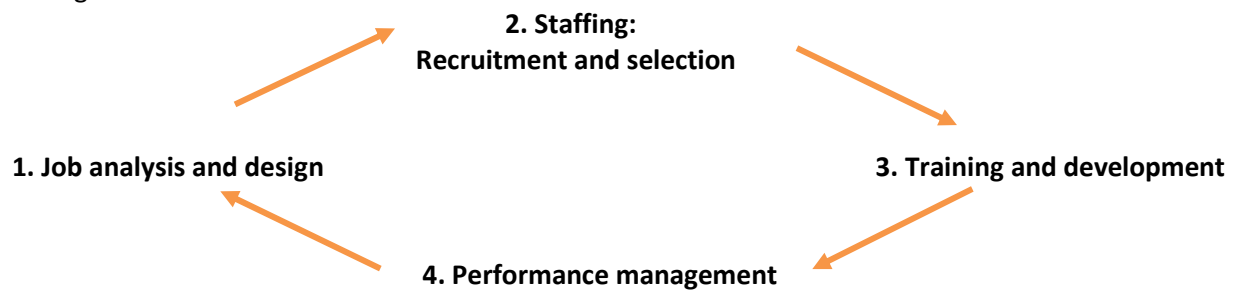


# HUMAN RESOURCE MANAGEMENT

## CHAPTER 12

**Human resource management (HRM)** is the set of organizational activities directed at attracting, developing, and maintaining a well-functioning workforce. HRM has four components as highlighted in the figure below:



### COMPONENT #1: JOB ANALYSIS AND DESIGN

**Job analysis** is an investigative process of gathering and interpreting information to identify the knowledge, skills, abilities, and other characteristics (KSAs) necessary to perform a particular job.

When designing jobs, HRM professionals can manipulate a variety of job characteristics known to be related to jobholder performance and/or satisfaction. Job characteristics theory looks at the motivational effect of six job design factors on jobholder performance and satisfaction:

1. *Autonomy* refers to the amount of freedom, discretion, and independence jobholders have to schedule their work and determine the procedures to carry it out;
2. *Skill variety* refers to the degree to which a jobholder must use a variety of different skills to perform a job;
3. *Task identity* refers to the extent to which a whole or visible outcome is created by performing the job itself;
4. *Feedback from the job* refers to how much clear and direct information jobholders receive about how well they are doing their job;
5. *Task significance* refers to how much of an effect a job has on the work or lives of others, both within and beyond the organization;
6. *Interdependence* refers to how much jobholders must collaborate with others.

### FBL, TBL, AND SET APPROACHES TO JOB ANALYSIS AND DESIGN

KSAs, job analyses, and descriptions differ in ways that are consistent with the differences between the three approaches to the four fundamentals of organizing (Chapter 11). For

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example, the FBL approach focuses on levels of standardization, specialization, centralization, and departmentalization. In contrast, the SET approach will focus on experimentation, sensitization, dignification, and participation. The SET approach is also more likely to include KSAOs that enhance social and ecological well-being, even if there is no business case to support them. This allows SET managers to embrace KSAOs that may not maximize profits. Finally, a SET approach will seek to enhance all six job characteristics because *each* is positively associated with enhanced job satisfaction, growth satisfaction, and experienced meaning.

## COMPONENT #2: STAFFING

**Staffing** is the HRM process of identifying, attracting, hiring, and retaining people with the necessary KSAOs to fulfill the responsibilities of current and future jobs in the organization. Staffing has two main components: 1) recruitment, and 2) selection.

**Recruitment** is the process of identifying and attracting people with the KSAOs an organization needs. Key to the recruiting process is establishing and building recruitment channels, which funnel potential members into the selection process. A steady flow of potential members helps to ensure that the work of the organization can continue.

Effective recruiting can also improve the chances of retaining them once they are members. An important part of some recruitment processes is to communicate to applicants what it will be like to perform the job. Although it may not be cost-efficient to do this for all potential employees, as much as possible applicants should be given a realistic job preview. A **realistic job preview** provides information to prospective employees regarding the activities and the positive and negative aspects of a position they are applying for. Such information helps to match members with positions, improves job satisfaction, and reduces turnover.

**Selection** is the process of choosing whom to hire among a pool of recruited job applicants. The most common selection tool is the *application form* that candidates complete to indicate interest in a position or organization. Research suggests that although application forms provide valuable information to make a selection decision, additional methods and tools can be used to collect information that is more valid and reliable. **Selection validity** refers to the relationship between the scores applicants receive during assessment and their subsequent job performance. **Selection reliability** refers to the ability of a selection method or tool to consistently provide accurate assessments.

**Figure 12.2: Validity of various selection methods for predicting job performance**

Lowest  Highest

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*Application forms*   *Reference checks*   *Personality tests*   *Unstructured interviews*   *Integrity tests*   *Structured interviews*   *Cognitive ability*   *Work samples*

In sum, a well-developed selection system typically involves multiple assessments. The use of multiple assessments increases the validity and reliability of selection judgments.

## **FBL, TBL, AND SET APPROACHES TO STAFFING**

There are many similarities in the three approaches to staffing, but also important differences.

- A SET approach to recruitment is the most likely of the three approaches to *target* chronically under-employed populations. Moreover, beyond hiring chronically under-employed people in order to help *the under-employed*, a SET perspective recognizes that doing so can help *everyone*. People who work alongside and appreciate co-workers who reflect the diversity of society will be more inclined to learn that meaningfulness does not depend on maximizing money and getting ahead.
- A SET approach is most likely to include a wider variety of organizational stakeholders in interviews and in making selection decisions. Team members and peers may also be included in panel interviews in FBL and TBL organizations, but SET organizations are more likely to give hiring authority to team members.
- Because the KSAOs developed in a SET approach are more likely to include knowledge and abilities related to socio-ecological well-being, interviews in SET organizations are more likely to discuss practices that promote social and ecological well-being and ask applicants about their ability and desire to contribute to such efforts.

## **COMPONENT #3: TRAINING AND DEVELOPMENT**

**Training** refers to the provision of learning activities that improve a jobholder's skills or performance. On average organizations in the U.S. spend over \$1,100 per employee per year on training. The first exposure most employees receive to training is new member "orientation" programs that may run for a few hours or a couple of weeks. On-the-job training is the most common training method. When it works, OJT is considered to be the fastest and most effective form of training. As much as 80% of the skills employees learn are acquired on the job. When tasks are too complex to learn by OJT, or when OJT causes too much disruption in normal operations, organizations will use *off-the-job training* methods like formal education, classroom lectures, videos, and simulator training and simulation exercises to provide training.

Managers who take training seriously also take the time to measure training effectiveness. Although in most organizations trainees are asked to provide reactions immediately after training—and, in some cases, organizations attempt to assess learning through pre- and post-

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tests—very few organizations take the time to systematically link training to behavioral change or business results. A comprehensive HRM system allows for such measurement. For example, if specific KSAOs are identified in the job analysis and are measured in the performance appraisal, training that specifically addresses those KSAOs can be evaluated by tracking progress in performance appraisal ratings.

**Development** refers to learning activities that result in broad growth and training beyond the scope of one's current job. Development can be seen as having two general purposes.

- Development can allow workers to grow as persons. For example, some organizations engage in cross-training or job rotation, where employees receive OJT in a variety of positions in the organization, thus permitting them to better understand how their job fits into the overall organization.
- Development can be an important part of the HRM planning process designed to ensure that an organization has adequate human resources prepared to fill jobs at higher levels in the organization's hierarchy.

## **FBL, TBL, AND SET APPROACHES TO TRAINING & DEVELOPMENT**

SET managers are more likely to support training and development for its own sake, even if it does not obviously contribute to the financial bottom line. There are at least two general variations of such a SET approach to training and development.

- Some SET organizations are specifically designed in order to provide training and development to employees who essentially “graduate” from the organization. This is evident in organizations who deliberately recruit and select workers from chronically under-employed populations in order to train and develop them so that they can find other jobs elsewhere.
- SET organizations deliberately provide training and development for their employees that go beyond what they do in their everyday work such as enhancing overall organizational and community socio-ecological well-being.

## **COMPONENT #4: PERFORMANCE MANAGEMENT**

**Performance management** refers to the HRM processes that are designed to ensure that individuals' and teams' activities and outputs are aligned with the organization's strategic goals. Performance management has two components: 1) performance appraisal, and 2) compensation.

### **PERFORMANCE APPRAISAL**

**Performance appraisal** specifies, assesses, and provides feedback to jobholders regarding what they are expected to do. Performance appraisals do not need to be a frustrating experience that both

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parties disdain. Performance appraisals can be valuable in conveying important information and aligning employee behavior with organizational goals if the following steps are taken:

### 1. Design a system

First, the system should spell out clearly what performance is expected from the employee. Appraisal criteria are based on the job description and the organization's goals.

- **Administrative appraisals** *justify pay, promotion, and termination decisions.*
- **Developmental appraisals** *provide feedback on progress toward expectations and identify areas for improvement,* and can be used in combination with training and development processes described in the previous section.

### 2. Equip appraisers

The second step in the performance appraisal process is to equip raters with the knowledge and tools that will help them make accurate ratings. Rater training, sometimes called frame-of-reference training, is meant to increase the accuracy and reliability of ratings by making raters aware of common biases such as those listed in the following table.

Bias	Description
Leniency	Giving higher-than-deserved ratings
Halo/horn effects	Using one piece of known information about a person (good or bad) to influence the rating of the person on unknown information
Representativeness	Allowing one prominent trait or impression to stereotype the employee
Availability	Relying on memorable information (dramatic or recent) to make overall judgments
Attribution errors	Attributing poor performance to the person without giving adequate regard for situational factors that were beyond the person's control
Anchoring and adjustment effects	Failing to sufficiently adjust a judgment from an initial impression (i.e., an anchor), even in the face of contrary evidence

### 3. Reinforce and review the process

A third key is to reinforce the importance of the appraisal process, subjecting it to regular review and continuous improvement to ensure that it remains relevant and reliable. An

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important symbolic way to reinforce the importance of the appraisal system occurs when top managers model a thoughtful, thorough, and timely approach to their own appraisals of others.

## COMPENSATION

**Compensation** refers to monetary payments such as wages, salaries, and bonuses as well as other goods, commodities, and intangible rewards that are given to organizational members. In terms of financial rewards, there are two basic types of compensation systems: job-based pay, and pay-for-performance.

- **Job-based pay** refers to a standardized system where employees receive financial rewards based on their position title. There is usually some variability across employees holding the same position due to work experience or job-tenure, but the pay scale usually is constrained by a pre-determined minimum and maximum. The pay range for a position can be determined by comparing it to other jobs in the organization, and/or by comparing it to similar jobs in the market.
- **Pay-for-performance** refers to a system where employees' compensation is based on activities and outputs of individual employees, and/or their workgroup, and/or the entire organization.

When the word "compensation" is mentioned, most people think about someone's salary or wage, but compensation also includes the idea of *benefits*, which are non-pay based compensation. Although some motivational theories dismiss benefits as unimportant in motivating employees, research suggests that benefits influence employee attraction and attrition, and that having a choice of attractive rewards can increase performance significantly.

## FBL, TBL, & SET APPROACH TO PERFORMANCE MANAGEMENT

Whereas the FBL and TBL approaches are more likely to use administrative appraisals, the SET approach is more consistent with the use of developmental appraisals where raters are skilled in expressing gratitude, providing constructive and more frequent feedback, and facilitating discussions regarding areas for growth and improvement.

Another difference is that a SET approach is more likely to involve a greater variety of stakeholders in all three steps, whereas FBL management is more likely to use a top-down approach that involves supervisors and higher-ups.

A traditional FBL approach to performance management has tended to focus on *managers* appraising and rewarding *individual* members' performance, though with the growing emphasis on teams in businesses this is changing. In contrast, rating team performance is entirely consistent with the low emphasis on individualism that characterizes the SET approach.

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Finally, when it comes to financial compensation, the SET approach has a distinctive emphasis on policies that reduce income inequality. This is consistent with the emphasis in virtue ethics on everyone having enough (and how it is unethical to have too much).