

# HRM Issues

## Chapter 10

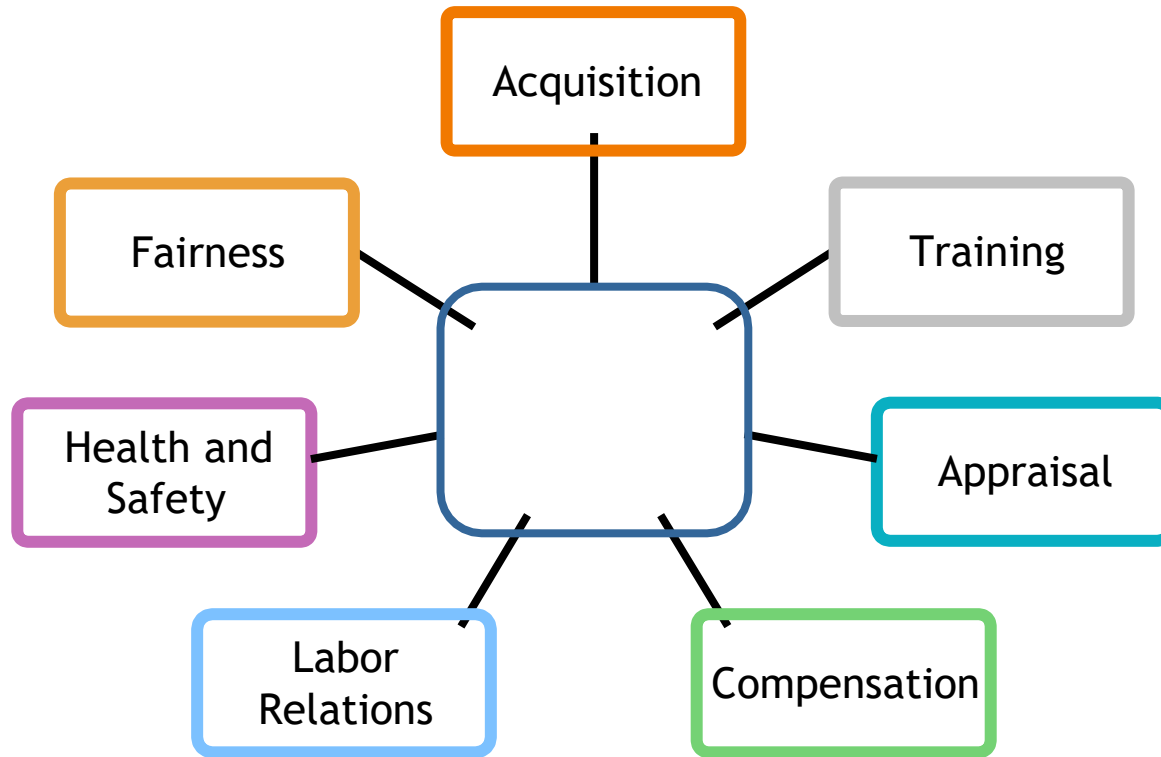
# Legal Issues

- 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

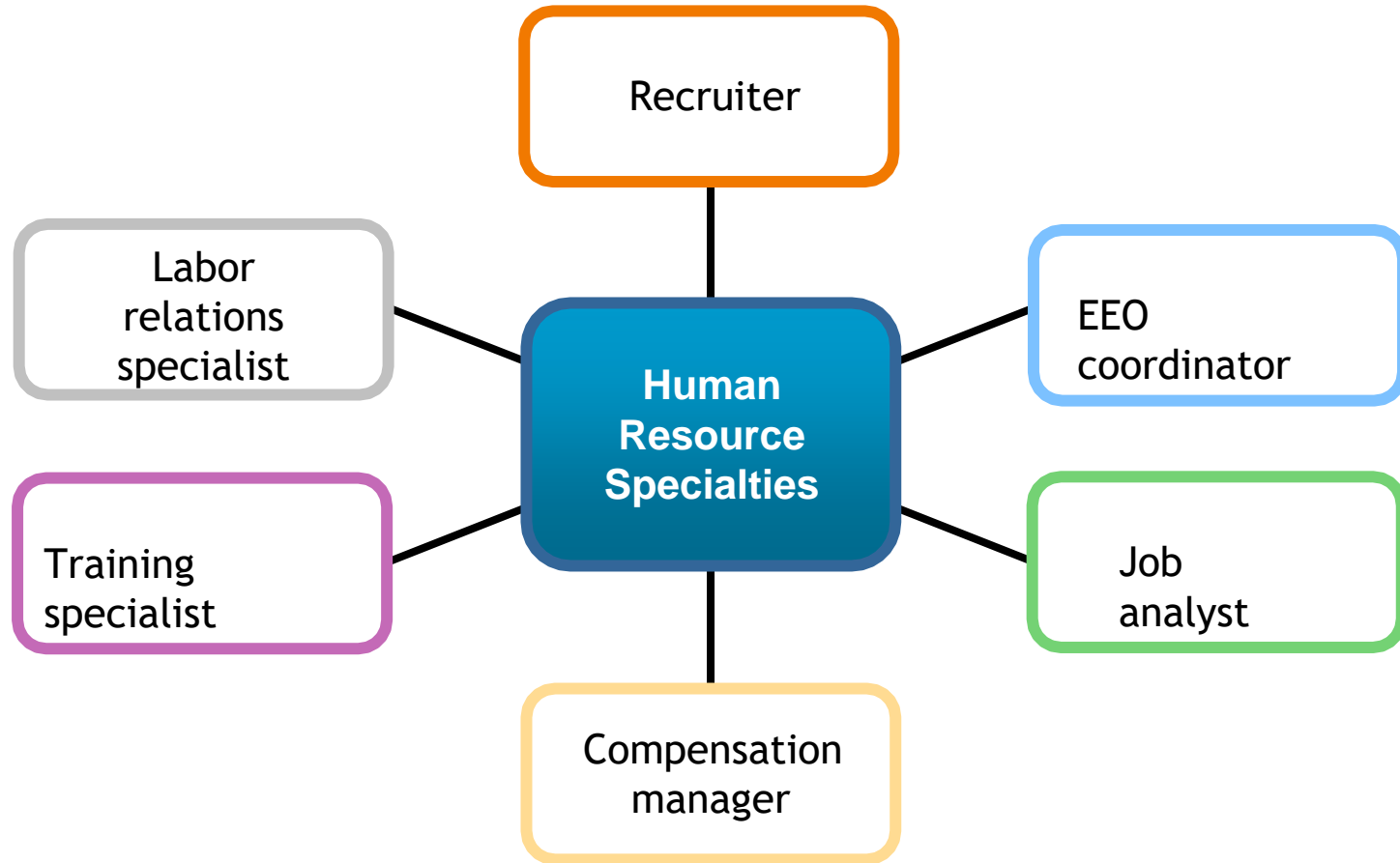
# HRM At work

- 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

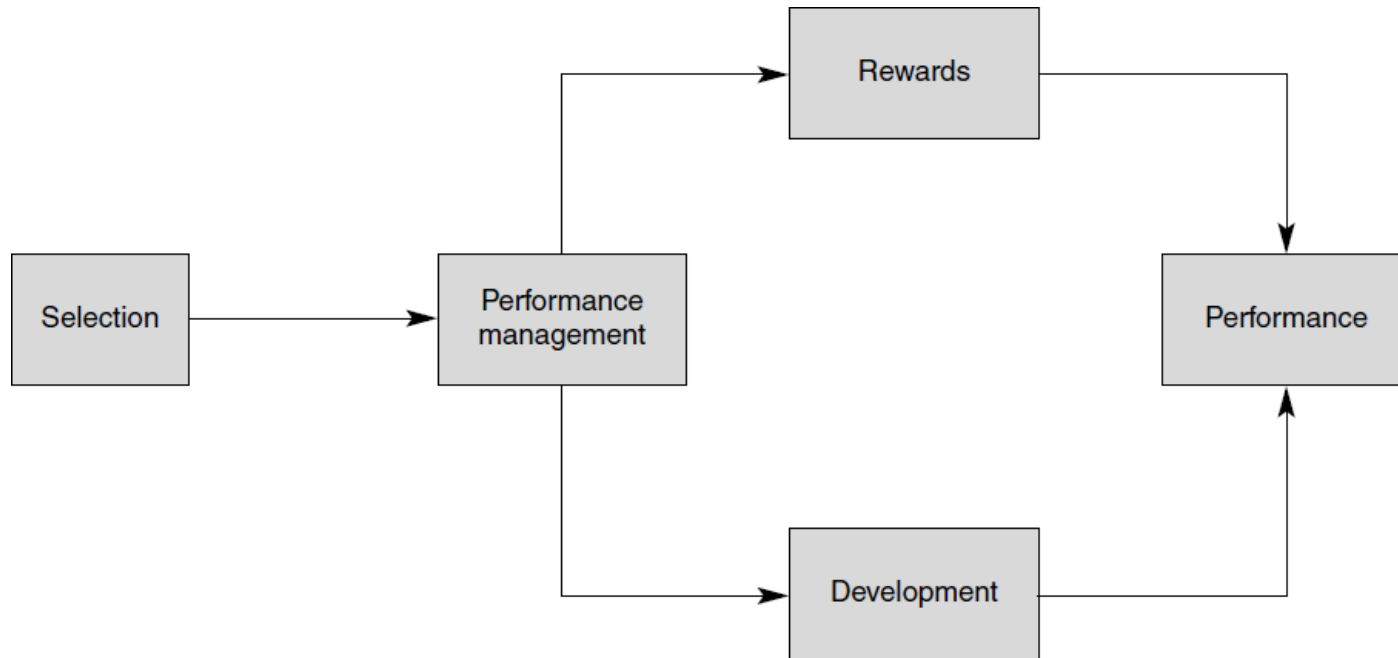


# Human Resource Specialties



# 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

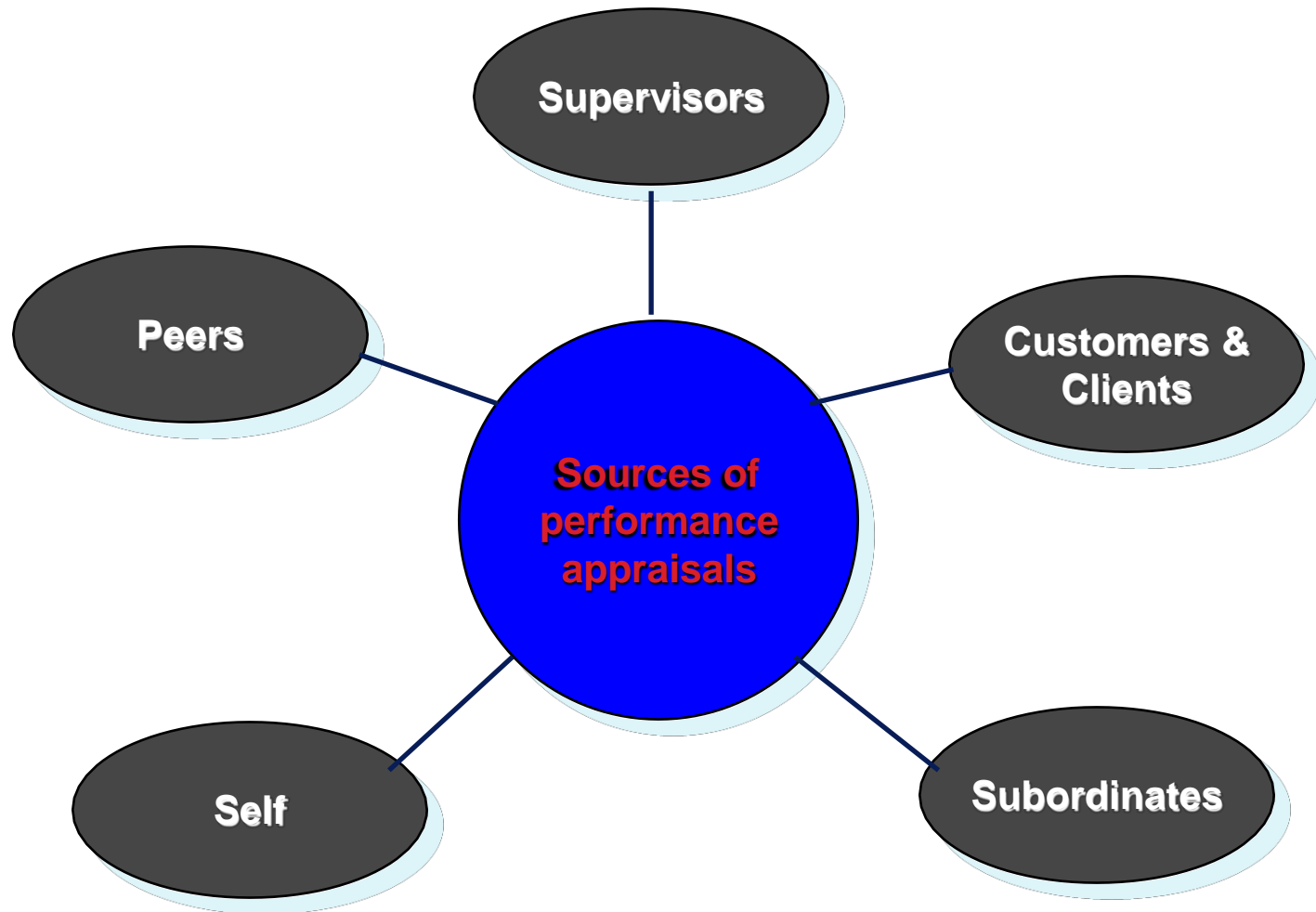
- job related strengths
  - development needs
  - progress toward goals
  - determine ways to improve performance
  - Pay and promotion decisions
- More systematic is better, for the most part



# 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.



# Key HRM Issues in IT Professional Practices:

- **Talent Acquisition and Retention:**

- **Challenge:** Rapid technological change demands specific skill sets, creating a competitive market for top talent.

- **Solution:** Adopt continuous learning and training programs, offer competitive benefits, and maintain a positive work environment.

- **Diverse Workforce:**

- **Challenge:** Global IT companies have a blend of cultures, backgrounds, and values.

- **Solution:** Implement diversity training, ensure inclusive leadership, and foster an environment of respect.

- **Remote Work and Flexibility:**

- **Challenge:** The rise of remote work poses concerns about team cohesion, communication, and productivity.

- **Solution:** Use collaborative tools, set clear expectations, and promote a balance between work and personal life.

# Continued...

- **Employee Well-being and Burnout:**

- **Challenge:** High-pressure projects and continuous learning can lead to stress and burnout.
- **Solution:** Prioritize mental health, encourage breaks, and create a supportive environment.

- **Continuous Learning and Training:**

- **Challenge:** The rapid pace of technological advancements requires continuous skill updating.
- **Solution:** Establish regular training programs, offer learning incentives, and promote a culture of continuous improvement.

- **Performance Management:**

- **Challenge:** Traditional performance measures might not capture the nuances of IT roles.
- **Solution:** Use a combination of qualitative and quantitative assessments, and focus on continuous feedback.

- **Legal and Ethical Concerns:**

- **Challenge:** Issues such as data privacy, cybersecurity, and intellectual property rights.

- **Solution:** Stay updated with legislation, conduct regular ethical training, and have clear company policies.

- **Integration of AI and Automation:**

- **Challenge:** The rise of AI tools might lead to job displacement or changing role definitions.

- **Solution:** Focus on re-skilling and up-skilling, promote the human-AI collaboration, and be transparent about company directions.

# Discussion Points:

- 1. How can HRM play a role in fostering innovation in IT companies?**
- 2. What are the potential consequences of neglecting HRM issues in the IT sector?**
- 3. How can HRM practices be tailored for different cultures within a multinational IT company?**