Chapter 6

Human Resource Management in Enterprise

Learning objectives

- The concept and importance of human resource management.
- Objectives and functions of human resource management.
- The concept, meaning, and effects of job analysis.
- Exploit resources of labor capability.
- Arrangement and use of labor.
- Employee training, coaching, and development.
- Evaluate employee's performance to perform work.
- Paying for labor.

1. The concept and importance of human resource management

Concepts of human resource management

- Human resource management includes planning, organizing, commanding, and controlling activities to attract, utilize, and develop people to achieve business goals.
- In other words, human resource management is all activities of an enterprise to attract, build, develop, use, evaluate, and preserve a workforce suitable to the business's work requirements in terms of quantity and quality.

Roles of human resource management

- *Firstly*, due to increasingly fierce competition in the market, enterprises that want to survive and develop are forced to improve their organizations in the direction of streamlining, compactness, and dynamism, in which the human factor is a key decision.
- Second, the advancement of science and technology along with economic development forces administrators to know how to adapt their businesses. Therefore, the implementation of planning, recruiting, maintaining, developing, training, motivating, and creating favorable conditions for people throughout the organization to achieve predetermined goals is a top concern.

Roles of human resource management (Cont.)

- Third, human resource management research helps administrators achieve goals and results through others.
 - An administrator can make a complete plan, build a clear organizational chart, have a modern control system, etc.
 - However, an administrator can still fail if he does not know how to hire the right people for the right job or doesn't know how to encourage employees to work.
 - ❖ To effectively manage a business, managers need to know how to work and have a good relationship with others and know how to entice others to work for them.

Roles of human resource management (Cont.)

- Fourth, human resource management research helps managers learn how to deal with others as follows:
 - How to find a common language and be sensitive to the needs of employees.
 - How to evaluate employees accurately.
 - How to attract employees to be passionate about their work.
 - Avoid mistakes in recruiting and using employees.
 - How to coordinate the implementation of business goals and individual goals and improve business efficiency.

Basic principles of human resource management

- Effectively use of human resources to increase labor productivity and improve organizational effectiveness.
- Meet the increasing needs of employees, create conditions for employees to maximize their abilities, be most stimulated and motivated at work, and be loyal to an enterprise.
- Ensure enough workers with the right level of qualifications and skills, placing them in the right jobs at the right time to achieve an enterprise's goals.
- Use of labor must be combined with reasonable labor remuneration.

The importance of human resource management

- Human resource management is important because it ensures that organizations can attract, retain, and develop the right talent.
- By having effective HRM practices in place, organizations are better able to create a positive work environment that promotes employee satisfaction and engagement. This, in turn, leads to improved productivity and profitability.

The importance of human resource management (Cont.)

- HRM plays a crucial role in ensuring compliance with legal and ethical standards related to employment practices. This includes ensuring fair and equal treatment of all employees, as well as maintaining confidentiality and data protection.
- The importance of human resources lies in its ability to maximize the potential of an organization's workforce, create a positive work environment, and ensure compliance with legal and ethical standards.

2. Objectives and functions of human resource management

HRM objectives

- HRM objectives are goals that the human resources department sets to manage and develop the employees of a company.
- Objectives include attracting and selecting the best candidates, providing training and development opportunities, and ensuring fair compensation and benefits.
- Essentially, HRM objectives aim to align the workforce with the goals and objectives of the organization.

HRM objectives (Cont.)

Example

- ❖ A retail store sets an HRM objective of reducing employee turnover by 50% within the next year.
- To achieve this objective, the HR department develops strategies such as improving employee benefits and offering training and development opportunities.
- By achieving this objective, the store can reduce recruitment and training costs and maintain a stable and engaged workforce.

- Accomplish organizational goals.
- Enhancing a positive work culture.
- Training and development.
- Employee motivation.
- Team coordination.

- Accomplish organizational goals
 - One of the main aims is to fulfill the company's goals.
 - For an effective and efficient HRM, it is important to utilize human resources to accomplish the company's requirements and objectives.
 - To be successful in achieving organizational objectives, HR needs an efficient plan and implementation.

- Enhancing a positive work culture
 - When it is about managing human resources efficiently and following goals, employees and the environment in which they work are important factors.
 - HR managers must be active in creating strategies to facilitate an enhanced work culture.

Training and development

- With effective training and future opportunities, employees are more organized, and they feel comfortable and safe.
- Effective employment is greatly associated with training practices.
- Therefore, offering such opportunities will be a good step for the management of the workforce.

Employee motivation

- ❖ A major aim of HR is to keep things moving in the correct direction and keep diversions and negativity away. For this to happen, the employees must be encouraged and motivated the whole time.
- ❖ To motivate employees, there is nothing better than workforce empowerment. This can be done with the help of tools such as a portal for employee selfservice, which will also save HR efforts.

Team coordination

Another main objective of human resource management is to ensure efficient team integration. Human resources should provide a tool that facilitates easier communication and makes coordination smoother.

HRM functions

- A functional objective is to uphold the contributions of different departments that support the organization in achieving its objectives.
- A well-developed enterprise will distribute its activities in various business functions such as finance, sales and marketing, administration, production, etc.
- Four functional objectives of the HRM are as follows:
 - Recruitment and selection.
 - Training and development.
 - Performance management.
 - Employee relations.

3. The concept, meaning, and effects of job analysis

What is job analysis?

- Job analysis is the process of systematically gathering information about a particular job to understand its duties, responsibilities, and requirements.
- It involves studying and documenting the tasks, skills, knowledge, and qualifications needed to perform the job effectively.
- Job analysis plays an essential role in ensuring that employees have the necessary skills and qualifications for their respective roles within an organization.
- It can help employers identify needed knowledge, skills, and abilities.

Identifying key competencies through job analysis

- Job analysis also aids in identifying key competencies required for success in various roles.
- As a result of analyzing the tasks and responsibilities of a particular job, employers can determine the critical skills and attributes needed for employees to excel in their positions.
- By identifying key competencies through job analysis, companies can ensure they have the right people in the right roles.

Identifying key competencies through job analysis (Cont.)

- This enhances individual performance and contributes to improved team dynamics and overall organizational effectiveness.
- Through job analysis, it may be revealed that strong leadership abilities, excellent organizational skills, and exceptional time management are vital competencies for this role.

Understanding the components of job analysis

- Job analysis involves several key components that help organizations comprehensively understand a particular role within their workforce.
- By delving into these components, employers can identify the specific requirements and qualifications necessary for successful job performance through job descriptions and job specifications.

Understanding the components of job analysis (Cont.)

Job descriptions

- This document outlines the tasks, responsibilities, and duties associated with a particular position.
- It provides a clear overview of what is expected from an employee in that role.
- A well-written job description not only helps potential candidates understand the nature of the job but also serves as a valuable tool for current employees to reference when clarifying their responsibilities.

Understanding the components of job analysis (Cont.)

Job specifications

- Another important aspect of job analysis is sorting out the essential skills and qualifications required for a specific position.
- A job specification focuses on outlining the knowledge, abilities, education, experience, and personal characteristics necessary for an individual to perform successfully in each role.
- By clearly defining these requirements, employers can effectively evaluate candidates' suitability to make hiring decisions.

The importance of job descriptions in job analysis

- A comprehensive and accurate job description plays a vital role in conducting effective job analysis.
- The primary purpose of a job description is to provide clarity about an employee's responsibilities.
- When creating a job description, it is crucial to include specific details about tasks, deadlines, reporting relationships, and any physical or mental demands associated with the role.
- An accurate job description helps organizations align their expectations with industry standards by including relevant information about required certifications or licenses.

The importance of job specifications in job analysis

- Job specification is a critical component of job analysis, as it helps organizations identify the qualifications and skills required for successful job performance.
- Job specifications typically include details about educational requirements, relevant work experience, and technical skills. It also includes personal attributes such as communication, problem-solving abilities, etc.
- Job specifications ensure fairness in the hiring process by establishing objective criteria for evaluating candidates.

Distinguishing job analysis and evaluation

 Job analysis and job evaluation are two different processes that play vital roles in human resources management.

Job analysis

- It primarily focuses on collecting information and data about different jobs within an organization to understand their requirements, responsibilities, and qualifications.
- It focuses on identifying the specific tasks, skills, knowledge, and abilities needed for each particular job.

Distinguishing job analysis and evaluation (Cont.)

 Job analysis and job evaluation are two different processes that play vital roles in human resources management.

Job evaluation

- It is a process that aims to determine the worth or value of jobs within an organization.
- It assesses the importance of various factors such as skill level, responsibility, effort required, and working conditions to establish a fair compensation structure.
- While job analysis provides detailed information about individual jobs, job evaluation helps assign appropriate pay based on the relative value of jobs.

Job evaluation complements job analysis

- It complements the findings of job analysis by providing a systematic framework for determining how jobs compare to each other in terms of their value to the organization.
- Once job analysis identifies the key components of each role and its requirements, job evaluation steps in to evaluate those roles' worth objectively.
- By using established criteria such as skill levels or complexity of tasks, job evaluation assigns points or scores to different aspects identified through job analysis.

4. Exploit resources of labor capability

Analyze the status of labor resources in the enterprise

- Analyzing a business's internal labor resources will help business administrators discover their strengths and weaknesses.
- On that basis, propose effective solutions for the human resources management process.
- There are four steps to performing the internal labor resource analysis process, as follows:
 - ❖ Step 1: Collect information.
 - Step 2: Evaluate employee performance through indicators.
 - ❖ Step 3: Combine the collected information sources to determine the strengths and weaknesses of the enterprise's labor resources.
 - Step 4: Propose solutions, the basis of the solution is to compare the needs with the actual capabilities of the enterprise.

Analyze the possibilities of attracting personnel from external resources

Factors affecting the attraction of labor from external resources

External factors

- Economic landscape.
- Legal.
- > Sociocultural.
- > Competitors.
- Government and unions.

Internal factors

- Enterprise's personnel policy.
- Corporate reputation.
- > Attractiveness of work.
- Financial capacity of an enterprise.

Analyze the possibilities of attracting personnel from external resources (Cont.)

- Forms of attracting labor from external resources
 - Advertisement.
 - Specialized magazine.
 - Television and radio stations.
 - Send email directly.
 - Job placement agencies.
 - Recruit directly from specialized training schools.

5. Arrangement and use of labor

What are the arrangements and usage of labor?

- Arranging and using labor is the process of placing human resources into organizational positions to effectively exploit and promote the working capacity of workers so that labor results achieve the highest.
- Thus, to use labor effectively, it is necessary to know how to properly arrange relationships as mentioned above, to know how to organize the labor process scientifically, and to apply scientific achievements. and advanced experience in production management systems.

The importance of effective labor arrangements

- Affecting high or low labor productivity in the entire enterprise.
- Directly affects product quality and price, which impacts the competitiveness of an enterprise.
- Affects the ability to carry out production plans of the enterprise.
- Having an impact on business relationships.

Objectives of arranging and using labor

- The arrangement and use of labor needs to achieve the following main goals.
 - Ensuring the arrangement of the right workforce in the required quantity.
 - Any form of quantity greater than required or lower than required can cause the production process to be interrupted or ineffective.
 - Inappropriate placement of people and numbers into job positions will affect the quality of work, productivity, and time to complete work progress according to the planned plan.

Objectives of arranging and using labor (Cont.)

- The arrangement and use of labor needs to achieve the following main goals.
 - Ensuring the arrangement of the right workforce in the required quantity.
 - ➤ If the labor arrangement is not consistent with the employee's strengths, it is not able to promote the abilities and capabilities of each employee.
 - ➤ Inappropriate placement of people and numbers into job positions also creates potential risks in relationships between people in production relations.
 - ➤ To arrange to use the right people, in the right quantity to suit job requirements. To do so, managers need to understand job characteristics and work processes.

Objectives of arranging and using labor (Cont.)

- The arrangement and use of labor needs to achieve the following main goals.
 - Ensuring the right placement of labor at the right place at the right time.
 - ➤ Labor arrangements must also ensure that work is done at the right time to ensure production efficiency.
 - ➤ In cases where labor is arranged too early, it is not necessarily good, causing unnecessary waste of resources.
 - On the contrary, arranging later than required can cause production bottlenecks and not meet production requirements.

6. Employee training, coaching, and development

What is coaching?

- Coaching is training, this training activity aims to improve the performance of individuals, teams, and organizations.
- The coacher plays the role of supporting the coachee (the person being coached) to learn and develop themselves.
- In coaching, the coacher does not play the role of a teaching expert but focuses on asking questions to help individuals exploit their problem-solving potential.

The role of coaching

For individuals

- Develop skills and competencies.
- Self-awareness.
- Achieve the goal.
- Increase confidence and motivation.

For organizations and enterprises

- Leadership development.
- Enhance working performance.
- Develop a talented team.
- Solve problems and develop solutions.
- Personal and professional development.

Concept of training and human resource development

- Training is understood as a learning activity to help employees perform their functions and tasks more effectively.
 - Specifically speaking, training involves the acquisition of special knowledge and skills to perform specific jobs more perfectly.
- Development is a learning activity that goes beyond the scope of the immediate job.
 - It is related to improving the intellectual and emotional abilities needed to perform better jobs or open up new jobs based on the future directions of the organization.

Purpose and role of training and human resource development

For enterprises

- Help enterprises improve labor productivity and efficiency of business production.
 - Maintain and improve the quality of human resources, creating competitive advantages for enterprises.
- Avoid outdated management.
 - Administrators need to apply management approaches to suit changes in technological processes, techniques, and business environments.
- Solve organizational problems.
 - > Training and development help managers solve issues of conflict among individuals, between unions and managers.
 - ➤ It is necessary to set out policies on the human resource management of the enterprise effectively.

Purpose and role of training and human resource development (Cont.)

For enterprises

- Work instructions for new employees.
 - ➤ New employees often encounter many difficulties and confusion in the first days of working in an organization or enterprise. Job orientation programs for new employees will help them quickly adapt to the new working environment of an enterprise.
- Prepare the next team of management and professional staff.
 - ➤ Training and development help employees acquire the necessary skills for promotion opportunities and to replace managers and professionals when necessary.

Purpose and role of training and human resource development (Cont.)

For employees

- Create professionalism and attachment between employees and enterprises.
- Directly help employees perform their work better, especially when the employee's work does not meet required standards, or when the employee accepts a new job.
- Update new skills and knowledge for employees, helping them to successfully apply technological and technical changes in the enterprise.

Purpose and role of training and human resource development (Cont.)

For employees

- ❖ Meet the needs and development aspirations of employees. Being equipped with the necessary professional skills will stimulate employees to do better work and achieve better results. Especially, when they want to be given more challenging tasks, and have more opportunities for advancement.
- Create employees with a new perspective and way of thinking in their work, which is also the basis for promoting employee creativity at work.

Approaches of training and developing personnel

Training on the job

- Training style on the job.
- training style on an apprentice.
- Mentoring and advising.
- Job rotation and transfer.

□ Disadvantages

- > Theory is equipped without a system.
- Students can imitate the teacher's experiences and incorrect actions.

□ Advantages

- Do not require specific space or equipment.
- Students can work and earn income while studying.
- Bring an almost immediate change in knowledge and practical skills.
- Allow students to practice what an enterprise expects of them after completing the training process.
- Enable students to work alongside their future colleagues and imitate their work behaviors.

Approaches of training and developing personnel (Cont.)

- Training outside of a job
 - Organize classes next to an enterprise.
 - Send to study at regular schools.
 - Lectures, conferences, or seminars.
 - Training with the programmed style based on the help of computers.
 - Training by distance method.
 - Laboratory-style training.

Approaches of training and developing personnel (Cont.)

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Organize & implement personnel training and development programs

Strategic issues

- Why do organizations need to invest in training and development?
- What type of training and development program must be conducted?
- Who will provide the training and development program?
- How to evaluate training and development programs?

Organize & implement personnel training and development programs (Cont.)

- Procedure for building a training and development program
 - Building a development training program can be done in the following seven steps.
 - Determine training needs.
 - Determine training goals.
 - > Select training subjects.
 - Develop training programs and select training approaches.
 - Estimate training costs.
 - Selecting and training teachers.
 - Evaluate training programs and results.

7. Evaluate employee's performance to perform work

What is an employee performance evaluation?

- An employee performance evaluation, also known as a "performance review," is a process used by organizations to give employees feedback on their job performance and formally document that performance.
- Although companies determine their evaluation cycles, most conduct employee performance evaluations annually.
- Performance evaluations vary significantly in structure and format across industries and companies. They might include rating scales, selfassessment checklists, formal observations, or performance tasks.

For employers

Protection against litigation

- ➤ In situations where current or former employees are pursuing legal action against a company, having clear documentation of that employee's performance is very important.
- ➤ This is especially relevant in situations where an employee is terminated or turned down for a promotion.
- In these cases, the performance evaluation can serve as objective evidence that confirms the company's decisionmaking.

For employers

Encouragement of good work

- An employee performance evaluation may be one of only a few times that employers give structured positive feedback to their employees.
- ➤ Doing so boosts employee morale, shows them what to continue doing, and helps build a positive relationship between the employer and employee.
- This can help minimize employee turnover as employees identify clear ways that their work is valued.

For employers

Informing hiring practices

- ➤ Employee performance evaluations, when considered in totality, can offer valuable insight into past recruitment and/or hiring practices and inform future practices.
 - □ i.e., if a company notices a trend in employees having underdeveloped skills in a certain area, they can add additional screening items for that skill set to their hiring process.
- Assessing the number of people who are likely to be retained and the number likely to be let go as a result of their evaluation informs the extent and nature of recruitment necessary to rehire.

For employees

Growth and development

- Employee performance evaluations provide a dedicated time for managers to focus on individual performance and growth and development opportunities.
- ➤ It is an ideal time for employees to discuss their salary and career goals and learn what they need to do to achieve goals.
- ➤ It can open doors to the advancement and attainment of long-term career goals.

For employees

Senior leadership visibility

The performance evaluation process can provide insight into the workforce for leaders, including who the top performers are and where to support promotional opportunities.

❖ Potential for a pay increase and/or bonus

In certain companies, merit-based pay increases and/or bonuses are issued to employees who perform well on evaluations. A strong performance evaluation may also lead to opportunities for advancement within the company.

Improved communication

- ➤ The structured nature of an employee performance evaluation lends itself to productive communication.
- Positive reinforcement and constructive criticism have mechanisms to guide conversation and provide specific feedback.

How to prepare for an employee performance evaluation

Organize performance information

- Bring documentation or notes to support evaluation ratings and information collection, including work samples, prior evaluations, customer reviews, or a list of objective accomplishments.
- Reviewing in advance helps you reflect on the previous year and gives you talking points for performance questions that your employer may ask.
- Also, there may be projects or accomplishments that your manager may accidentally miss or forget to include, so it's good to have this information to ensure all your hard work is accounted for.

How to prepare for an employee performance evaluation (Cont.)

- Draft goals and areas for support
 - Thinking about what you hope to get out of the meeting and what goals you are striving for in the upcoming year can help you prepare for your performance evaluation.
 - Consider how your employer might help you accomplish these goals.
 - Considering this in advance helps you be proactive in your growth and development. Your employer will likely appreciate your specific requests and general preparation.

How to prepare for an employee performance evaluation (Cont.)

- Make a list of questions
 - You should have your employer's undivided attention.
 - A performance evaluation meeting can present an opportunity to get any lingering questions answered about the company, your department, or your role.
 - ➤ If your organization recently underwent leadership changes, for example, you may want to ask about any implications for your position. Writing down your questions in advance can help you maximize your time in the evaluation meeting.

How to prepare for an employee performance evaluation (Cont.)

- Prepare for a two-way conversation
 - Although performance evaluations include at least some feedback about areas for growth, you should keep in mind that a performance evaluation is a twoway conversation.
 - You should come prepared with any questions you have about career growth opportunities, salary, and steps you need to take to achieve your career goals.
 - Be sure to take advantage of the communication between you and your manager, clarify goals and expectations, and share any challenges you think you may have with achieving those goals.

8. Paying for labor

Concept and role of salary

Concept of salary

"Wage is remuneration or income, whatever its name or calculation, which can be expressed in money and is fixed by agreement between employer and employee, or by national laws or regulations payable by an employer to a worker under a labor or oral contract for a worker performed or to be performed, or for services performed or to be performed."

--International Labour Organization--

 From the perspective of wage reform, wages are the price of labor, formed through an agreement between the employer and employee following the supply and demand relationship of labor in the market economy.

Concept and role of salary (Cont.)

Role of salary

- Salary is one of the forms of stimulating material benefits for workers.
 - ➤ Use salary leverage to ensure production development and maintain a workforce with high technical and professional qualifications with a strong sense of discipline requires, etc.
- Organizing wages in the enterprise to be fair and reasonable will create an open atmosphere among workers, forming a unified bloc with one heart and mind.
- On the contrary, when the organization of wages in an enterprise lacks fairness and reasonableness, not only will it create internal conflicts, even quite severe among workers, management levels, business leadership levels, etc.

Factors affecting salary

- Factors affecting wages can be divided into 4 groups as follows:
 - Group of factors belonging to the job itself
 - Complexity of work.
 - The importance of work.
 - Conditions for performing work.
 - Group of factors belonging to the employee himself
 - > Skill level of workers; Experience of the workers themselves; Level of job completion.
 - Seniority of work; Loyalty; Potential of employees.

Factors affecting salary (Cont.)

- Factors affecting wages can be divided into 4 groups as follows:
 - Group of factors belonging to the business environment
 - Salary policy of an enterprise.
 - > Financial capacity of an enterprise.
 - > Labor productivity.
 - Group of factors belonging to the social environment
 - Situation of labor supply in the market; Average living standard of the population; Situation of living cost.
 - Purchasing power of the public; Trade unions, society; Economy; Law.

Forms of salary in enterprises

Salary paid overtime

- ❖ Applicable to employees performing jobs that cannot accurately determine labor standards.
- When work is performed by machines on a production line or with a high level of mechanization and automation.
- When producing diversely on orders in small quantities or temporary production.
- When the job requires accuracy and high quality.
- When production has interruptions that cannot be overcome.
- Applicable for jobs of special nature that require high creativity.
- * Etc.

Forms of salary in enterprises (Cont.)

Salary paid overtime

Advantages

➤ Time-based pay is easy to compute and guarantees employees a certain amount of income during their working time.

Disadvantages

- Wages paid overtime do not link income with labor results. It gives rise to inequality pay.
- > To overcome the above limitation, it should apply the form of salary with a bonus.
- ➤ Bonuses play a role in encouraging employees to improve their work performance.
- > Tt is necessary to strengthen management work to regularly inspect and urge the work performance.

Forms of salary in enterprises (Cont.)

Salary paid according to product

Advantages

- ➤ It creates high stimulation for employees, strongly motivating to complete their assigned tasks well.
- ➤ It also encourages employees to study and improve their skills, etc.; therefore, increasing labor productivity and resulting in high salaries.

Disadvantages

➤ The form of salary paid by the product may not be recommended encourages saving raw materials, protects machinery and equipment, and can reduce collegiality among employees.

Bonus

- Bonuses are a form of material stimulation that has a very positive effect on employees in striving to perform better at work.
- There are many types of bonuses. Enterprises can apply some or all of the following types of bonuses.
 - Reward productivity and quality; Savings bonus; Reward initiative.
 - Bonuses are based on the overall business performance of the enterprise.
 - Rewards for finding places to supply, consume, and sign new contracts.
 - Guaranteed working day bonus.
 - * Rewards for loyalty and dedication to an enterprise.

In conclusion

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- Objectives and functions of human resource management in enterprise.
- The concept, meaning, and function of job analysis.
- Exploit potential resources of labor.
- Arrangement and use of labor.
- Employee training, coaching, and development
- Evaluate employee performance.
- Paying for labor.



THANK YOU FOR YOUR ATTENTION

Q&A