

13 Human resource management

Learning objectives

In this chapter you will learn about:

- 1 The functions of the human resource manager
- 2 The relationship between the employer and the employee

Human resource management

Human resource management (HRM) is the process by which an organisation attracts, develops and rewards its workforce so that the employees contribute as well as they possibly can to the achievement of the organisation's goals.

Functions of HRM

- Manpower planning
- Recruitment and selection of staff
- Training and development
- Performance appraisal
- Rewarding employees
- Managing employer-employee relations

Manpower planning

This means planning to have the right number of the right people with the

right skills at all times. To do this, the human resource manager must:

- Forecast the future manpower needs of the firm
- Audit the present manpower resources of the firm, i.e. compile a record of the types and levels of skills in the workforce
- Identify additional resources needed by comparing present resources with future needs
- Make a plan to increase or decrease the manpower resources as required by the analysis

Recruitment and selection of staff

Job analysis

The human resource manager prepares a job analysis, which includes a job description and a person specification.



Finding the candidates

Candidates to fit the job description and person specification are then sought. Depending on the job in question, the candidates may be found through local job centres, Solas, employment agencies, advertisements or visits to third-level colleges.

Selection

- All applicants are screened to form a shortlist of candidates for interview.
- Interviews and tests for aptitude, intelligence and personality are carried out.
- The successful candidate is chosen, references are checked and the position is offered.
- Upon acceptance, a contract of employment is drawn up and signed.

Top Tip!

You should be able to discuss the importance of manpower planning for the business and outline the steps involved in the recruitment and selection process.

Training and development

Training

Training supplies the skills, knowledge and attitudes needed by employees to do their work better. Types of training include induction training, on-the-job training and off-the-job training.

Staff development

Development means preparing employees so that they will be able to take on new responsibilities and greater

challenges in the future. Development ensures that employees are ready for promotion to a more demanding and rewarding job, prepares workers for possible promotion in the future and boosts employees' motivation by adding to their self-esteem.

Top Tip!

You should be able to distinguish between training and development and also to evaluate their importance to the organisation.

Performance appraisal

At a review meeting, the employer and employee should:

- Measure the employee's progress against the targets set at the last review
- Identify the factors that have enhanced or detracted from the achievement of the targets
- Agree corrective action to deal with any problems
- Agree new targets to be achieved by the next review date
- Discuss the employee's skill levels and training needs
- Discuss pay and other rewards and adjust them, if appropriate
- Review the employee's career plan.

Benefits of performance appraisal

- Encourages employees to reach their full potential

- Encourages employees to grow and develop as workers
- Keeps employee records up to date
- Identifies training needs
- Identifies candidates for promotion
- Identifies appropriate pay levels and incentives for each employee
- Motivates employees, as people try harder when they know they are being monitored
- Collects feedback on problems within the organisation that need management attention
- Reassures employees that their talents and efforts are noticed and appreciated
- Evaluates and discusses the career options that are available within the firm.

Top Tip!

Ensure you can explain the process of performance appraisal and discuss its benefits, both to the employee and to management.

Rewarding employees

Types of monetary reward/remuneration

- Wage or salary
- Flat rate (basic pay)
- Piece rate
- Time rate
- Bonus
- Commission
- Pensions
- Profit-sharing schemes
- Share options
- Share ownership

Non-monetary rewards

- Benefits in kind
- Job satisfaction

What determines the level of pay?

- Employee skills and qualifications
- Supply of available workers – if supply is low, wages rise
- Level of responsibility in the job
- Trade union membership – can increase the level of pay

Top Tip!

Ensure you can list and explain examples of monetary and non-monetary rewards.

Managing employer-employee relations

This is a critical part of the human resource manager's job. No matter how well the employees are recruited, trained and rewarded, they will be poorly motivated if employer-employee relationships are poor.

Benefits of good employer-employee relations

- Positive attitudes towards work, achieving high-quality standards
- Co-operation: Willingness to respond flexibly and creatively to the firm's changing needs
- Problem solving: Willingness to actively seek solutions to problems when they arise
- Positive atmosphere with high morale and motivation
- High productivity
- Fewer strikes

Ways of promoting good employer-employee relations

- Build trust through honest, open communication and fair dealing with employees
- Establish and follow agreed procedures for dealing with conflict when it arises
- Value employees by treating them with dignity and respect
- Allow for flexi-time work arrangements

- Allow for job sharing to meet the needs of employees who do not want to work full-time hours
- Allow for teleworking (ework) arrangements
- Allow workers compassionate leave (time off in case of personal emergencies)
- Provide management training for all managers in human resource skills
- Organise social activities
- Provide a pleasant work environment
- Negotiate openly with trade unions that represent the employees
- Prioritise employee health, safety and welfare
- Provide canteen facilities
- Give workers the right to participate in the firm's decision-making processes (otherwise known as industrial democracy)

Exam question

- 1 (i) Explain what is meant by the term 'performance appraisal'.
(ii) Outline the benefits of performance appraisal for a business.

(2010, 20 marks)

Sample answer

(i)

Performance appraisal is reviewing the performance of the employees in business.

It is usually carried out by the human resource manager to judge/assess/evaluate the employee. An interview/discussion may take place between the employee and HRM to discuss goal-setting targets, expectations, problems employees may be encountering or resources needed in order to achieve targets.

(ii)

Benefits for a business

Opportunity to review rewards (benefits structures)

It may be used in determining pay increases or promotion.

Increased productivity

Performance appraisals are important for staff motivation, attitude, development and communicating, leading to increased productivity.

Overtime costs

Overlaps between departments can be highlighted, which will cut down on the duplication of work.

Retain the right staff/identify poorly performing staff

This helps a business identify top talent and ensures that these employees are retained and guided towards reaching the plans and objectives of the business.

A business can identify employees who are not reaching their potential.

Industrial relations

Conflicts in the workplace may be highlighted through performance appraisals. This enables the business to help solve problems between management and employees and helps improve industrial relations in the workplace.

Hidden strengths

Performance appraisals identify unused hidden strengths, which can be used for the good of the business. This can be achieved by developing individual skills and thus improving the overall performance of the business.

Delegation

Managers can decide to delegate tasks to certain employees who are performing well in the business. This will relieve pressure on managers.

Selection and training

It helps a business decide if too much or too little training is being delivered in various departments of the business.

Planning

HRM makes it easier for managers to plan financially and brings stability to planning, as business costs such as wages can be accurately forecasted.

Marking scheme

(i)

- Explanation: 5 marks – definition (2) + development (3)

(ii)

- Five benefits: 5 x 3 marks – name (2) + example/expansion (1)

Questions

Higher Level long questions

- 1 Outline the different methods of reward used to motivate employees in a business.
(2008, 15 marks)
- 2 Analyse how a human resources manager can promote good employer–employee relationships within a firm.
(2008, 25 marks)
- 3 Outline the functions of a human resource manager.

(2003, 25 marks)

Key-points!

- Manpower planning
- Elements of the recruitment and selection process
- Elements of training and development
- Elements of a performance appraisal
- Monetary and non-monetary methods of reward
- How to promote good employer-employee relations

Key-definitions!

human resources management: Involves all aspects of dealing with staff on behalf of the company, including recruitment, payment, holidays, staff relations, etc.

job description: Sets out in detail the tasks that have to be done, the duties and responsibilities of the employee and who they will report to.

manpower planning: Making sure that the firm will have enough staff with the right skills and qualifications for the future needs of the business.

performance appraisal: Involves regular meetings between the manager and the employee to review the performance of the employee and to set objectives for the future.

person specification: A detailed description of the type of person wanted to fill a job vacancy, including the characteristics, qualifications, experience and skills required.

recruitment: The process of finding suitable candidates for positions in the business which need to be filled.

staff development: When a company prepares staff to take on greater responsibilities in the future by providing further training and courses to improve their skills and qualifications.