Chapter 04: Human Resource Management

Human resource management (HRM) process consists of all actions that an organization takes to attract, develop, and retain quality employees. Each of these activities is complex.

Attracting talented employees involves the recruitment of qualified candidates and the selection of those who best fit the organization's needs.

Development encompasses both new-employee orientation and the training and development of current workers.

Retaining good employees means motivating them to excel, appraising their performance, compensating them appropriately, and doing what's possible to retain them.

4.1. Human Resource Planning

How do we find "committed", "appropriate", "qualified ", "full trained", and "team members"?

To find out these employees, a strategic human resource planning should be managed which is the process of developing a plan for satisfying an organization's human resources (HR) needs.

A strategic HR plan lays out the steps that an organization will take to ensure that it has the right number of employees with the right skills in the right places at the right times. HR managers begin by analyzing the company's mission, objectives, and strategies.

Companies need employees who treat both customers and each other with respect. Thus, the firm's HR managers look for people who are adaptable, self-motivated, passionate, creative team members.

To do so, human resource planning has to settle the some concepts.

Job Analysis

To develop an HR plan, HR managers must obviously be knowledgeable about the jobs that the organization needs performed. They organize information about a given job by performing a job analysis3 to identify the tasks, responsibilities, and skills that it entails, as well as the knowledge and abilities needed to perform it. Managers also use the information collected for the job analysis to prepare two documents:

- *A job description*, which lists the duties and responsibilities of a position
- *A job specification*, which lists the qualifications—skills, knowledge, and abilities—needed to perform the job

HR Supply and Demand Forecasting

Once they've analyzed the jobs within the organization, HR managers must forecast future hiring (or firing) needs.

Figure 4.1. How to Forecast Hiring (and Firing) Needs

After calculating the disparity between supply and future demand, HR managers must draw up plans for bringing the two numbers into balance. If the demand for labor is going to outstrip the supply, they may hire more workers, encourage current workers to put in extra hours, subcontract work to other suppliers, or introduce labor-saving initiatives. If the supply is greater than the demand, they may deal with overstaffing by not replacing workers who leave, encouraging early retirements, laying off workers, or (as a last resort) firing workers.

Recruiting Qualified Employees

Armed with information on the number of new employees to be hired and the types of positions to be filled, the HR manager then develops a strategy for recruiting potential employees. Recruiting is the process of identifying suitable candidates and encouraging them to apply for openings in the organization.

Before going any further, we should point out that, in recruiting and hiring, managers must comply with antidiscrimination laws; violations can have legal consequences. Discrimination occurs when a person is treated unfairly on the basis of a characteristic unrelated to ability. Under federal law, it's illegal to discriminate in recruiting and hiring on the basis of race, color, religion, gender, national origin, age, or disability. (The same rules apply to other employment activities, such as promoting, compensating, and firing.)

Where to Find Candidates

The first step in recruiting is to find qualified candidates. Where do you look for them, and how do you decide whether they're qualified? Let's start with the second part of the question first. A qualified person must be able to perform the duties listed in the job description and must possess the skills, knowledge, and abilities detailed in the job specification. In addition, he or she must be a good "fit" for the company.

A Disney recruiter, for example, wants a candidate who fits a certain image—someone who's clean-cut and "wholesome" looking. The same recruiter might also favor candidates with certain qualities—someone who has a "good attitude," who's a "go-getter" and a "team player," and who's smart, responsible, and stable.

Internal versus External Recruiting

Where do you find people who satisfy so many criteria? Basically, you can look in two places: inside and outside your own organization. Both options have pluses and minuses. Hiring internally sends a positive signal to employees that they can move up in the company—a strong motivation tool and a reward for good performance. In addition, because an internal candidate is a known quantity, it's easier to predict his or her success in a new position.

Finally, it's cheaper to recruit internally. On the other hand, you'll probably have to fill the promoted employee's position. Going outside gives you an opportunity to bring fresh ideas and skills into the company. In any case, it's often the only alternative, especially if no one inside the company has just the right combination of skills and experiences. Entry-level jobs usually have to be filled from the outside.

How to Find Candidates

Whether you search inside or outside the organization, you need to publicize the opening. If you're looking internally in a small organization, you can alert employees informally. In larger organizations, HR managers generally post openings on bulletin boards (often online) or announce them in newsletters. They can also seek direct recommendations from various supervisors.

Recruiting people from outside is more complicated. It's a lot like marketing a product to buyers: in effect, you're marketing the virtues of working for your company. Starbucks uses the following outlets to advertise openings:

- Newspaper classified ads,
- Local job fairs,
- A dedicated section of the corporate Web site ("Job Center," which lists openings, provides information about the Starbucks experience, and facilitates the submission of online applications),
- Announcements on employment Web sites like yenibiris.com and kariyer.net (vault.com for USA),
- In-store recruiting posters,
- Informative "business cards" for distribution to customers,
- College-campus recruiting (holding on-campus interviews and information sessions and participating in career fairs),
- Internships designed to identify future talent among college students.

The Selection Process

Recruiting gets people to apply for positions, but once you've received applications, you still have to select the best candidate—another complicated process. The selection process entails gathering information on candidates, evaluating their qualifications, and choosing the right one. At the very least, the process can be time-consuming—particularly when you're filling a high-level position—and often involves several members of an organization.

- Application: The first step in becoming an employee, applying for the job. You have to meet the job requirements such as age, degree, driving licence, certificates, experiences etc.
- Employment Tests: Some companies do exams for testing the skills and knowledge of a candidate.

- Interview: If a candidate passes two steps then called for an interview. In the interview, the company HR officer evaluate aptitude of the candidate's personality, communications skills and whether candidate is competent for the job.
- Physical Exam: If required, physical exam could be performed. For police, fire department, gym etc.
- References: Candidates could have reference letters which written by familiar person or a qualified person. (for example in academic world, a reference letter which written by related professor is required)
- Selection: The last stage in the process is out of your control. Will you be hired or rejected? This decision is made by one or more people who work for the prospective employer. For a business, the decision maker is generally the line manager who oversees the position being filled.

Contingent Workers (Part-Time workers, freelancers)

Though most people hold permanent, full-time positions, there's a growing number of individuals who work at temporary or part-time jobs. Many of these are contingent workers hired to supplement a company's permanent workforce. Most of them are independent contractors, consultants, or freelancers who are paid by the firms that hire them. Others are on-call workers who work only when needed. Still others are temporary workers (or "temps") who are employed and paid by outside agencies or contract firms that charge fees to client companies.

The use of contingent workers provides companies with a number of benefits. Because they can be hired and fired easily, employers can better control labor costs. When things are busy, they can add temps, and when business is slow, they can release unneeded workers.

Temps are often cheaper than permanent workers, particularly because they rarely receive costly benefits. Employers can also bring in people with specialized skills and talents to work on special projects without entering into long-term employment relationships. Finally, companies can "try out" temps: if someone does well, the company can offer permanent employment; if the fit is less than perfect, the employer can easily terminate the relationship.

There are downsides to the use of contingent workers. Many employers believe that because temps are usually less committed to company goals than permanent workers, productivity suffers.

4.2. Motivating Employees

Companies can't survive unless employees do their jobs well, it makes to motivate them and unleash their skills.

Motivation refers to an internally generated drive to achieve a goal or follow a particular course of action. Highly motivated employees focus their efforts on achieving specific goals; those who are unmotivated don't. It's the manager's job, therefore, to motivate employees—to get them to try to do the best job they can.

But what motivates employees to do well? How does a manager encourage employees to show up for work each day and do a good job? Paying them helps, but many other factors influence a person's desire (or lack of it) to excel in the workplace. What are these factors? Are they the same for everybody? Do they change over time? To address these questions, we'll examine four of the most

influential theories of motivation: hierarchy-of-needs theory, two-factor theory, expectancy theory, and equity theory.

Hierarchy-of-Needs Theory

Psychologist Abraham Maslow's hierarchy-of-needs theory proposed that we are motivated by the five unmet needs, arranged in the hierarchical order shown in Figure 4.2 "Maslow's Hierarchy-of-Needs Theory", which also lists examples of each type of need in both the personal and work spheres of life.

Look, for instance, at the list of personal needs in the left-hand column. At the bottom are physiological needs (such life-sustaining needs as food and shelter). Working up the hierarchy we experience safety needs (financial stability, freedom from physical harm), social needs (the need to belong and have friends), esteem needs (the need for self-respect and status), and self-actualization needs (the need to reach one's full potential or achieve some creative success).

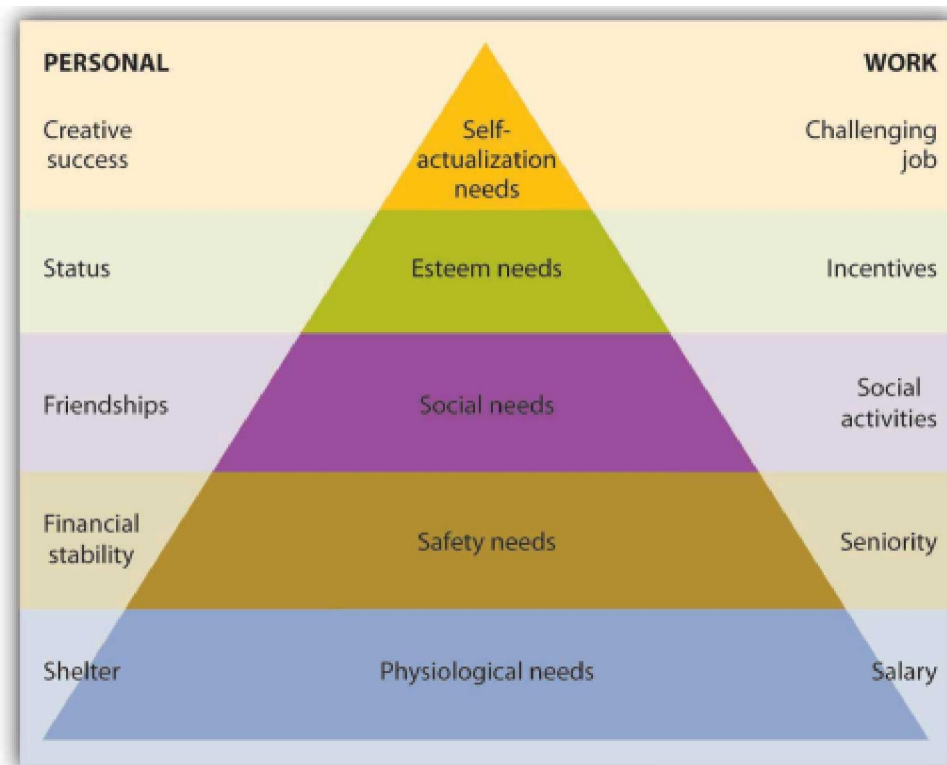| PERSONAL		WORK
Creative success	Self-actualization needs	Challenging job
Status	Esteem needs	Incentives
Friendships	Social needs	Social activities
Financial stability	Safety needs	Seniority
Shelter	Physiological needs	Salary

Figure 4.2. Maslow's Hierarchy-of-Needs Theory

There are two things to remember about Maslow's model:

1. We must satisfy lower-level needs before we seek to satisfy higher level needs.

2. Once we've satisfied a need, it no longer motivates us; the next higher need takes its place.

This theory should be read bottom to up. Let's clarify the steps.

- Physiological needs: in personal life(PL) we need shelter, food and clothing. These are the fundamental "being alive" needs. In work life(WL), you want salary, high or low, but you need a continuous salary.

- Safety needs: in PL, we need safety, we have to be safe against external threats. In WL, we want a secure job, we don't want to have fear of firing.
- Social needs: in PL, we can't live alone like a castaway. We need to talk and see people. In WL, we don't want to work life robots or predecessors. Before, people worked without talking, or taking breaks or drinking coffee. They only worked nonstop. We want now, a work which meets our at least fundamental needs. Coffee, long and short breaks etc.
- Esteem needs: in PL, we want a social status for ourselves. These status describe us in the society. We want respect and acceptance. In WL, we want incentives for our work, skills or commitment to the company.
- Self-actualization needs: The main goal of our life. In PL, we dream and we work for it. This could be the fame, richness or best in the area. In WL, we want to be the best person in that area, in that job, or the most skilled employee or eemployer.

Two-Factor Theory

Another psychologist, Frederick Herzberg, set out to determine which work factors (such as wages, job security, or advancement) made people feel good about their jobs and which factors made them feel bad about their jobs. He surveyed workers, analyzed the results, and concluded that to understand employee satisfaction (or dissatisfaction), he had to divide work factors into two categories:

- Motivation factors. Those factors that are strong contributors to job satisfaction
- Hygiene factors. Those factors that are not strong contributors to satisfaction but that must be present to meet a worker's expectations and prevent job dissatisfaction

Figure 4.3 "Herzberg's Two-Factor Theory" illustrates Herzberg's two-factor theory. Note that motivation factors (such as promotion opportunities) relate to the nature of the work itself and the way the employee performs it. Hygiene factors (such as physical working conditions) relate to the environment in which it's performed. (Note, too, the similarity between Herzberg's motivation factors and Maslow's esteem and self-actualization needs.)
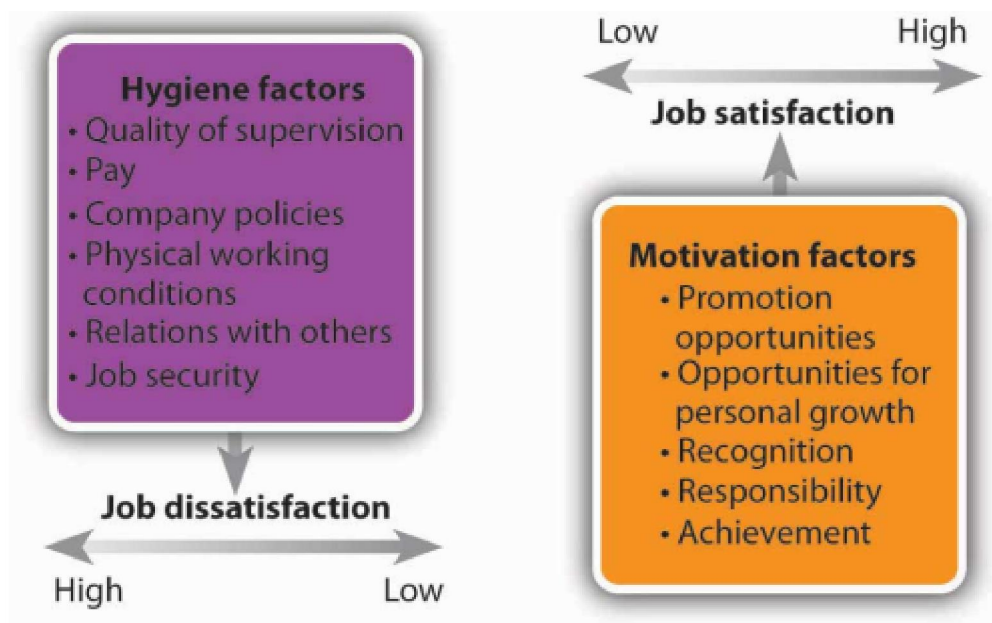

Figure 4.3. Herzberg's Two-Factor Theory

We'll ask the same question about Herzberg's model as we did about Maslow's: What does it mean for managers? Suppose you're a senior manager in an accounting firm, where you supervise a team of accountants, each of whom has been with the firm for five years. How would you use Herzberg's model to motivate the employees who report to you? Let's start with hygiene factors. Are salaries reasonable? What about working conditions? Does each accountant have his or her own workspace, or are they crammed into tiny workrooms? Are they being properly supervised or are they left on their own to sink or swim? If hygiene factors like these don't meet employees' expectations, they may be dissatisfied with their jobs.

As you can see in Figure 4.3 "Herzberg's Two-Factor Theory", fixing problems related to hygiene factors may alleviate job dissatisfaction, but it won't necessarily improve anyone's job satisfaction. To increase satisfaction (and motivate someone to perform better), you must address motivation factors. Is the work itself challenging and stimulating? Do employees receive recognition for jobs well done? Will the work that an accountant has been assigned help him or her to advance in the firm? According to Herzberg, motivation requires a twofold approach: eliminating dissatisfiers and enhancing satisfiers.

Expectancy Theory

If you were a manager, wouldn't you like to know how your employees decide to work hard or goof off? Wouldn't it be nice to know whether a planned rewards program will have the desired effect—namely, motivating them to perform better in their jobs? Wouldn't it be helpful if you could measure the effect of bonuses on employee productivity? These are the issues considered by psychologist Victor Vroom in his expectancy theory, which proposes that employees will work hard to earn rewards that they value and that they consider obtainable.

As you can see from Figure 4.4 "Vroom's Expectancy Theory", Vroom argues that an employee will be motivated to exert a high level of effort to obtain a reward under three conditions:

1. The employee believes that his or her efforts will result in acceptable performance.
2. The employee believes that acceptable performance will lead to the desired outcome or reward.
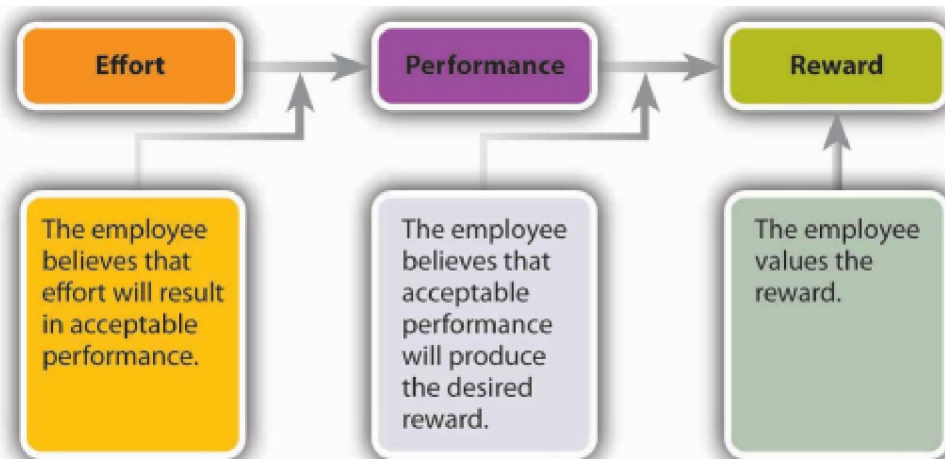3. The employee values the reward

Figure 4.4. Vroom's Expectancy Theory

Equity Theory

What if you spent thirty hours working on a class report, did everything you were supposed to do, and handed in an excellent assignment (in your opinion). Your roommate, on the other hand, spent about five hours and put everything together at the last minute. You know, moreover, that he ignored half the requirements and never even ran his assignment through a spell-checker. A week later, your teacher returns the reports. You get a C and your roommate gets a B+. In all likelihood, you'll feel that you've been treated unfairly relative to your roommate.

Your reaction makes sense according to the equity theory[20] of motivation, which focuses on our perceptions of how fairly we're treated relative to others. Applied to the work environment, this theory proposes that employees analyze their contributions or job inputs (hours worked, education, experience, work performance) and their rewards or job outcomes (salary, benefits, recognition). Then they create a contributions/rewards ratio and compare it to those of other people. The basis of comparison can be any one of the following:

- Someone in a similar position
- Someone holding a different position in the same organization
- Someone with a similar occupation
- Someone who shares certain characteristics (such as age, education, or level of experience)
- Oneself at another point in time

When individuals perceive that the ratio of their contributions to rewards is comparable to that of others, they perceive that they're being treated equitably; when they perceive that the ratio is out of balance, they perceive inequity. Occasionally, people will perceive that they're being treated better than others. More often, however, they conclude that others are being treated better (and that they themselves are being treated worse). This is what you concluded when you saw your grade. You've calculated your ratio of contributions (hours worked, research and writing skills) to rewards (project grade), compared it to your roommate's ratio, and concluded that the two ratios are out of balance.

What will an employee do if he or she perceives an inequity? The individual might try to bring the ratio into balance, either by decreasing inputs (working fewer hours, refusing to take on additional tasks) or by increasing outputs (asking for a raise). If this strategy fails, an employee might complain to a supervisor, transfer to another job, leave the organization, or rationalize the situation (perhaps deciding that the situation isn't so bad after all). Equity theory advises managers to focus on treating workers fairly, especially in determining compensation, which is, naturally, a common basis of comparison.