

HRM Issues

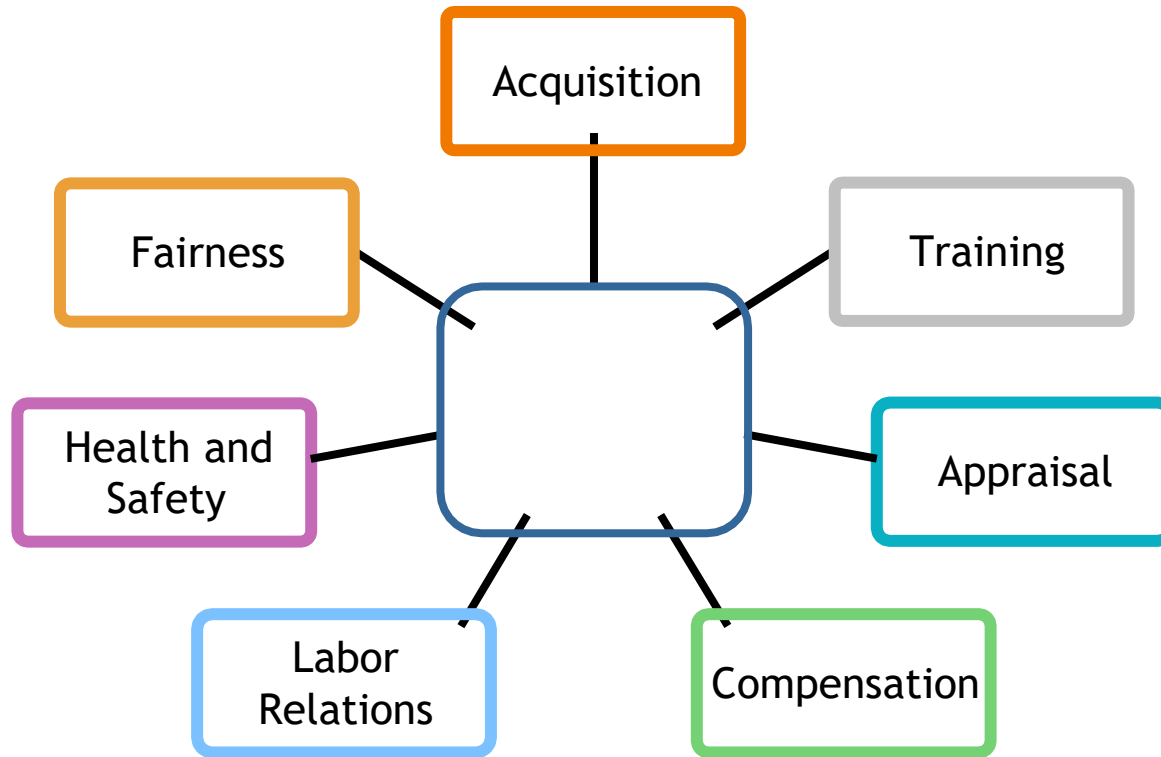
Legal Issues

- Difficult area to legislate clearly
- Political battle ground
- More attention paid to the rights of individual employee – HRM need to comply with anti discrimination legislation

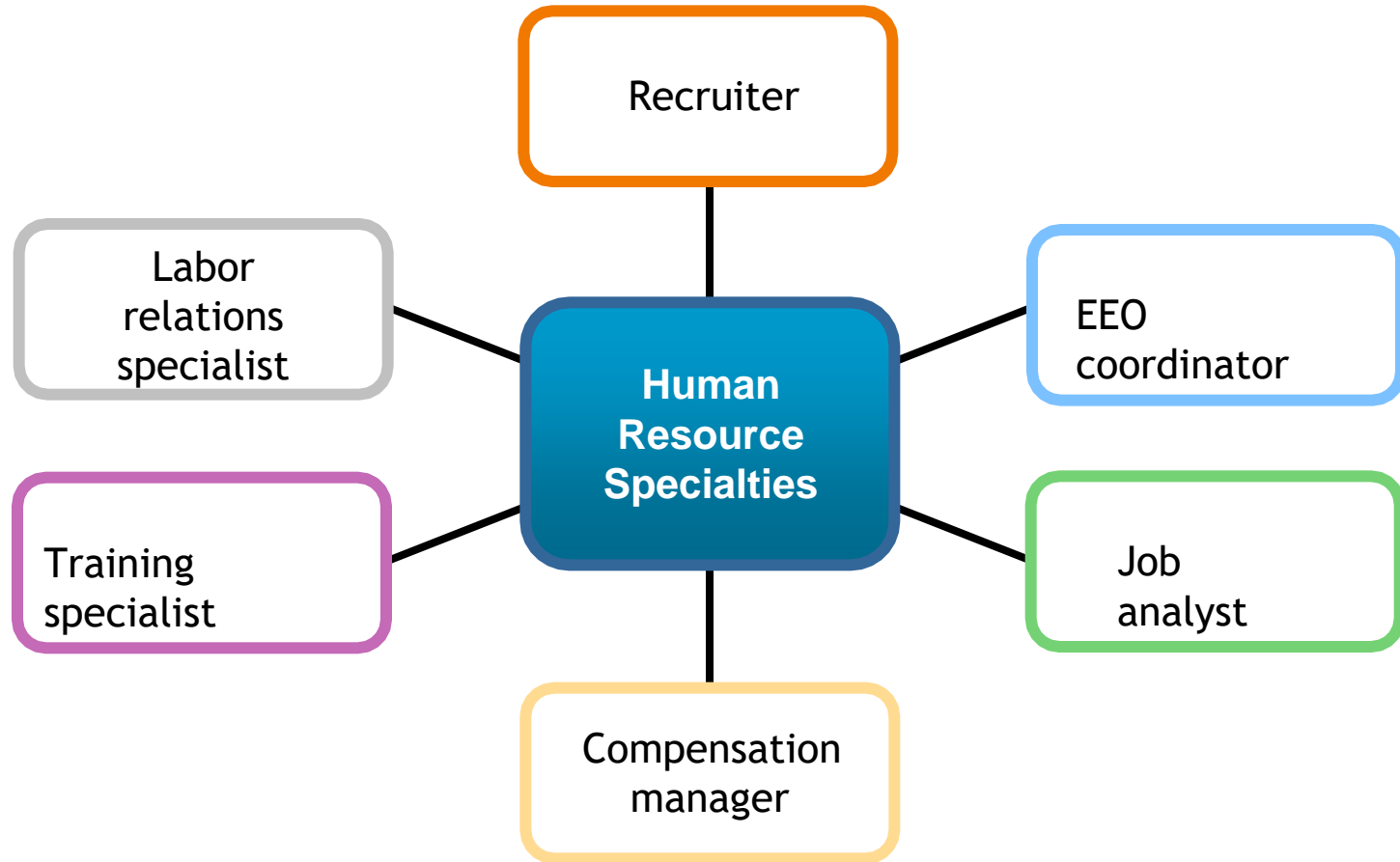
HRM At work

- ensuring that recruitment, selection and promotion procedures comply with anti-discrimination legislation;
- staff training and development;
- setting up and monitoring remuneration policy;
- setting up and monitoring appraisal procedures;
- administering dismissal and redundancy procedures;
- dealing with contracts of employment;
- workforce planning;
- administering grievance procedures;
- being aware of new legislation affecting employment rights and advising management of what the organization must do to comply with it;
- dealing with health and safety;
- administering consultative committees.

HR Process

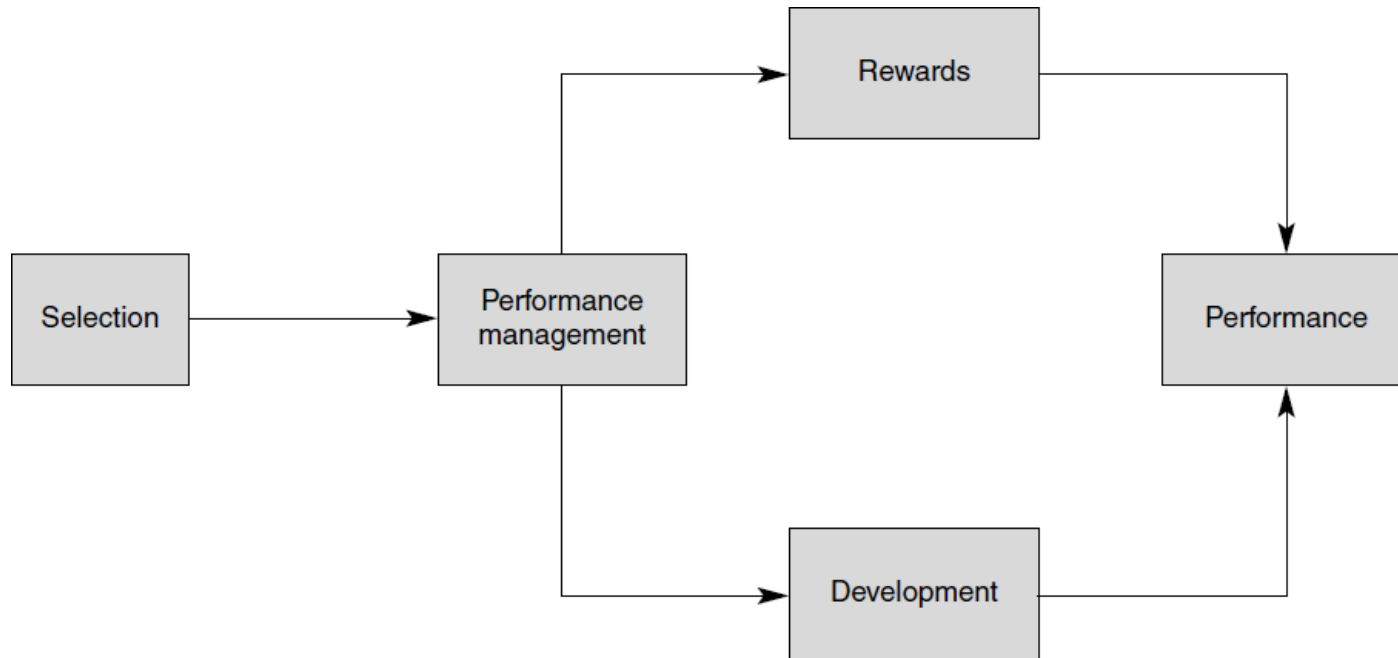


Human Resource Specialties



The Michigan School Model

The human resource cycle



Recruitment and Selection

- Recruitment – selection
- Outsourced to agencies
- Selection in the hand of employer

Recruitment and Selection

Selection Techniques

- One to one interviews
 - Reliable
 - Not easy to demonstrate the compliance of equal rights legislation
- Interview with panel
 - Public sector
 - Favor candidates who are smooth talkers
 - Prevents nepotism and corruption – but bad appointments

Recruitment and Selection

Selection Techniques

- Assessment of references
 - Legislation to provide reference
 - Legal dangers – used less
- Psychometric tests
 - Ability tests – verbal or numerical skills
 - Aptitude test – potential to learn skills
 - Personality tests – value of this not clear

Recruitment and Selection

Selection Techniques

- Situational assessment
 - Military officers and multinational companies to recruit new graduates
 - Situational questions in interviews are more valuable
- Task assessment
 - Not all the skills can be tested in one or more tasks
- Nepotism – Cronyism – low risk from both ?

- Selection tools must be reliable and valid.
 - **Reliability:** the degree to which the tool measures the same thing each time it is used.
 - Scores should be close for the same person taking the same test over time.
 - **Validity:** Does the test measure what it is supposed to measure?
 - Example: does a physical ability test really predict the job performance of a firefighter?
 - Managers have an ethical and legal duty to develop good selection tools.

Staff Training And Development

- UK criticized for lack of interest in staff training
- In USA – professionals paid to get part time degree – promotions on further qualification
- Up to individuals and managers
 - BCS supports CPD
 - Managers to take responsibility of CPD
- Staff training and development is more important in high tech companies – but also, first thing to be cut with budget is short

Training & Development

□ **Training:** teach organizational members how to perform current jobs.

□ Help worker's acquire skills to perform effectively.

□ **Development:** build worker's skills to enable them to take on new duties.

- Training used more often at lower levels of firm, development is common with managers.
- A Needs Assessment should be taken first to determine who needs which program and what topics should be stressed.

Types of development

- ***Varied Work Experiences:*** Top managers must build expertise in many areas.
 - Workers identified as possible top managers given many different tasks.
- ***Formal Education:*** tuition reimbursement is common for managers taking classes for MBA or similar.
 - Long-distance learning can also be used to reduce travel.

Whatever training and development efforts used, results must be transferred to the workplace.

REMUNERATION POLICIES AND JOB EVALUATION

- Scales – increments
- Hard to cop with market situation
 - Government hires IT professionals
 - A lot of difference in salaries
- In professional environment
 - Salaries varies within guidelines
 - High increase in salaries after threat to leave job?
- Job evaluation
 - Comparing relative worth of jobs – jobs to grades

REMUNERATION POLICIES AND JOB EVALUATION

- Job evaluation
 - Anti discrimination legislation – equal pay for work of equal value
 - Job evaluation comes in to play in case of mergers
 - acquisitions
 - New rapidly growing companies – clarity and consistency while flexibility

REMUNERATION POLICIES AND JOB EVALUATION

- Job evaluation schemes – analytical and non-analytical
 - Non-analytical – comparing whole jobs without considering individual skills and elements
 - Job classification – in public sectors, grades are decided
 - description of characteristics of jobs decided later
 - Analytical – assesses each job on basis of different skills and elements

Pay and Benefits

- ***Pay level:*** how the firm's pay incentives compare to other firms in the industry.
 - Managers can decide to offer low or high relative wages.
 - Pay Structure: clusters jobs into categories based on importance, skills, and other issues.
- ***Benefits:*** Some are required (social security, workers comp).
 - Others (health insurance, day care, and others) are provided at the employers option.
 - Cafeteria-style plan: employee can choose the best mix of benefits for them. Can be hard to manage.

Pay

Base Wage

- Job Based Pay-paid for the job that is done
- Competency Based Pay-pay is linked to job-relevant skills, knowledge, and experience



Incentive Pay-linked to job performance

- can increase motivation
- links employees to firm performance
- works well when employees trust firm

Individual Incentives

- Piece-Rate - Pay for each unit of output
- Commissions - Pay from percentage of sales or profits
- Bonuses - Lump sum payments

Team or Organizational Incentive

-  Gain Sharing - teams of employees share in gains from improvements in productivity or cost saving measures
-  Profit Sharing - A percentage of profits earned by a department or company

Stock Ownership

- Options
- Employee Stock Ownership Plans

APPRAISAL SCHEMES

- Management by Objectives
 - Set of objectives to achieve in six months
 - Objectives to be precise, verifiable and quantifiable
 - Managers and staff aware of organization's objective
- MBO Weaknesses
 - Not all objectives easily precisely specified and quantifiable
 - MBO tend to emphasize on short term objectives instead of long term

APPRAISAL SCHEMES

- Modern management towards general principles of MBO instead of setting rigid formal objectives
- Empowerment; setting at all levels as what is expected from them, leaving on them how they achieve it

Performance Appraisal

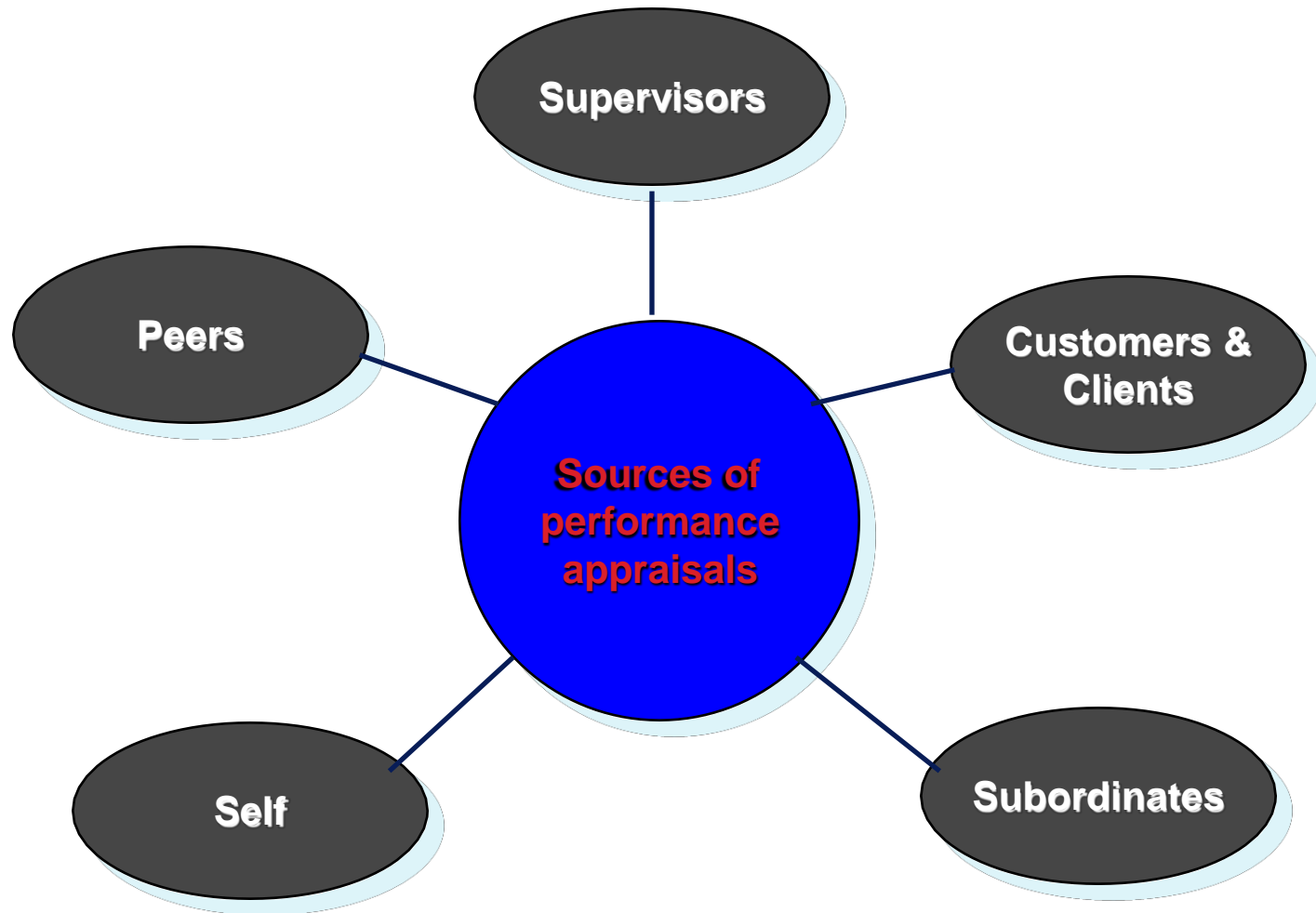
Process of evaluating employee performance

- job related strengths
 - development needs
 - progress toward goals
 - determine ways to improve performance
 - Pay and promotion decisions
- More systematic is better, for the most part

Performance Appraisal (cont)

- Self Appraisal
- Peer Appraisal
- 360 Degree appraisal
- Central Tendency Error-everyone ranked as average
- Leniency-individuals are ranked higher than they deserve

Who Appraises Performance?



Redundancy, dismissal and grievance procedure

- Fair dismissal:
 - Lack of capability to do the job
 - Misconduct
 - It is illegal for the employer to employ the employee – employee's work permit expired
 - Redundancy
 - “Other reasons” – but many are “unfair” e.g. on grounds of discrimination, because the employee is taking legal action to enforce their rights at work,

Redundancy and dismissal

- Dismissal Process:
 - Written statement of why dismissal is being considered
 - Arrange a meeting where both sides can state their case
 - Following the meeting the employee is informed of the decision.
 - Right of appeal to more senior manager
- Other issues: constructive dismissal, takeovers and outsourcing

Redundancy

- Redundancy
 - Employer no longer requires people to do a particular category of job (or fewer people)
 - Employees entitled to compensation (subject to a legal minimum)
 - Often employer seeks to reduce the number of employees in a particular category
 - Traditionally selection was last-in, first-out (is this reasonable?)
 - Often voluntary redundancy is offered (do you see any issues with this?)

UK Statutory Redundancy Pay

3. Redundancy pay

You'll normally be entitled to statutory redundancy pay if you're an employee and you've been working for your current employer for 2 years or more.

You'll get:

- half a week's pay for each full year you were under 22
- one week's pay for each full year you were 22 or older, but under 41
- one and half week's pay for each full year you were 41 or older
- Length of service is capped at 20 years.

Contracts of Employment

- In most modern economies employees are required to have contracts (whether or not they are written)
- Employees should understand their conditions of employment.
- HR staff oversee the signing and record keeping around contracts.

Human Resource Planning

- HR departments often get involved in resource planning:
 - Characterizing the skills of the current workforce
 - Characterizing the current workload and how effectively the workforce meets that workload
 - Forecasting likely increases in workload and the pattern of workload
 - Forecasting staff losses and gains
 - Predicting the effects of takeovers etc on HR.