

1. Tell me about yourself.
2. What do you know about our organization?
3. What can you do for us? Why should we hire you?
4. What qualifications do you have that make you feel that you will be successful in your field?
5. What have you learned from the jobs that you have held?
6. If you could write your own ticket, what would be your ideal job?
7. What are your special skills, and how did you acquire them?
8. Have you had any special accomplishments in your lifetime that you are particularly proud of?
9. Why did you leave your most recent job?
10. How do you spend your spare time? What are your hobbies?
11. What are your strengths and weaknesses?
12. Discuss five major accomplishments.
13. What kind of boss would you like? Why?
14. If you could spend a day with someone you have known or known of, who would it be?
15. What personality characteristics rub you the wrong way?
16. How do you show your anger? What type of things make you angry?
17. With what type of person do you spend the majority of your time?
18. What activities have you ever quit?
19. Define cooperation.

Sources: Adapted from Susan D. Greene and Melanie C. L. Martel, *The Ultimate Job Hunter's Guidebook*, 5th ed. Copyright © 2008 by Houghton Mifflin Company, pp. 196–197. Used with permission.

Recruiting, Selection, and Orientation (cont'd)

Selection (cont'd)

▪ References

- Used to verify information furnished by the applicant about previous job responsibilities and the reason for leaving their previous job

▪ Assessment centers

- Used to select current employees for promotion to higher-level management positions
- Employees participate in simulated management activities and are observed and evaluated by other senior managers

Recruiting, Selection, and Orientation (cont'd)

■ Orientation

- The process of acquainting new employees with an organization
- May be brief and informal or long and formal

■ Topics

- Range from location of company cafeteria to career paths within the firm

Compensation and Benefits

- **Effective employee reward systems must**
 - Enable employees to satisfy their basic needs
 - Provide rewards comparable to those offered by other firms
 - Be distributed fairly in the organization
 - Recognize that different people have different needs

Compensation Decisions

- **Compensation**
 - The payment employees receive in return for their labor
- **Compensation system**
 - The policies and strategies that determine employee compensation
- **Wage level**
 - The firm's choice to position its general level of pay at, above, or below the market (prevailing wage) for an industry or a geographic area
 - **Wage survey**—a collection of data on prevailing wage rates within an industry or geographic area

Compensation Decisions (cont'd)

■ Wage structure

- The internal compensation structure that sets the relative pay levels for all the positions in the firm
- Job evaluation—the process of determining the relative worth of the various jobs within a firm
 - Ranking jobs according to their value to the firm
 - Job analysis using a point system to value jobs

■ Individual wages

- Decisions on specific wage payments to individual employees are based on
 - The wage range for the job
 - The individual's proficiency, experience, and performance

Compensation Decisions (cont'd)

- **Comparable worth**

- A concept that seeks equal compensation for jobs requiring about the same level of education, training, and skills

Types of Compensation

- **Hourly wage**
 - A specific amount of money paid for each hour of work
- **Salary**
 - A specific amount of money paid for an employee's work during a set calendar period, regardless of the number of hours worked
- **Commission**
 - A payments that is a percentage of sales revenue
- **Incentive payment**
 - A payment in addition to wages, salary, or commissions such as gain sharing for exceeding goals or quotas
- **Lump-sum salary increase**
 - An entire pay raise taken in one time in one lump sum
- **Profit sharing**
 - The distribution of a percentage of a firm's profit among its employees

Employee Benefits

- **Rewards in addition to regular compensation that are provided indirectly to the employee**
- **Types of benefits**
 - **Pay for time not worked**
 - Vacation time, holidays, and sick leave
 - **Insurance packages**
 - Health, life, and dental insurance
 - **Pension and Retirement programs**
 - Costs may be shared or fully paid by the employer
 - **Required by law**
 - Workers' compensation, unemployment insurance, and Social Security
 - **Other benefits**
 - Tuition-reimbursement, credit unions, child care, company cafeterias, exercise rooms, stock-options, special benefits to U.S. military reservists called to active duty

Employee Benefits (cont'd)

■ Flexible benefits plan

- Compensation plan whereby an employee receives a predetermined amount of benefit dollars to spend on a package of benefits he or she has selected to meet individual needs
- Administration cost is high but deemed justified
 - More specifically meet employees' needs
 - Help company contain costs in the long run
 - Company is perceived to be employee friendly thereby being in a better position to attract and retain qualified employees

Training and Development

- **Employee training**
 - The process of teaching operations and technical employees how to do their present jobs more effectively and efficiently
- **Management development**
 - The process of preparing managers and other professionals to assume increased responsibility in both present and future positions
- **Development of a training program**
 - Analysis of the needs
 - Determination of training and development methods
 - Creation of evaluation system to assess the program's effectiveness

Analysis of Training Needs

- **Is training needed?**
- **What types of training are needed?**
 - Improve technical skills
 - Focus on organizational procedures, business ethics, product information, customer service
- **Is motivation needed?**
- **Training is expensive; be sure it is appropriate**

Training and Development Methods

- **On-the-job**
 - New employee learns by working under the supervision of experienced employee
- **Simulation**
 - Training in an area that replicates the actual work environment without the day-to-day pressures
- **Classroom teaching and lectures**
 - For large groups who need the same information (e.g., notification of change in benefits)
- **Conferences and seminars**
 - Experts and learners meet to discuss problems and exchange ideas
- **Role playing**
 - Acting out the roles of others in the organization for a better understanding of those roles

Evaluation of Training and Development

- **Before training, develop a set of verifiable objectives that specify what is expected and how the results are to be measured**
- **Measure or verify training results**
- **Make the results known to all those involved in the program—including trainees and upper management**

Performance Appraisal

- **The evaluation of employee's current and potential levels of performance to allow managers to make objective human resource decisions**
- **Uses of performance appraisal**
 - Let workers know how they are doing and how they can do better
 - Provide the basis for distributing rewards
 - Help the organization monitor employee selection, training, and development activities

Common Evaluation Techniques

- **Objective methods**
 - Their basis is a measurable quantity (e.g., units of output, sales volume, number of defective products).
- **Judgmental methods**
 - **Managerial estimates of employee performance levels**
 - **Ranking**
 - Ordering employees from best to worst
 - Difficult to use because there is no absolute standard
 - **Rating**
 - Using a predetermined scale (standard) to evaluate each employee's performance

Common Evaluation Techniques (cont'd)

- **Avoiding appraisal errors**
 - Use the entire evaluation instrument; avoid focusing on one portion
 - Do not let an employee's poor performance in one area influence the evaluation of other areas of performance
 - Evaluate the entire performance period and not the most recent behaviors of the employee
 - Guard against any form of personal bias or discrimination in the evaluation

Performance Feedback

- **Performance appraisal information should be provided to employees**
- **Approaches to performance feedback**
 - **Tell-and-sell**
 - Superior tells the employee how well or poorly the employee is performing and attempts to persuade the employee to accept the evaluation
 - Supervisor tells the employee about his or her performance and then gives the employee a chance to respond
 - **Problem-solving approach**
 - Employee evaluates own performance and sets own goals; supervisor offers comments and goals are mutually established

Performance Feedback (cont'd)

Approaches to performance feedback (cont'd)

- **Mixed interview**
 - Tell-and-sell to communicate administrative decisions
 - Problem-solving to discuss employee-development issues and future goals
- **360-degree evaluation**
 - Employee is provided feedback from evaluations by his superiors, peers, and subordinates

The Legal Environment of HRM

- **National Labor Relations Act and Labor-Management Relations Act (1935)**
 - Established a collective-bargaining process in labor-management relations as well as the National Labor Relations Board (NLRB)
- **Fair Labor Standards Act (1938)**
 - Established a minimum wage and an overtime pay rate for employees working more than forty hours per week
 - Many managers and other professionals are exempt
- **Labor-Management Relations Act (1947)**
 - Provides a balance between union power and management power; also known as the Taft-Hartley Act
- **Equal Pay Act (1963)**
 - Specifies that men and women who do equal jobs must be paid the same wage
 - Differences are legal if they are attributed to seniority, qualifications, or performance

The Legal Environment of HRM (cont'd)

- **Title VII of the Civil Right Act (1964)**
 - Prohibits discrimination in employment practices based on sex, race, color, religion, or national origin
 - Enforced by the Equal Employment Opportunity Commission (EEOC)
- **Age Discrimination in Employment Act (1967-1986)**
 - Prohibits personnel practices that discriminates against people aged 40 and older
 - Eliminated mandatory retirement age
- **Occupational Safety and Health Act (1970)**
 - Regulates the degree to which employees can be exposed to hazardous substances and specifies the safety equipment that the employer must provide
 - Enforced by the Occupational Safety and Health Administration (OSHA)
- **Employment Retirement Income Security Act (1974)**
 - Regulates company retirement programs and provides a federal insurance program for retirement plans that go bankrupt

The Legal Environment of HRM (cont'd)

- **Employment Retirement Income Security Act (1974)**
 - Regulates company retirement programs and provides a federal insurance program for retirement plans that go bankrupt
- **Worker Adjustment and Retraining Notification (WARN) Act (1988)**
 - Requires employers to give employees sixty days notice regarding plant closure or layoff of fifty or more employees
- **Americans with Disabilities Act (1990)**
 - Prohibits discrimination against qualified individuals with disabilities in all employment practices
 - Reasonable accommodation
 - Required by employers to provide any modification or adjustment to a job or work environment to enable a qualified, disabled employee to perform a central job function
- **Civil Rights Act (1991)**
 - Facilitates employees' suing employers for sexual discrimination and collecting punitive damages

The Legal Environment of HRM (cont'd)

- **Family and Medical Leave Act (1993)**
 - Requires an organization with fifty or more employees to provide up to twelve weeks of leave without pay for serious family business such as births, adoptions, illness
- **Affordable Care Act (2010)**
 - Requires an organization with fifty or more employees to make health insurance available to employees or pay an assessment, gives employees the right to buy health insurance from another provider

The Legal Environment of HRM (cont'd)

- **Affirmative Action (a series of executive orders)**
 - **Applies to all employers with fifty or more employees holding federal contracts in excess of \$50,000**
 - **Such employers must**
 - actively encourage job applications from members of minority groups
 - hire qualified employees from minority groups not fully represented in the organization